Sustainability performance 2016

UN Global Compact Communication on Progress and GRI report

lmwindpower.com

LM WIND POWER

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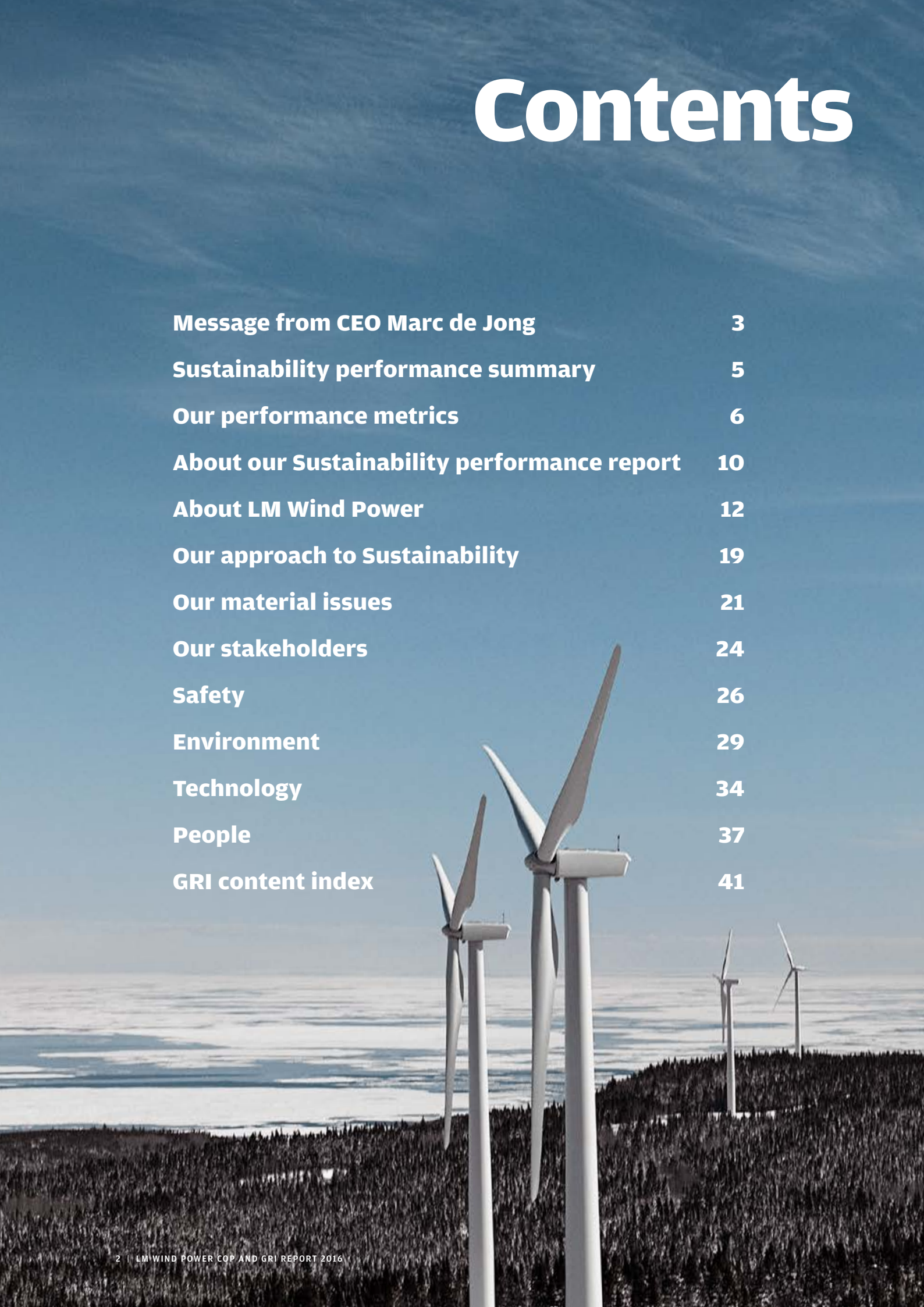


Message from CEO Marc de Jong

Marc de Jong
Chief Executive Officer

As a wind turbine blade manufacturer, we are directly affected by the development of a more sustainable economy and world. Major economies are gradually making the energy transition away from fossil fuels, which will unlock significant new industry opportunities. Our business case for Sustainability is driven by the essential need to reduce the cost of generating electricity from the wind and ultimately to make it the most viable form of renewable energy without the need for government subsidy.

I am also convinced that if we want to ensure the long term value creation and viability of LM Wind Power, we need to strike a balance between economic, environmental and social performance. Yes, we have manufactured about one fifth of the world's wind turbine rotors and those advanced blades are flying all over the world, capturing the wind and creating clean, green electricity. But how can we fulfill our vision of creating a cleaner world if we don't clean up ourselves?

Sustainability has been part of our brand and vision since 2010 when management signed the United Nations Global Compact and it has become a driving force for almost everyone in the company. By announcing our pledge to go carbon neutral in 2018, we are striving to set a standard for our industry. We will achieve this by reducing the use of energy in our business, using renewable energy wherever possible, generating our own electricity with turbines on our sites where we can and then, while we make all the improvements we can make, we will use the savings we make to offset the remaining carbon emissions by purchasing the necessary minimum of credits.

So Sustainability at LM Wind Power is about cleaning up our act and living our vision but it is driven by technological innovation, cost reduction, efficiency and business improvements. We are bringing a similar focus to the design of our blades considering their whole life cycle – cradle to cradle. We are striving to use materials more efficiently and reduce waste. We are focusing on shortening the cycle time of manufacturing production – the time we take to make a blade – increasing output and reducing cost still further. We have programs to maintain and improve our safety, protect the environment wherever we operate, improve our technology and develop our people. I believe therefore that Sustainability is not superficial or external to LM Wind Power. It *is* our business.

Sustainability can create future value. It drives us and unites us to constantly set the bar higher. This process really got underway in 2015 and since then we have been manufacturing and selling a record number of wind turbine blades to serve the growing global demand for wind energy. As the evidence in this report testifies, during 2016 we have improved still further. And we have made a profound contribution to reducing the Levelized Cost of Energy (LCOE), by launching new, innovative products, including the largest onshore and offshore wind turbine blades in the industry. We also hired and trained thousands of new people, in many countries, while incurring our lowest Lost Time Accident rate ever. The formula is effective – the focus on Sustainability brings positive benefits in every area of our enterprise.

Nonetheless, we remain self-critical. We still have much to do to fulfill our WWOW strategy and 'Win the World Of Wind'.

We have to try harder to remain competitive. We need to constantly improve on safety. We need to reduce our environmental impact and manage waste better. We need to reduce our emissions. We need to invent new and more effective blades and manufacturing processes to produce them more cheaply. And we need to make the company an even better place to work. We will bring the whole area of development into sharper focus with our strategy of building 'People, Performance and The Winning Spirit.'

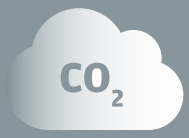
We remain committed to addressing these and our other challenges head on, while continuing to run the business ethically and responsibly at all times, following the principles set out in our Code of Conduct,[1] underpinned by the principles of the United Nations Global Compact and the United Nations Sustainable Development Goals.

[1] General Electric's The Spirit and The Letter following our acquisition in April 2017.

Sustainability performance summary

27,000 Safety walks conducted by senior management, compared to 20,000 in 2015

1.4 Lost Time Accident rate per million working hours, compared to 1.9 in 2015



6.5 Carbon footprint (kg CO_2e) per kg blade produced, compared to 6.5 in 2015

7.1 Energy consumption (MJ) per kg blade produced, compared to 7.2 in 2015

28% Total waste for recycling, compared to 23% in 2015

€5.5 million Waste reduction savings, compared to €5.9 million in 2015

10 New blade designs launched, compared to 8 in 2015

€31 million R&D investments, compared to €26 million in 2015

90% White Collar employees internally certified through e-learning training in anti-bribery and corruption, compared to 19% in 2015

44 Nationalities of employees, compared to 32 in 2015

Our performance metrics

If not otherwise indicated, the cutoff date for the performance metrics reported is 31 December 2016. Where relevant, the percentage change compared to the previous year is included, as is a symbol that indicates whether our performance on this metric was better (green triangle), worse (red triangle), or remained the same (orange bar) compared to the previous year. 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 2016 targets. The circle symbol next to the 2016 target indicates whether we have achieved (green circle) or not achieved (red circle) our global target.

	2016 target	2016 (change)	2015 (change)	2014 (change)	2013
Blade production					
Number of blades produced		10,477 (+11%)	9,474 (+15%)	8,262 (+15%)	7,173
Blades produced (kg)		107,032,833 (+27%)	84,551,408 (+20%)	70,580,628 (+25%)	56,415,598
Average weight of blades produced (kg)		10,216	8,925	8,543	7,865
Site certification					
ISO 9001: 2008 certification (% of sites)	● 100*	100	95	94	100

* We aim to certify our sites according to ISO 9001 within the first 6 months of becoming operational. Sites with less than 15 employees are not required for certification – of which there were 3 in 2016 – but will anyhow follow LM Wind Power's systems. Three additional plants have started production in 2016, which are expected to be certified in 2017.

SAFETY

	2016 target	2016 (change)	2015 (change)	2014 (change)	2013
Accident frequency and severity					
Lost Time Accident rate (per million working hours)	● 1.8	▲ 1.4 (-30%)	▲ 1.9 (-2%)	▲ 2.0 (-41%)	3.4
Number of lost days		1,242 (+48%)	841 (-14%)	980	
Accident severity rate*		▼ 47.8 (+59%)	▲ 30.0 (-23%)	39.2	

* The accident severity rate only covers accidents that happened in that particular year. Therefore, accidents that happened in 2015 and resulted in lost days in 2016 will not be included in the year 2016, but in 2015 only.

Absenteeism							
Absence rate (%)	White Collar employees	● 1.0	▼ 0.5 (+29%)	▲ 0.4 (-28%)	▼ 0.6 (+27%)	0.5
	Blue Collar employees	● 2.0	▲ 1.3 (-18%)	▼ 1.6 (+16%)	▼ 1.3 (+10%)	1.2
Site certification							
OHSAS 18001:2007 certification (% of sites)		● 100*	100	89	82	

* We aim to certify our sites according to ISO 18001 within the first 12 months of becoming operational. Sites with less than 15 employees are not required for certification – of which there were 3 in 2016 – but will anyhow follow LM Wind Power's systems. Three additional plants have started production in 2016, which are expected to be certified in 2017.

ENVIRONMENT

	2016 target	2016 (change)	2015 (change)	2014 (change)	2013
Greenhouse gas (GHG) emissions					
Total GHG emissions (kg CO_2e)		**694,038,893 (+27%)**	**545,879,633 (+15%)**	**474,572,552 (+20%)**	**395,681,274**
Scope 1 GHG emissions (kg CO_2e)		144,573,711 (+36%)	106,162,136 (-10%)	117,535,049 (+53%)	76,609,052
Scope 2 GHG emissions (kg CO_2e)		80,561,458 (+31%)	61,480,260 (+4%)	59,363,915 (+2%)	57,919,822
Scope 3 GHG emissions (kg CO_2e)		468,903,724 (+24%)	378,237,237 (+27%)	297,673,588 (+14%)	261,152,400
Carbon footprint (kg CO_2e) / kg blade produced		▬ **6.5 (0%)**	▲ **6.5 (-4%)**	▲ **6.7 (-4%)**	**7.0**
Material use					
Raw input materials (kg)		**108,043,574 (+21%)**	**89,269,551 (+36%)**	**65,758,111 (+11%)**	**59,096,910**
Non-renewable input materials (kg)		104,599,422	86,152,254	63,114,421	57,228,379
Renewable input materials (kg)		3,444,151	3,117,297	2,643,690	1,868,531
Waste*					
Total waste (kg)		**37,617,935 (+44%)**	**26,065,896 (+23%)**	**21,259,860 (+32%)**	**16,111,539**
Total waste for landfill (kg)		**13,406,381 (+46%)**	**9,209,669 (-13%)**	**10,616,006 (+67%)**	**6,364,413**
Hazardous waste for landfill (kg)		62,850	41,730	211,165	37,703
Non-hazardous waste for landfill (kg)		13,343,532	9,167,939	10,404,840	6,326,710
Total waste for incineration (kg)		**13,517,673 (+23%)**	**10,982,036 (+42%)**	**7,709,643 (+4%)**	**7,399,265**
Hazardous waste for incineration (kg)		4,417,433	4,072,122	911,902	47,251
Non-hazardous waste for incineration (kg)		9,100,240	6,909,914	6,797,741	7,352,014
Total waste for recycling (kg)		**10,693,881 (+82%)**	**5,874,191 (+100%)**	**2,934,211 (+25%)**	**2,347,862**
Hazardous waste for recycling (kg)		226,455	89,377	5,944	55,610
Non-hazardous waste for recycling (kg)		10,467,426	5,784,814	2,928,267	2,292,252
Total waste for recycling (% of total waste)	● **24**	▲ **28 (+26%)**	▲ **23 (+63%)**	▼ **14 (-5%)**	**15**
Total waste (kg) / kg blade produced		▼ **0.351 (+14%)**	▼ **0.308 (+2%)**	▼ **0.301 (+5%)**	**0.286**

*The waste disposal data is based on the receipts from our waste disposal contractors.

Waste reduction					
Waste reduction savings (€)	● 5.9 mln	▼ 5.5 mln (-7%)	▲ 5.9 mln (+37%)	▲ 4.3 mln (+23%)	3.5 mln

ENVIRONMENT (continued)

	2016 target	2016 (change)	2015 (change)	2014 (change)	2013
Water*					
Water consumption (m^3)		**362,364 (+71%)**	**212,036 (+15%)**	**184,863 (-12%)**	**210,790**
Municipal/public water withdrawal (m^3)		309,408	168,286	143,069	173,340
Onsite well/waterwork water withdrawal (m^3)		52,956	43,750	41,794	37,450

*The water consumption data is based on the receipts from our municipal and public water bodies.

Energy					
Total energy consumption (MJ)		**763,149,377 (+26%)**	**607,616,712 (-1%)**	**612,118,985 (-2%)**	**624,262,250**
Fuel not used for transport* (MJ)		294,719,185 (+24%)	237,039,174 (-10%)	264,144,387 (-21%)	335,630,436
Electricity consumption (MJ)	●**	468,430,193 (+26%)	370,577,538 (+6%)	347,974,598 (+21%)	288,631,814
Energy consumption (MJ)/ kg blade produced		▲ **7.1 (-1%)**	▲ **7.2 (-17%)**	▲ **8.7 (-22%)**	**11.1**

* In 2016, fuel not used for transport includes only non-renewable fuels (LPG, diesel, gasoline, and natural gas).
** In 2016, the electricity consumption target for our plants was exceeded by 1%. Because of our carbon neutrality pledge CleanLM, our targets for energy consumption will become tailored to the conditions under which our sites operate.

Site certification					
ISO 14001: 2004 (% of sites)	● 100*	100	89	82	

* We aim to certify our sites according to ISO 14001 within the first 12 months of becoming operational. Sites with less than 15 employees are not required for certification – of which there were 3 in 2016 – but will anyhow follow LM Wind Power's systems. Three additional plants have started production in 2016, which are expected to be certified in 2017.

TECHNOLOGY

	2016 target	2016 (change)	2015 (change)	2014 (change)	2013
Blade designs					
Number of new blade designs launched		10	8	3	5
Product quality					
Non-conformity rate (parts per million)	● 920	▲ 341 (-71%)	▲ 1,167 (-48%)	▲ 2,228 (-56%)	5,009
R&D investment					
R&D investment (% of revenue)		3.0	3.5	4.1	5.4

PEOPLE

		2016 target	2016 (change)	2015 (change)	2014 (change)	2013
Employees						
Headcount			8,178 (+29%)	6,332 (+41%)	4,505 (-7%)	4,844
Number of employees by employment contract, by gender	Fixed-term		Male: 2,755 Female: 371	Male: 2,298 Female: 291	Male: 1,819 Female: 174 Gender not registered: 178	Male: 1,671 Female: 136 Gender not registered: 239
	Permanent		Male: 4,298 Female: 754	Male: 3,126 Female: 617	Male: 2,220 Female: 491 Gender not registered: 32	Male: 2,305 Female: 489 Gender not registered: 4

PEOPLE (continued)

		2016				
Employees (continued)						
Number of employees by employment contract, by region	Fixed-term	China: 1,611	Europe: 1,251	India: 221	North America: 5	South America: 39
	Permanent	China: 531	Europe: 1,218	India: 735	North America: 1,504	South America: 1,063
Number of employees by employment type, by gender	Full-time	Male: 7,033		Female: 1,101		
	Part-time	Male: 20		Female: 24		

		2016		
Diversity				
Diversity of governance bodies (%)	Gender	Male: 100	Female: 0	
	Age	Under 30 years: 0	30-50 years: 33	Over 50 years: 67
Diversity of employees, excluding governance bodies (%)	Gender	Male: 14	Female: 86	
	Age	Under 30 years: 32	30-50 years: 61	Over 50 years: 7

	2016 target	2016 (change)	2015 (change)	2014 (change)	2013
Performance and development review*					
Performance Management Plan eligible (% of employees)		18	20	24	
Development Plan eligible (% of employees)		18	20	24	

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

Employee turnover								
Turnover rate (% of employees)	White Collar employees	●	7.0	▲	6.5 (-28%)	▼	8.9 (+41%)	▼ 6.3 (+15%)	5.5
	Blue Collar employees	●	7.5	▲	3.0 (-57%)	▼	7.0 (+7%)	▼ 6.6 (+42%)	4.6

Anti-corruption and bribery					
Internal certification through e-learning training in anti-bribery and corruption (% of White Collar employees)	● 100	90	19	23	20

Child labor					
Incidents of child labor identified at our sites		0	0	0	0
Incidents of child labor identified at our suppliers' sites		0	0	0	0

Community involvement					
Charitable donations (€)		184,777	104,955	75,812	63,335
Community work (hours provided)		2,728	6,476	12,155	3,127

About our Sustainability performance report

Our Sustainability Report is our main, annual communication describing how we manage the economic, environmental, and social impacts of our business – whether positive or negative – to our stakeholders. Our focus has shifted from simply fulfilling the reporting criteria under the guidelines of the Global Reporting Initiative and the United Nations Global Compact, to try to create a document which can be directly useful as a management tool, providing the information on our progress in summary form which can help to drive our business strategy.

The report

In October 2016, General Electric (GE) announced that it would acquire LM Wind Power and the transaction was completed in April 2017. GE's Beliefs are closely aligned with LM Wind Power's Values. LM Wind Power's Code of Conduct is further strengthened by the implementation of GE's robust principles, The Spirit and The Letter. Meanwhile we continue to offer our products to the whole wind industry and pursue our goal of carbon neutrality. This report reflects the key measures to fulfill our public reporting requirements in line with the United Nations (UN) Global Compact and the Global Reporting Initiative (GRI), and is a transparent and accurate reflection of our progress on key metrics over the period.

This report commenced by presenting our Sustainability performance summary and our performance metrics, as core management information. This current section will provide the fundamentals of our report, which is followed by chapters on our company, our approach to Sustainability, our material issues,[1] and our stakeholders. The remaining four sections cover each of our focus areas for Sustainability – Safety, Environment, Technology, and People – and will cover how we manage our material topics and report on our performance using specific GRI and LM Wind Power disclosures. For our financial performance in 2016, please refer to our Annual Report 2016.

Our Sustainability Report 2016 is our fourth Communication on Progress (COP). This report has been prepared in accordance with the GRI Standards: Core option, making the transition from GRI G4 to GRI's latest reporting framework. Reporting on our Sustainability performance using the GRI Standards and The Ten Principles of the UN Global Compact allows us to report in a consistent and high-quality way, focused on material issues for our business and stakeholders. As part of GRI's GOLD community and our own firm commitment to Sustainability, we continue to raise the bar regarding our Sustainability

[1] Material topics are the topics considered most relevant for inclusion in our Sustainability Report, reflecting our economic, environmental, and social impacts, or significantly influencing the decisions of stakeholders (Global Reporting Initiative, *Consolidated set of GRI Sustainability Reporting Standards 2016*, 2016).

reporting. Every year, we have gained a better understanding of what is material to our business and what is important to our stakeholders. There is a steep learning curve to work out how we should be measuring, monitoring, managing, and communicating on our material topics. This allows us as a business to better respond to our stakeholders' concerns and we will continue to develop our reporting to reflect the intensified focus on the activities that link Sustainability, innovation, and profitable business.

Reporting scope

Unless otherwise stated, the data and information provided cover our global business operations from January to December 2016, supplementing the non financial section in our Annual Report, published in March 2016. Our second Indian plant was opened in 2016 in Vadodara, Gujarat and we broke ground for new manufacturing facilities in Turkey and France. The entities included in this report include all our manufacturing, service, and logistics operations, including our plant in Vadodara, India but excluding the plants in Turkey and France. We did not have any significant changes to our supply chain. Based on our understanding of our material topics, the materiality assessment discloses the boundary of our most important topics. Throughout the report, we have applied GRI's Reporting Principles for identifying report content.

Assurance

This report has not been externally assured or verified in full. There are, however, sections that are identical with the non-financial section from our Annual Report 2016, which was reviewed by external auditors. We are confident that our reporting practice is accurate enough for our stakeholders' purposes. We have policies in place to ensure our reported data is sufficiently robust. These checks include reviews both by our Health, Safety, and Environment (HSE) and Sustainability teams. The report has also been approved by our Management Team members, namely the VP Communications & Sustainability and the VP of Quality & HSE, and the CEO as members of the Global HSE & Sustainability Council.

Re-statements of information

Our Sustainability Report 2016 reflects our most recently recorded performance on Sustainability. Previously disclosed information has been updated in order to reflect our latest calculation methods and most up-to-date data.

Contact details

We encourage your feedback as we strive to take our Sustainability reporting to the next level and recognize engagement as a key activity for continuously developing as a responsible business. For questions about this report or in case further clarification or explanation is required regarding our Sustainability policies or performance, please contact:

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GRI's Reporting Principles for defining report content

GRI Principle	Application of GRI Principle
Stakeholder inclusiveness	Our report is built upon the outcomes of our continued stakeholder engagement efforts. We identify the content of our Sustainability Report and disclose our performance in line with the expectations and interests of our stakeholders.
Sustainability context	Our Sustainability performance is placed into its context where possible. We present our view on sustainable development and put our material topics in the global context of sustainable development as well as in the context of our own business.
Materiality	Our materiality assessment and continuous sanity check of our material topics ensure that we prioritize the topics that are important to our stakeholders and business in our Sustainability Report.
Completeness	Our Sustainability Report covers not only our positive Sustainability impacts on material economic, environmental, and social topics, but also our negative impacts. We include all the relevant information and reflect on our involvement with these impacts.

About LM Wind Power

Together, we capture the wind to power a cleaner world. Our business model is based on a green and reliable product and our unique ability to create value internally and through efficient partnerships, with suppliers and customers. Together, we secure clean energy for the world many years into the future.

Profile

With almost four decades of experience, we have established ourselves among the preferred global suppliers of wind turbine blades. We develop, manufacture, transport, and service wind turbine blades worldwide. In fact, almost one-fifth of the world's turbines are powered by LM Wind Power blades. 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. The company's business model is based on state of the art blade design, in-house competences in material technology, testing, manufacturing, and successful deployment of new and existing products across 13 manufacturing facilities. At the end of 2016, we employed 8,178 people worldwide, distributed across operations in blade manufacturing, service, and logistics. LM Wind Power blades are known for their high performance, strong reliability, and consistent high quality which contribute to the lowest possible cost of energy.

In 2015, we issued a Green Bond worth approximately €50 million to support our global growth. The Green Bond proceeds were to be spent on initiatives or activities that deliver sustainability benefits, including manufacturing or Research and Development (R&D) investments aimed at increasing megawatt (MW) capacity for wind energy production. We partially funded two such projects with the Green Bond proceeds in 2016, namely the expansion of our manufacturing locations in Dabaspet, India and Suape, Brazil. €7.9 million was spent on expanding the manufacturing facilities in Dabaspet, enabling the plant to produce even more blades and increase the Annual Energy Production from its manufactured products by almost 30%. A further €11.7 million was invested in a significant expansion of the manufacturing facility in Suape. In combination with a general improvement in operational performance, the expansion enabled an increase in the Annual Energy Production from its products by 50% compared to the previous year. Taken together, these initiatives correspond to an annual CO_2 savings of almost two million tons.

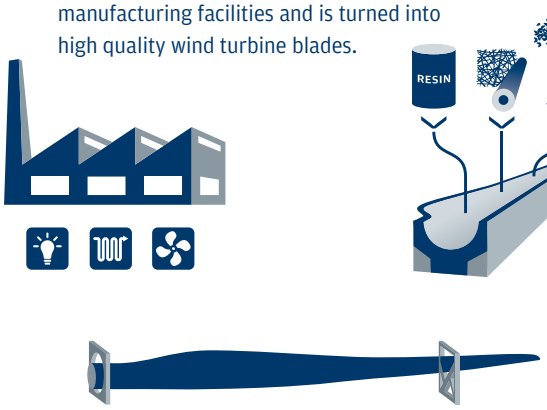
CO_2 emission savings resulting from LM Wind Power's blade production

- Since 1978, more than 195,000 blades produced
- Corresponds to 84 gigawatt (GW) of installed wind power capacity
- Saves approximately 166 million tons of CO_2
- Corresponds to the annual CO_2 emissions from electricity use in 24 million US homes[2]

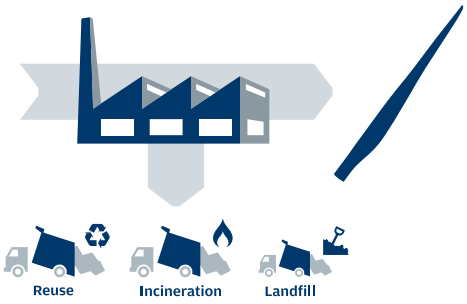
[2] United States Environmental Protection Agency, *Greenhouse Gas Equivalencies Calculator*, September 2017.

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.



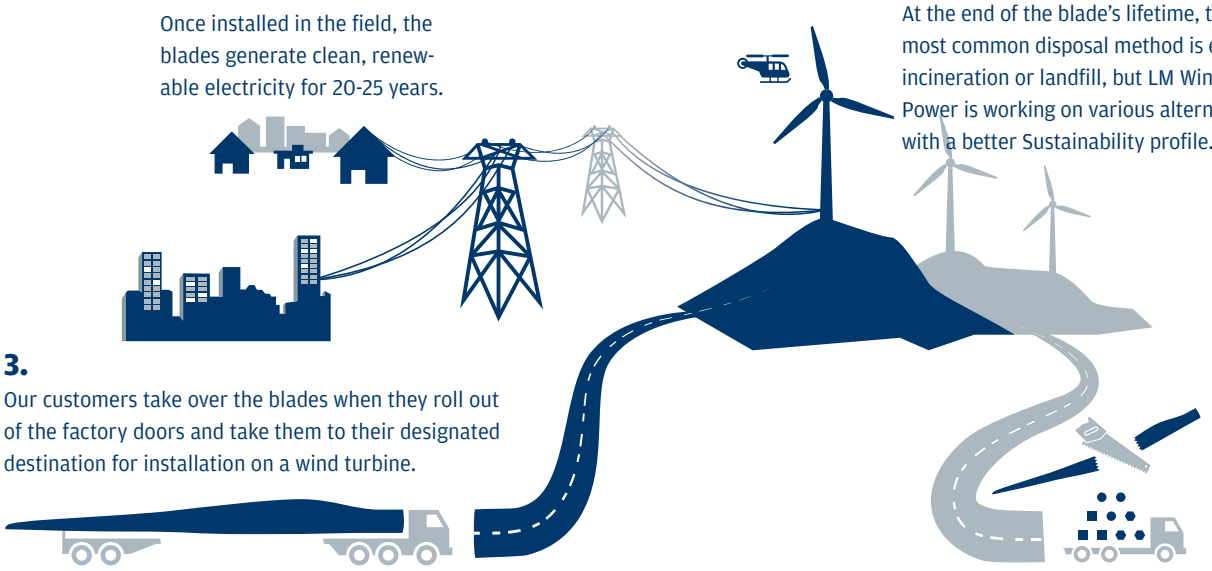
2.
In the process of making blades, our plants consume energy and generate waste which is managed carefully according to the highest environmental standards.



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.

4.
Once installed in the field, the blades generate clean, renewable electricity for 20-25 years.

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

Ownership

For the year 2016, our principal shareholder was Doughty Hanson & Co. Managers Ltd, a company incorporated in England and Wales and headquartered in London. Doughty Hanson's principals have many years of experience in the successful management of international private equity funds and have led and arranged a number of large acquisitions and sales. In October 2016, GE announced that it intended to acquire LM Wind Power for an enterprise value of €1.5 billion. After 15 years of ownership by Doughty Hanson, the acquisition was completed in April 2017. As part of GE Renewable Energy, together we can offer higher performing, more productive wind turbines, while continuing to reduce the cost of energy and improve returns on our customers' investments. At the same time, we are equally committed to maintaining and growing our business with all customers. As this report covers 2016, any reference to our owners in this report refers to Doughty Hanson & Co. Managers Ltd.

Memberships of associations

- WindEurope
- Global Wind Energy Council (GWEC)
- Indian Wind Turbine Manufacturers Association (IWTMA)
- South African Wind Energy Association (SAWEA)
- China Wind Power Manufacturers (CWPM)
- Danish Wind Industry Association (DWIA)
- ABB Eolica
- American Wind Energy Association (AWEA)
- Canadian Wind Energy Association (CANWEA)
- UK Renewable
- International Offshore Wind Partnering Forum
- Holland Home of Wind Energy (HHWE)
- PIB Japan
- PIB Korea
- Top consortium for Knowledge and Innovation Offshore Wind

Company milestones

1940
Lunderskov Møbelfabrik (Lunderskov furniture factory) founded with a view to manufacture wooden furniture.

1952
The possibilities of commercial exploitation of glass fiber technology are investigated. The name is changed to LM Glasfiber.

1978
LM Glasfiber starts manufacturing wind turbine blades in Denmark.

2001
LM Glasfiber is acquired by certain limited partnerships, for which Doughty Hanson & Co Limited acts as general partner.

2008
Svendborg Brakes is acquired by certain limited partnerships, for which Doughty Hanson & Co Limited acts as general partner.

2009
LM Glasfiber and Svendborg Brakes merge.

2010
LM Wind Power Group is launched.

2013
Svendborg Brakes is sold.

2015
Plant in Suape, Brazil fully integrated.

2016
GE announces intention to buy LM Wind Power for an enterprise value of €1.5 billion.

2017
LM Wind Power becomes part of GE Renewable Energy.

Our values

Focus on customers and market

This value helps us become our customers' preferred global working partner

Work as one team

This value helps us become 'One Company' by driving integration and collaboration across the LM Wind Power organization

Trust and respect

This value helps us create a workplace we enjoy and are proud of

Take ownership

This value ensures that we do what we say we will do

Innovate for excellence

This value helps us to develop and produce world class, reliable products, and services

Code of Conduct

Formalized in 2007, the Code of Conduct is at the heart of our Sustainability efforts. Together with our corporate values, this core document guides our employees on how to represent the company in accordance with the highest ethical standards. We expect all of our suppliers and business partners to adhere to the principles of the Code of Conduct and ask them to sign it as a prerequisite for our collaboration.

The Code of Conduct covers business, human rights, and environmental principles:

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

The Code of Conduct is not an exhaustive list of what we expect from our suppliers and employees. Instead, we expect them to act in line with the spirit of the Code of Conduct in cases where specific guidance is not explicitly mentioned in the text. In 2017, we will transition to GE's robust integrity and compliance program, including the Open Reporting Procedure and The Spirit and The Letter, a code of conduct and set of policies that cover integrity commitments on critical subjects and risk areas.

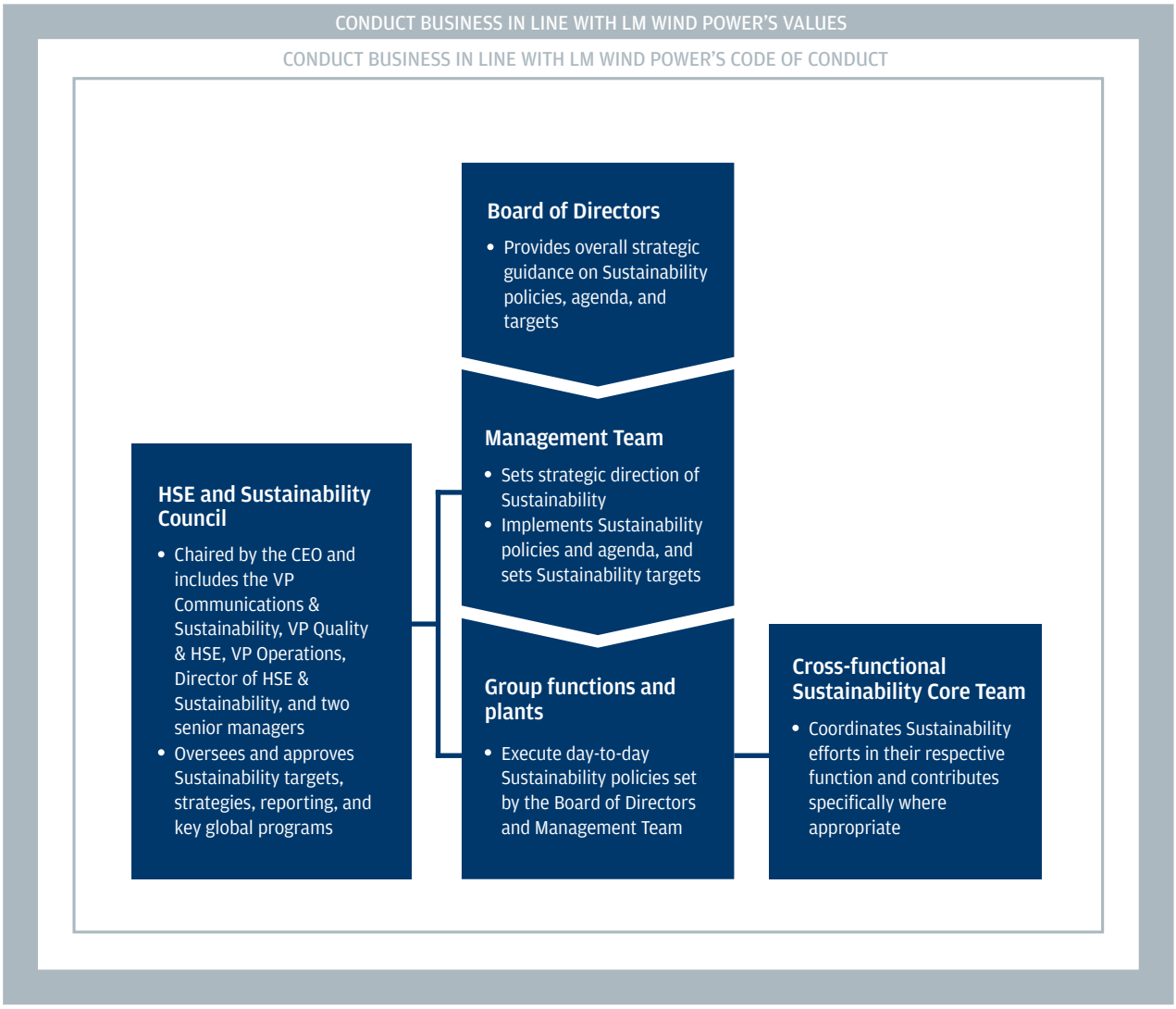
Organizational structure

For the year 2016, our organizational structure consisted of a two-tier management system. Our Board of Directors sets the overall strategic direction, controls the Executive Board of Management (consisting of our CEO and CFO), and ensures the high-level financial viability of our organization. Our Board of Directors was composed of four representatives from our owner Doughty Hanson, two employee elected representatives, and our CEO and CFO. Our Executive Board of Management is tasked with the daily management of the business, including the execution of decisions made by the Board of Directors. The Executive Board of Management is supported by our Management Team. The Management Team consisted of 10 members in 2016, including the CFO, representing the various functions within the organization. There is one committee under the Supervisory Board, being the Audit Committee that monitors the financial reporting process, the effective functioning of our internal control systems, the statutory audit of the financial statements, and the auditor's independence.

Bodies responsible for Sustainability decision-making

We have come a long way from our initial structured Sustainability initiatives, launched in 2010. At that time, a group of passionate employees across different departments and functions within our business decided to stretch their job titles and strive towards a more sustainable business. This so called 'coalition of the willing' has evolved into an initial cross-functional Sustainability Core Team and eventually into the establishment of the Global HSE and Sustainability Council. In addition, we have active support and leadership on Sustainability initiatives from our Management Team and Board of Directors.

Organs tasked with Sustainability



Company highlights

Headquarters
Kolding, Denmark

Factories and service locations
Brazil, Canada, China, Denmark, India, Poland, Spain and the US

8,178 people worldwide*

* The employee number is status end of year 2016, excluding contractors and trainees

13 Blade factories

166 million tons of CO_2 mitigated

84 GW installed capacity

1/5 Almost 1/5 turbines in the world has LM Wind Power blades

10,477 blades produced in 2016

Our approach to Sustainability

Sustainability is not about philanthropy or making us look better than we are. It is about building a profitable, sustainable business that delivers value for all of our stakeholders now and in the future.

Sustainable development

We have a long history of developing and producing sustainable energy technologies that enhance the world we live in to the benefit of customers, employees, suppliers, shareholders, and society. In 2010, we launched our first structured approach to Sustainability initiatives, which have since evolved into a cross-functional Sustainability Core Team, top management buy-in, and company-wide Sustainability programs with ambitious targets. With the launch of the Sustainable Development Goals (SDGs) and the Paris Agreement on climate change in 2015, we recognize that the role of business in driving sustainable development has changed. The SDGs set out an ambitious roadmap for the world we want to achieve by 2030 and call on the combined support and efforts from business, NGOs, governments, and other actors alike. The Paris Agreement on climate change furthermore compels businesses to address the need to curb the rise in global temperatures and as a global blade manufacturing company, we have an important role to play. Together with our customers, suppliers, and employees, we commit to help solve some of the world's biggest challenges – fighting climate change and ending poverty by helping to bring clean, affordable energy to people all over the world.

Sustainability framework

In 2010, we joined the UN Global Compact as a signal of our commitment to running the business in a sustainable way. Our ambitions stretch beyond meeting regulatory requirements. We strive to align strategies and operations with universal principles on human rights, labor, environment, and anti-corruption, and have reported on our performance every year since 2011.

Our Sustainability initiatives are focused on four areas that are the direct outcome of our initial materiality assessment – Safety, Environment, Technology, and People.

Our four Sustainability focus areas

Focus area	Description of focus area
Safety	Safety in the context of Sustainability covers a wide range of elements. We believe that safety includes people, products, processes, and even supply chain management. We care for the people and partners we interact with and manage our risks and impacts, always striving to improve. For a company with more than 8,000 employees worldwide, a big safety element is of course to ensure the well-being of our people, and to and to minimize their exposure to occupational hazards or strains. That is why we operate according to the strictest safety rules and procedures, often exceeding national requirements. Safety also means having safe and reliable processes and supplier management to ensure a consistent high level of quality. The LM Production System based on LEAN principles helps provide safety in the workshops, keeping things in their proper place, and organizing workflows to ensure quality production with the most efficient utilization of people and resources.
Environment	Our blades produce clean electricity every day on thousands of wind turbines all over the world. As such they are already contributing greatly to a more sustainable planet. However, manufacturing, assembling, and transporting the blades requires resources and energy and produces waste. We want to reduce our environmental impact in all aspects of our blades' lifecycle and continuously introduce efficiencies and innovative solutions in our manufacturing processes. We work internally and with our suppliers on optimizing our material consumption to cut waste and cost. All facilities continuously implement solutions to reduce their environmental footprint. We do travel as part of meeting our customers and partners, but we aim to keep travel at a minimum to keep the environmental impact and cost down. Another important aspect of our environmental pillar is blade end of life. A wind turbine blade creates clean energy for more than 20 years. At the end of life of our blades, they can either be disposed of through combustion, turning the blade into fuel for power generation, or send them to landfill. However, we are exploring various initiatives to develop more environmentally-friendly disposal methods.
Technology	Our product is our biggest Sustainability asset. Every day, we create longer and lighter blades that extract more energy from the wind and reduce the cost of energy. We develop add-ons, new materials, and innovative solutions that increase blade reliability and performance, while reducing the environmental impact of our processes and activities. In every aspect of the blade life cycle, we carefully consider how we can protect them better and find new ways to enhance their performance. Our blades embody more than 35 years of knowledge and continuous research and development, and we are determined to remain the leader in this field for many years to come through further scrutiny of our technology platform and innovation.
People	We employ 44 different nationalities in our plants and offices around the world. We see this diversity as a great strength and an important aspect of our corporate culture which spans locations on four continents. People are at the heart of everything we do, from the employees in our plants to the families and citizens of the local communities in which we operate. We want to be employer of choice and believe in promoting a culture of communication and value based leadership. Empowering our people is the best investment we can make. Their ingenuity and passion is what sets us apart from other great companies and we provide extensive training, development, and feedback to ensure the employees are equipped to contribute to the company's goals. We also contribute to the communities we operate in. For instance, we support and uphold internationally proclaimed human rights, do not tolerate bribery or corruption, and tackle child or forced labor in our direct operations as well as at the partners we interact with.

Our material issues

The materiality assessment helps us to identify, prioritize, and report on the economic, environmental, and social risks and opportunities that matter most to our business and stakeholders. With the understanding of their concerns and expectations, we use the materiality assessment to guide our response in the most effective way to existing and emerging issues.

We have always worked hard to carefully balance profitable growth, integrity, and caring for people as well as for the environment. Our formalized Sustainability program started when we joined the UN Global Compact in 2010. We entered into a process of identifying key stakeholders, mapping their interests and expectations, and assessing bottom line impacts. The process for identifying our material Sustainability topics included the assistance of a dedicated consultancy organization. Each member of our Management Team, representing the key functions within the business, was asked to identify the single most important Sustainability topic to their business. The list of Sustainability topics that could be selected was composed of GRI indicators. Our Management Team did not only include the importance of Sustainability topics to the business itself, but also the most material topics to our key stakeholders.

Our current Sustainability headlines – Safety, Environment, Technology, People – are a direct outcome of the initial materiality assessment. Subsequent workshops with the Sustainability Core Team and top management representatives have confirmed that the basic structure is right. This year, we revisited our previous in-depth materiality assessment and concluded that our material topics are the same as for 2015, but added 'Reducing the Levelized Cost of Energy' as a material topic under our Technology pillar. Reducing the LCOE is something we have always aimed for, but this year we formalized this ambition under our Technology focus area. Although the material topics have remained largely the same as in 2015, we clarified some of our material topics. We are planning a comprehensive review of our material issues for our future reports, as to improve and validate our materiality assessment. This review will ensure that our report content is as comprehensive and relevant as possible for our business and stakeholders in today's business and Sustainability environment.

Our material topics

Material topic	Explanation	Relevant GRI topic-specific Standard	Relevant LM Wind Power performance indicator	Topic Boundary
Safety				
Towards zero injuries	Nothing is more important than the health and safety of our people. We make sure that all personnel in our plants worldwide are properly trained in health and safety risks and motivated to make safety a priority, aiming to bring down the number of accidents as close to zero as possible. This material topic covers how we manage health and safety in the workplace and our performance on the accident rate, lost days, accident severity, absenteeism, safety walks, and site certification.	103: Management Approach 403: Occupational Health and Safety	Accident severity Lost days Absenteeism Safety walks Site certification	Internal, external Direct, indirect
Build safety culture	Building a successful safety culture takes commitment at the top with global and plant-level managerial accountability. The most important stakeholders, however, are our employees that should be made aware of potential hazards inherent in their jobs and should be equipped with essential protective equipment, skills, and competences to perform their work safely. This material topic covers how we manage building a safety culture, and our performance on the accident rate, lost days, accident severity, absenteeism, safety walks, and site certification.	103: Management Approach 403: Occupational Health and Safety	Accident severity Lost days Absenteeism Safety walks Site certification	Internal, external Direct, indirect
Environment				
Reduce carbon footprint through reduction of material use, energy consumption, and waste generation	Reducing our environmental footprint is one of our key Sustainability priorities. We have committed ourselves to minimizing pollution and promoting sound environmental practices from all employees and suppliers. This material topic covers how we manage our environmental footprint and our performance related to emissions, material use, energy consumption, waste generation, waste reduction, water use, site certification, and supplier environmental assessment.	103: Management Approach 301: Materials 302: Energy 303: Water 305: Emissions 306: Effluents and Waste 308: Supplier Environmental Assessment	Waste reduction Site certification	Internal, external Direct, indirect

Material topic	Explanation	Relevant GRI topic-specific Standard	Relevant LM Wind Power performance indicator	Topic Boundary
Technology				
Reduce the Levelized Cost of Energy	Our technological innovations make our blades more attractive compared to traditional energy sources. Furthermore, the most pressing Sustainability challenges can best be addressed by technological innovation. This topic covers how we manage technology and innovation, and our performance on new blade designs, product quality, and R&D investments.	103: Management Approach	R&D investments New blade designs Product quality	Internal, external Direct, indirect
People				
Ensure business integrity and compliance	We recognize the challenges inherent in managing a diverse and multicultural workforce as well as having a global network of operations. We need to remain vigilant for human rights abuses, bribery and corruption, unfair employment, and discriminatory practices. 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.	103: Management Approach 205: Anti-corruption 405: Diversity and Equal Opportunity 408: Child Labor 414: Supplier Social Assessment		Internal, external Direct, indirect
Develop competencies	Our business success comes from the knowledge, competence, and integrity of our workforce. We focus on improving our employees' skills and developing their careers through targeted training and appraisals. This material topic covers how we manage employee engagement and development and our performance on employment, nationalities of employees, and performance appraisals.	103: Management Approach 401: Employment 404: Training and Education	Headcount Nationalities of employees	Internal Direct
Contribute positively to the communities in which we operate	As an international company with plants in remote parts of the world, we strive to have a lasting positive impact on the communities in which we operate, ranging from upholding human rights to employee driven charity work. This material topic covers how we manage working in local communities and our performance on anti-bribery and corruption, child labor, supplier social assessment, indirect economic impacts, charitable donations, and community work.	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	Child labor Charitable donations Community work	Internal, external Direct, indirect

Our stakeholders

As a responsible business, we invest in listening and responding to the concerns and expectations of stakeholders. By maintaining an active dialogue, we effectively identify and address our most important Sustainability issues.

Our most relevant stakeholders include employees, customers, suppliers, communities, governments and policy makers, owners, and industry peers and research institutions. The variety of stakeholders means that we engage in various ways, each on a continuous rather than ad-hoc basis. Our vision "Together, we capture the wind to power a cleaner world" embodies our collaborative approach to stakeholder engagement. We recognize that by working together with our stakeholders, we are able to generate a bigger, positive impact than would be possible by working on our own. In addition, proactive stakeholder engagement and responsiveness facilitates empowered teams, innovation, strategic cooperation, and better informed business decisions. Hence, our Sustainability strategy and performance directly benefits from our stakeholder engagement activities.

Stakeholder engagement process

Stakeholder engagement

Employees

How we engaged

- Ongoing dialogue
- Global Employee Engagement Survey (EES) every second year, the most recent of which was carried out in 2015
- Annual Performance Management Process, reward and recognition, and development plan meetings
- Global webcasts with a live audience of employees with our Management Team three to four times per year
- Training and development programs
- Corporate media (e.g. intranet, newsletters, Annual Report, and Sustainability Report) and social media
- Trade unions and labor management meetings

Key topics and concerns

- Workload and potential stress
- Context and strategy of the business, including LM Wind Power's future plans
- Training and development

How we respond

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 2016 complements our Sustainability Report 2016.

Customers

How we engaged

- Ongoing dialogue
- Face to face meetings
- Trade show engagements
- Annual customer satisfaction survey
- Corporate media (e.g. corporate website, Annual Report, Sustainability Report) and social media
- Customer supplier assessment

Key topics and concerns

- Drive down the LCOE to ensure the competitiveness of wind power against other energy sources
- Innovation
- Maximum production capacity
- Sustainable blade disposal

How we respond

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 2016 complements our Sustainability Report 2016.

Suppliers

How we engaged
- Ongoing dialogue through account relationships
- Continuous improvement collaboration on manufacturing processes
- Joint research projects
- Annual Supplier Conference
- Supplier qualifications and reviews
- Supplier audits on manufacturing processes
- Business management reviews

Key topics and concerns
- Strategy and update on the business, including future business and LM Wind Power's footprint
- Joint partnerships
- Product quality

How we respond

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 2016 complements our Sustainability Report 2016.

Communities

How we engaged
- Ongoing dialogue
- Partnerships with NGOs to support local development goals
- Charity contributions
- Philanthropic activities
- Open days and family days
- Company social activities

Key topics and concerns
- Environmental and logistics challenges that affect the local community
- Employment
- Training and development
- Investment in infrastructure
- Support for charity and education

How we respond

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 2016 complements our Sustainability Report.

Governments and policy makers

How we engaged
- Ongoing dialogue
- Phone and face to face meetings
- Plant visits from regulators, officials, and politicians
- Events, for instance annual Capitol Hill meeting in Washington D.C. organized among others by the American Wind Energy Association

Key topics and concerns
- Investment and employment
- Health and safety
- Environmental management

How we respond

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 2016 complements our Sustainability Report 2016.

Owners (Doughty Hanson & Co. Managers Ltd)

How we engaged
- Ongoing dialogue
- Investor workshops
- Investor information requests
- Corporate media (press release, Annual Report, Sustainability Report, ESG report)
- Investor website

Key topics and concerns
- Financial performance
- Environmental performance
- Social performance
- Corporate governance
- Innovation

How we respond

Our response to the topics and concerns raised by our owners can be found in the 'Safety', 'Environment', 'Technology', and 'People' sections of this report. Our Annual Report 2016 complements our Sustainability Report 2016.

Industry peers and research institutions

How we engaged
- Ongoing dialogue
- Partnering in research projects

Key topics and concerns
- Product innovation
- Process innovation
- Reduce the LCOE

How we respond

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 2016 complements our Sustainability Report 2016.

Safety

We are not only looking after the health and safety of our own people by enforcing the strictest requirements. We also have robust policies and practices in place to ensure safe and reliable products, processes, and supplier management to maintain a consistent high level of safety across the value chain.

27,000 Safety walks conducted by senior management, compared to 20,000 in 2015

1.4 Lost Time Accident rate per million working hours, compared to 1.9 in 2015

Why is this important?

The International Labor Organization estimates that 6,300 people die of occupational accidents or diseases every day and that 317 million work-related accidents happen every year.[3] In addition, non-communicable diseases account for 70% of all deaths worldwide. The rise in non-communicable diseases can mainly be attributed to four risk factors – tobacco use, unhealthy diet, physical inactivity, and harmful use of alcohol.[4] The importance of health and safety is reflected by two UN Sustainable Development Goals, namely SDG 3 – ensure healthy lives and promote well-being for all at all ages – and SDG 8 – promote sustained, inclusive and sustainable economic growth, full, and productive employment and decent work for all. Companies have the potential to not only address the frequency and severity of accidents in the workplace by implementing health and safety policies, but can also help their employees by promoting a healthy lifestyle as to reduce the occurrence of non-communicable diseases among employees.

Our performance on health and safety has a direct impact on the lives of our employees, contractors, their families, and wider society. Relentlessly driving down or even eliminating these risks as much as possible are not simply legal requirements. Our people are our most important asset and making sure that their health and safety is safeguarded is vital for guiding all employees on doing the right things right. This will positively influence other business areas beyond HSE such as retaining our staff, maximizing their productivity, and minimizing the cost of injury and illness. In other words, health and safety is critical to our business success. As our own manufacturing process is labor-intensive, our operations comes with particular health and safety hazards for our employees, such as working with chemicals, lifting the blades, and slips, trips, and falls. Ergonomics and stress are also recurring health and safety issues within our business, which requires us to focus continuously on improving design and ways of working.

As a leading supplier of wind turbine blades, we recognize that our efforts in the realm of health and safety have a knock-on effect on the entire wind industry, from the suppliers that we source raw material from to our customers that install our blades onto wind turbines. Hence, the responsibility for health and safety extends beyond our direct manufacturing processes. From mitigating risks occurring at suppliers' locations to making reliable products for customers, we try to minimize occupational hazards throughout the value chain.

Our performance on health and safety has a direct impact on the lives of our employees, contractors, their families, and wider society. Relentlessly driving down or even eliminating these risks as much as possible are not simply legal requirements.

How do we respond?

Our Global HSE Policy defines our commitment to the highest standards. We are convinced that all incidents and accidents can be avoided. Therefore, we invest significant resources to ensure our people receive clear instructions and training on health and safety. We strive to eliminate known risks and control risks when elimination is not possible. Our Global HSE Policy is further supported by our HSE Manual, our Disciplinary Policy which dictates zero tolerance towards significant HSE violations, and a clear structure that outlines HSE roles and

[3] International Labour Organization, *Safety and health at work.*
[4] World Health Organiztion, *Major NCDs and their risk factors.*

responsibilities. The scope of the HSE management system comprises all of our core business activities. Executive and senior managers are responsible and accountable for implementing the HSE Policy. Recognizing the different customs and cultures of the regions we operate in, we complement our global policies by enacting local HSE policies. All our employees and other workers that we are responsible for must be familiar with our HSE policies before undertaking any work.

All of our health and safety processes are embedded in our Business Management System (BMS), which provides guidance on a comprehensive range of HSE related activities and compliance. Topics covered in our BMS include the identification of hazards, legal requirements, strategy and goal setting, training, communication, document control, and emergency preparedness. All our operational sites are certified according to OHSAS 18001:2007, an internationally accepted standard on health and safety management systems.

Despite increasing our workforce significantly, we managed to decrease our Lost Time Accident rate to 1.4 per million working hours, the lowest ever recorded in our company's history and a significant decrease from our Lost Time Accident rate of 1.9 in 2015.

In 2016, we continued to build on our efforts from previous years to improve safety and reduce incident frequency. Ensuring the highest standards for occupational health and safety remains a continuous challenge, especially in times of significant growth of our business. Our new employees are not necessarily aware of the health and safety risks associated with their work. We focus on prevention and have organized comprehensive training in our manufacturing plants for our employees and new employees in particular, which was reinforced by a global safety introduction campaign at all plants. All our production workers underwent 30 days of mandatory training before undertaking any work in our plants, including how to mitigate the health and safety risks associated with their work. The focus on safety permeates the entire organization and so our senior management conducted over 27,000 safety walks in our plants, up from 20,000 in 2015, reflecting their commitment and high level of awareness.

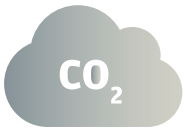
We have programs in place that encourage a healthy lifestyle of our employees, for instance fruit arrangements at the office or flexible working hours. Yet we realize that health is not only about getting enough exercise, watching diet, or getting enough sleep, it is also about the working environment and good relationships with colleagues. Our plants have all been through workshops focusing on stress prevention, keeping fit on a busy schedule, and the importance of good relationships at work.

The results of our vigilant health and safety initiatives were remarkable. One key indicator of our health and safety performance is the rate of lost time accidents per million working hours. Despite increasing our workforce significantly, we managed to decrease our Lost Time Accident (LTA) rate to 1.4 per million working hours, the lowest ever recorded in our company's history and a significant decrease from our LTA rate of 1.9 in 2015. Up from 30.0 in 2015, the accident severity rate increased to 47.8. Taken together, our performance on the LTA and accident severity rate shows that accidents have become less frequent, but more severe compared to 2015. Absenteeism remained at a low level at the plants and offices, reaching 0.5 and 1.3 for Blue Collar (BC) and White Collar (WC) employees respectively.

Despite consistent strong performance on key safety metrics, we are determined to continue to improve. Everyone in the company needs to help drive down our incidents and accidents even further, building on our proven efforts to bring down the frequency and severity of accidents as much as possible. Our management recognizes the need for constant vigilance on this topic and continues to prioritize programs to strengthen the organizational awareness and capability to maintain the highest safety standards, even in times of significant growth.

Environment

Integral to being a sustainable company is taking responsibility for our energy consumption, material use, waste, and emissions. We work to minimize our environmental footprint by behaving responsibly and taking actions towards protecting the environment.



6.5 Carbon footprint (kg CO_2e) per kg blade produced, compared to 6.5 in 2015

7.1 Energy consumption (MJ) per kg blade produced, compared to 7.2 in 2015

28% Total waste for recycling, compared to 23% in 2015

€5.5 million Waste reduction savings, compared to €5.9 million in 2015

Why is this important?

Environmental degradation is one of the biggest challenges we face today, influencing the very systems that make the earth habitable. Resource depletion, ecosystem destruction, land degradation, and pollution, each influences society's economic, environmental, and social well-being. For example, record human-caused carbon emissions are leading to climate change, which can cause changing weather patterns, more frequent extreme weather events, and rising sea levels. The importance of environmental degradation is also reflected by the SDGs. From protecting life on land to ensuring access to clean water, the environment is one of the most frequently covered topics of the SDGs.

A major concern related to CO_2 emissions is the health risks associated with air pollution. A World Health Organization (WHO) study concludes that 92% of the world population lives in areas that exceed WHO limits. Some three million deaths per year are related to outdoor air pollution exposure. As business and business-related activities traditionally account for a large portion of the environmental degradation and air pollution caused, they also have a big potential to address environmental impacts by improving their performance.[5]

As a global manufacturing company, we are in a reciprocal relationship with the planet. We positively impact the environment, as our blades are used to generate millions of watts of clean energy. Yet, we also have an environmental footprint through our manufacturing operations, which include sourcing and transporting raw materials, consuming energy, and generating CO_2 emissions. Whilst contributing to a greener planet, implementing environmental management policies also brings down our production costs, avoid unnecessary taxes, and increase our competitive advantage. We recognize our role in addressing global environmental challenges. From cutting our material use to reducing our CO_2 emissions, we are implementing policies to balance profitable growth with our environmental footprint.

How do we respond?

Our integrated HSE Management System provides an essential framework for common policies, objectives, and requirements to promote and measure environmental performance. Our Global HSE Policy stresses the importance of behaving responsibly and taking actions to protect the environment. The policy is accompanied by an HSE Manual, describing the implementation of our HSE program from impact identification, legal compliance, strategy and goal setting, training, communication, document control, emergency preparedness, and response to performance and control measures. All of our environmental processes are embedded in our BMS. In addition, all our sites are certified according to ISO 14001:2004, an internationally recognized standard for environmental management systems.

[5] World Health Organization, *WHO releases country estimates on air pollution exposure and health impact*, 2016.

Emissions and energy consumption

Our carbon reduction initiatives have always been a local effort. By pledging to become carbon neutral by 2018, we are looking at a much more ambitious and strategically founded approach that will challenge the entire business to work and act differently to reduce emissions. The decision to take our company carbon neutral was proposed by our Global HSE & Sustainability Council in mid-2016, after which it was endorsed by the full Management Team and formally announced in December 2016. By launching this industry-leading pledge to reduce and offset our emissions, we will join a select group of Sustainability pioneers, determined to do more to tackle global warming. Our blades already generate millions of watts of clean energy and we urge governments and other organizations to make the transition to a low carbon economy. It is only natural that we take our own medicine, further fueling the industry for renewable energy. That was the reason for launching our carbon neutrality program which we call 'CleanLM'.

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 and it should therefore take responsibility for them.

CleanLM consists of three components, representing our main initiatives to minimize our direct and indirect carbon footprint. Our pathway to carbon neutrality addresses all the three scopes of carbon emissions, from the moment input material is transported to our facilities to when manufactured blades leave our production facilities. For years, we have been, working to reduce our direct carbon footprint through operational efficiencies. Yet we want to go further and not only tackle our direct emissions, but also our indirect emissions. We will source all electricity for our global operations from renewables. This will virtually eliminate our emissions resulting from purchased electricity, heating, or cooling. Finally, we will offset our remaining emissions through carbon credits either from wind projects or projects with a social benefit, for instance providing clean electricity to less privileged communities.

We realize that offsetting emissions is not an uncontested topic. We decided that offsetting our emissions should only be the last step of our carbon neutrality program. By offsetting our emissions in concert with reductions in our own operations and purchasing all of our electricity from renewable sources, we are not just buying hot air. Conversely, we are making a difference in minimizing our carbon footprint and try to offset the unavoidable emissions that remain through emission reduction projects elsewhere in the world. We also expect to establish our own wind turbines near our locations.

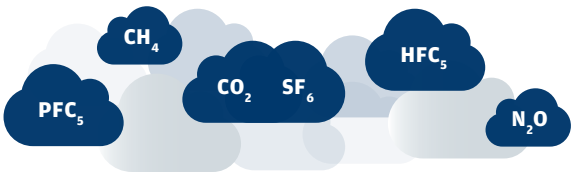
By pledging to become carbon neutral by 2018, we are looking at a more ambitious and strategically founded approach that will challenge the entire business to work and act differently to reduce emissions.

Both our absolute energy consumption and absolute carbon footprint rose in line with our growing business and the production of heavier, longer blades. Our energy consumption per kg blade produced and carbon footprint per kg blade produced both show a gradual downward trend over the past years. This year, the energy consumption per kg blade produced decreased to 7.1 MJ while our carbon footprint remained stable at 6.5 kg CO_2e per kg blade produced. This can largely be ascribed to the focus on the optimal use of materials and targeted efforts to optimize energy consumption.

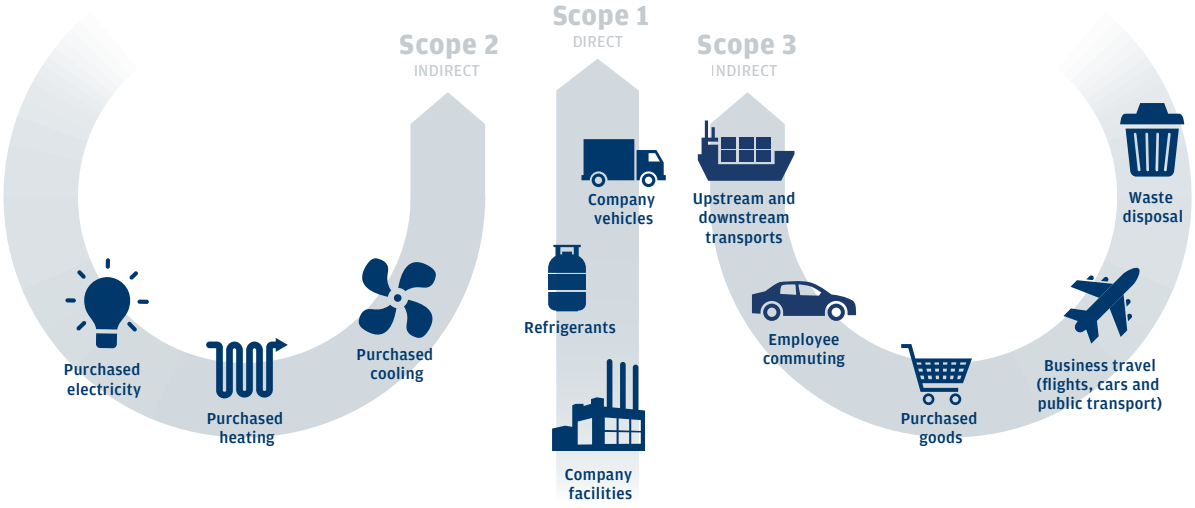
Looking to the near future, we realize that having a growing business will increase our environmental footprint. Although our energy consumption and carbon footprint per kg blade produced have remained stable or decreased, we see a trend of increasing absolute energy consumption and carbon footprint. CleanLM will make us a carbon neutral company. We will work on a carbon reduction plan that will replace our predominantly local initiatives to reduce our carbon footprint with a global reduction program. We will optimize our energy procurement by switching to 100% renewable energy and we will offset the emissions that remain by contracting carbon credits that take away carbon emissions elsewhere in the world.

CleanLM explained

Our carbon neutrality pledge CleanLM...
...includes six main greenhouse gases resulting from our business activities...



...and 11 emission sources in three different categories...



Scope 2

Indirect greenhouse gas emissions from the consumption of purchased electricity, heating, or cooling

Scope 1

Direct greenhouse gas emissions from sources that are owned or controlled by LM Wind Power, such as company facilities or company vehicles

Scope 3

Other indirect emissions that are a consequence of the activities of the LM Wind Power, but occur at sources owned or controlled by another entity, such as waste disposal or business travel

...and will make LM Wind Power a carbon neutral company in 2018 by...

Scope 2

Reaching 100% renewable energy consumption, particularly from wind power, in conjunction with partners and customers

Scope 1

Reducing our carbon emissions through operational efficiencies, for example an internal drive to reduce energy consumption

Scope 3

Offsetting our remaining emissions through carbon credits and advancing low carbon sustainable development through the delivery of clean and renewable energy for communities in developing countries

Materials, water, and waste

The progress on materials and waste we made over the past years continued in 2016. We delivered a number of improvements to equipment, material use, processes and material substitution to remove HSE-related risks, eliminate waste, and drive down cost, which will be further discussed in the 'Technology' section of this report. When introducing new materials or processes, we always undertake an HSE risk assessment to identify potential risks for any people involved and for the environment. The change in materials cannot be implemented before plans to address or control risks associated with the change are developed. The new material or process must as a minimum be at the same level of risk, and preferably better to ever reach implementation.

Reducing operational waste remained one of our top priorities for Sustainability in 2016. Our waste is distributed to landfill, incineration, and recycling. We produced more waste per kg blades produced than in 2015, ending up at 0.35 kg in 2016. We take the production of waste seriously and have targeted policies in place to address and bring down our waste generation. Slightly below our target of €5.9 million, our annual waste savings totaled €5.5 million in 2016. We have also increased the proportion of waste going to recycling. Our waste going to recycling went up from 23% in 2015 to 28% in 2016, due to increased awareness and specific initiatives to drive waste and landfill down.

Our global waste reduction program has been running for seven consecutive years, continuing to deliver significant contributions to lowering operational costs while improving manufacturing efficiency and our environmental performance.

In our production process, we do not consume water. Our water consumption can be mainly ascribed to daily sanitary activities and cleaning at our sites. Due to the expansion of our workforce and increase in the facilities to clean, our water consumption grew significantly. In a country like India, water is a scarce resouce. This is why our Dabaspet plant established a rainwater harvesting system in 2010, collecting sufficient amounts of water to cover the majority of the consumption of the plant. In case the water collection exceeds our consumption, the excess water is saved for use during water scarce periods or discharged to the ground again. Our water consumption in India is recycled according to the local law.

Suppliers

Our suppliers are pivotal for us to our Sustainability goals and we perceive them as partners in helping us provide high quality, sustainable products at competitive prices. We are committed to apply our influence as customer and find shared paths for improvement through dialogue and partnership. An example of how we work with our supply chain is the extended dialogue with our balsa suppliers to further enhance sustainable procurement practices beyond the Forest Stewardship Council (FSC) certification scheme. The FSC scheme has been the basis for Sustainability requirements on balsa until now and was designed to cover a wide range of forestry-based products. However, through dialogue with our balsa suppliers, we have discovered that there are other ways in which we can ensure the highest standards on sustainable procurement of balsa. These efforts are more precise and focused, and therefore rely on closer liaison in order to better understand the particular conditions of the balsa industry, all the way down to the plantations that grow the material. We consider this method as the way forward.

One of the ways in which we engage our suppliers is through the annual Supplier Conference, where Sustainability has been a recurring topic since its inception. The aim of the Supplier Conference is to foster engagement, dialogue, and collaboration between us and our suppliers. This year, we engaged our suppliers on Life Cycle Assessments (LCAs) and the challenge of developing a solution for sustainable blade disposal as part of the Supplier Conference. The results indicated that our suppliers are aligned with our Sustainability priorities. For example, our suppliers are very active in undertaking LCAs, with all of our suppliers attending indicating that they were either undertaking LCAs today or are planning to do so in the near future. The majority of our suppliers also believe in a business case for developing a sustainable solution for blade disposal.

We implement Sustainability checks when signing new suppliers. Before discussing the substance of the contract, all suppliers need to sign the Code of Conduct, which contains anti-bribery and corruption, human rights, and environmental principles. In addition, Class A suppliers need to sign our Supplier Quality Agreement. We conduct a physical qualification audit to establish whether our Class A suppliers meet the criteria set out by our Code of Conduct and Supplier Quality Agreement and take targeted actions if this is not the case. Class A suppliers account for 70 out of 180 suppliers and 90% of the total spend. In 2016, we performed physical qualification audits on all our 10 new suppliers. Once qualified, we perform surveillance audits to validate our suppliers' performance. Although our surveillance audits only cover supplier quality performance, there are cases from time to time where we believe our Code of Conduct principles have been breached. This is then reported to our Compliance team who may decide to investigate further. In 2017, we will transition to GE's robust supplier integrity program, which includes GE's Supplier Reputational Guidelines Expectation Statement.

Technology

Our blades are our most important Sustainability asset. The continuous positioning of wind energy as an attractive alternative to traditional energy sources requires constant innovation to create longer, lighter, and technologically more advanced blades that extract more energy from the wind.

10 New blade designs launched, compared to 8 in 2015

€31 million R&D investments, compared to €26 million in 2015

Why is this important?

Technological progress is vital for economic growth and sustainable development. Achieving a more sustainable world and economy warrants fundamental changes in the way in which energy, water, food, and natural resources are produced and consumed. Harnessing the potential of innovation is the key to finding solutions to economic, social, and environmental challenges such as climate change, poverty, and unsustainable livelihoods. The importance of technological advances is reflected by SDG 9, which aims to build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. Due to their economies of scale and sheer resources in the global economic system, companies in particular have the potential to spur innovation and drive progress to achieve a sustainable world.

Our company was founded on a spirit of entrepreneurship and innovation, which has become a part of our identity. Our focus as a blade manufacturing company is to promote the progress and growth of renewable energy as an attractive and affordable alternative to traditional energy sources. One key aspect of promoting wind energy is to invent more efficient and cost effective products, processes, and services, which can only be achieved through technological innovations. We create longer and lighter blades that extract more energy from the wind and reduce the cost of energy. Innovation is also at the core of our Sustainability initiatives, as we can only improve our Sustainability performance through innovative approaches and doing things differently. We see innovation as an opportunity that creates more sustainable products and processes, benefiting not only society but also our company's financial performance, competitiveness, and brand value.

How do we respond?

Our biggest Sustainability opportunity lies in our contribution to replacing the world's reliance on traditional energy sources with clean affordable wind energy. One of the most direct ways to achieve this is by introducing technological innovations that make our products, processes, and services more efficient and cost-effective.

Our history is characterized by strong engineering, manufacturing, and quality performance. Over the years, we have launched several blades, always further optimized for weight and length to reduce the LCOE. The belief that technological investments are vital to our business is reflected by our consistent R&D investments. Mainly due to our exponential growth of the business in 2016 compared to 2015, our R&D investments expressed as a percentage of our revenue decreased from 3.5% to 3%. Nonetheless, in absolute terms we increased our spending on R&D by 21% to €31 million compared to 2015.

> For us, building the world's longest blade is not just about breaking records. Rather, it is to show our capacity to innovate and deal with challenges that come with designing and producing a blade of this size.

The R&D investments once again paid off. We delivered significant progress on longer, lighter wind turbine blades and new approaches to manufacturing. We launched 10 new blade designs ranging from 52.2 meter to 88.4 meter, which included manufacturing the world's largest onshore and offshore blade. One single wind turbine installed with three 88.4 meter blades can generate enough power to cover the consumption of 10,000 homes. For us, building the world's longest offshore blade is not just about breaking records. Rather, it is to show our capacity to innovate and deal with challenges that come with designing and producing a blade of this size. Making a product of this magnitude means looking at every detail of our 88.4 meter blade to learn and understand how to extract even more energy from the wind and reduce the cost of energy further to push the industry's boundaries in the battle against

global climate change. We have demonstrated time and again our unique technical know-how and manufacturing expertise.

Not only did we develop and design new blade types, we also introduced a number of improvements to existing blade types. Implementing sustainable material solutions and cost effective processes in manufacturing led to noticeable quality improvements. We continued to work with our suppliers to improve their performance on the quality of incoming material. In 2016, we improved our non-conformity parts per million, which is the key performance indicator to track quality performance. Furthermore, our performance on non-conformity has a direct impact on the waste generated. In 2015, we already addressed and even eliminated repeated quality issues. In 2016, we reduced our non-conformity parts per million by more than 70% to 341, down from 1167 in 2015.

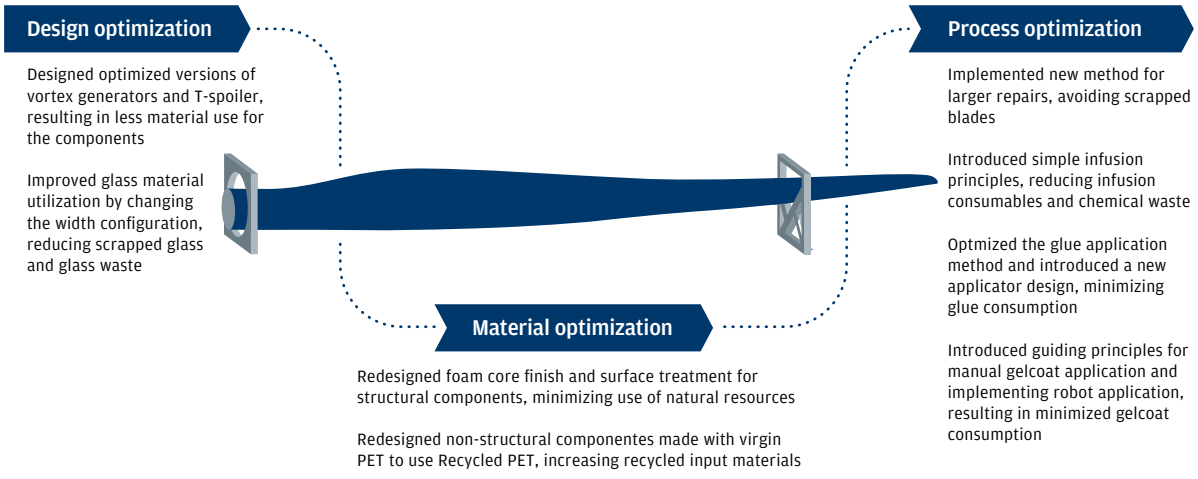
Our technological innovation resulted in several design, material, and process optimizations. We continued to find innovative solutions to remove HSE-related risks, drive down waste, and reduce costs. We introduced low-styrene gelcoats several years ago and already in 2015, we tested styrene-free resins and gelcoat in order to minimize risk from styrene exposure. In 2016, we moved from the testing phase to the deployment of styrene-free products in several of our plants. These materials will be rolled our further in the near future. We are determined to ideally create a styrene-free production environment. This will directly benefit our employees' working conditions and can bring savings in terms of reducing the cost for personal protective equipment and ventilation in the workplace.

Examples of initiatives in materials and technology that improved our Sustainability performance in 2016:

- We redesigned add-ons for our blades such as vortex generators and T-spoilers, resulting in less material use for the components itself, significantly less use of adhesives, and improved working conditions.
- We implemented a redesigned foam core finish and surface treatment to reduce resin consumption. Non-structural foam core for bulkheads, weighing chambers, web spacers made with virgin PET foam have been replaced by Recycled PET foam in order to minimize use of natural material resources.
- We minimized gelcoat consumption by introducing guiding principles in manual application of gelcoat and started the implementation of a robot application process.
- We improved our glass material utilization by changing the width configuration and thereby reduced the amount of scrapped glass and glass waste.
- We introduced simple infusion principles that reduced infusion consumables and thereby reduced our chemical waste.
- We minimized glue consumption by optimizing the application method and by introducing a new applicator design which makes glue profiles more uniform.
- We implemented a new, fully certified repair method that reduced the scrap rate significantly.

One of the obvious areas where technology development is crucial is the industry challenge of introducing a sustainable blade disposal solution. Sustainable blade disposal is an area of significant interest to us and we have explored many different avenues to sustainable disposal of decommissioned blades over the years. Currently, the most prevalent processes for blade disposal are either landfill or incineration, in which energy will be recovered and pieces of the blade used in the cement industry. Other solutions include ways to separate the blade on the site where they are decommissioned, processing the blades into smaller parts that can be used as input material for construction material. The processing of the blades, however, is quite energy intensive and requires significant time and labor. We follow industry developments closely and participate in various relevant research to advance more environmentally friendly solutions. While we are looking at how we can recycle existing blades, we are also exploring ways in which we design future blades for improved recyclability. We expect to be able to announce more details on to make future blades better recyclable in the next report.

Technological innovations for Sustainability



People

Our people are our most important asset. We need highly-skilled, engaged employees in order to manufacture world class blades. Our strong emphasis on employee engagement and development allow people to perform to their highest potential and thrive in their personal and professional lives. Our focus on people, however, does not stop at our own employees, but extends to the partners we work with and communities we work in.

90% **White Collar employees internally certified through e-learning training in anti-bribery and corruption, compared to 19% in 2015**

44 **Nationalities of employees, compared to 32 in 2015**

Why is this important?

Education is perhaps the single most powerful enabler for achieving a more sustainable planet, as it allows people to acquire the skills and knowledge to improve their own lives. In many cases, quality education leads to economic growth. Vocational training improves people's qualifications and equips them with the necessary skills for suitable employment. Employment and training is a core part of our People pillar, with communities and business integrity being the other. As a business, we have great opportunities to develop the workforce, while implementing measures to protect human rights and install anti-corruption measures in the areas where we operate. The SDGs recognize the importance of eduction and just societies. SDG 4 aims to ensure inclusive and quality education, while SDG 16 strives to promote peaceful and inclusive societies for sustainable development.

From designing the blade to the blade manufacturing process itself, our product is the result of work performed by highly-skilled people. Hence, the importance of having an engaged and diverse pool of talent cannot be underestimated. We can only be a sustainable company if we attract and retain the best employees, develop their competencies, and create an inspiring work environment. Furthermore, we are a responsible local citizen in the communities in which we operate, some of which are characterized by varying degrees of economic and social development. We believe that being a sustainable company starts with an ethical approach to business. We aspire to prevent any potential negative social impacts that may arise. Not only do we have a responsibility to respect human rights and anti-corruption, it also reduces risk and enhances brand value.

How do we respond?

In 2016, our employee number rose to 8,178, up from 6,332 in 2015. Our Human Resources (HR) team was stretched to the limit, ensuring that all new production workers went through the 30 days standard onboarding program. Nonetheless, we remained focused on the importance of employee engagement and development, as we recognize the need for continuously upgrading the skills of our workforce. Our diversity initiatives too, have become more established within the company. We have also done even more to positively impact the communities in which we operate.

Employee engagement and development

At the heart of our people development strategy is the HR initiative called "Get, Keep, Grow". This framework aims to create an environment for attracting, retaining, and developing the best talent. Our employees are developed following a 70-20-10 model. 70 refers to the proportion of development that comes from focused efforts to provide opportunities for employees to grow through exposure to challenging tasks in their day-to-day work experiences; 20 refers to the proportion of development that comes from feedback and support given to and provided by colleagues and leaders; and 10 refers to the proportion of learning and development that comes from formal training.

> We recognize the need for continuously upgrading the skills of our workforce, which is why we invested significantly in training programs and leadership development once again in 2016.

Our Leadership programs – Grow Plant Leaders and Grow Function Leaders – were rolled out in 2016, after being introduced successfully in 2015. These two programs are developed for all managers, both in our plants as well as functions, and consist of five modules of eight hours each. The program aims to boost the capabilities of leaders at various levels in terms of focusing on quality, good work environment, and delivering high

performance, as part of ensuring a long term, sustainable organization. Over 700 people completed the 'Grow Plant Leaders' program, spending more than 28,000 hours with our internal trainers. In total, 1,400 managers, supervisors, and team leaders have been through the 'Grow Plant Leaders' program. 23 internal trainers underwent an 80 hours certification training to teach the modules of the 'Grow Plant Leaders' program and 35 more have started their training and will be certified trainers in 2017.

Formal training was strengthened by our 'Centers of Excellence', which ensure standardized training worldwide and are in place at every manufacturing facility. The Centers of Excellence concept allows employees to study the materials, tools, and processes of blade manufacturing, both theoretically and hands-on. Our Centers of Excellence have a complete system of training rooms, practical rooms, trainers, and mentors who work in order to improve manufacturing workers' skills and to grow their position within the plant. All new employees in our plants go through six weeks of training at one of our Centers of Excellence before being released on the production floor. Employees at our new plants attend training together with other colleagues at sister plants, as was the case for our Turkish manufacturing facility that broke ground in July 2016. As part of our Centers of Excellence, we conducted 70,000 training days.

We also focused on job-specific competencies of global support functions, for instance leadership, statistical problem solving, and project management skills. All employees have access to these trainings as per their development plan agreed with their line manager. For instance, a large group of colleagues went through Lean Six Sigma training at various levels, involving 148 people worldwide who will now be able to support and drive improvements on quality, processes, and problem solving in the various parts of the organization where they are based. Our Six Sigma training consisted of Green Belt training and certification, Lean Sensei training, and Black Belt certification.

All our salaried employees have an individual objectives and development plan as part of the Performance Management Process (PMP), which follows a yearly cycle for each individual employee. Our BC employees are evaluated through local Performance Systems and by our Global Skills Matrix. In addition to the abovementioned training and development initiatives, we enhanced and grew our employees' skills by structured succession planning and career interviews, reward and recognition programs, health programs, company social activities, development of mentors, and a 360 feedback tool. The various employee development and engagement initiatives paid off. Our employee turnover remained low at 6.5 for WC employees and 3.0 for BC employees, both showing significant improvements compared to 2015.

Diversity

We are convinced that diversity drives innovation and is one of the greatest strengths of our workforce. That is why we are committed to a diverse workplace that values difference at all levels of the company, from our plants all the way up to our Board of Directors. We have our Code of Conduct in place, which clearly states our non-discriminatory hiring practices as to gender, race, religion, age, disability, sexual orientation, nationality, political opinion, union affiliation, social, or ethnic origin. We are proud to say that we are a culturally diverse company, having as much as 44 nationalities in our workforce, each of which brings their own approaches and views to the job.

Nonetheless, like many engineering and technology companies, women are underrepresented in our business at only 14% of the employee population. That is why we are proactively aiming to improve our performance on diversity, especially with regards to the proportion of women we have employed. We are building on the existing practices of promoting talent through individual performance and career reviews as part of the company's Performance Management Process, and through structured talent reviews of all WC employees looking at capabilities and mobility. We have also worked to establish a Diversity Policy, which provides a framework to help us ensure that female talent is not overlooked when conducting structured career reviews and designing and re-designing the organizational set up. Our priority is to address the gender imbalance at the top of our organization and exploring how we match the aspirations of our current employees as well as those that will join us.

We are convinced that diversity drives innovation and is one of our greatest strengths of our workforce. That is why we are committed to a diverse workplace that values difference at all levels of the company, from our plants all the way up to our Board of Directors.

At management level, both our Management Team and Board of Directors are entirely made up of men. In order to address the gender imbalance at management level, we have set ourselves a target to promote gender diversity in our Board of Directors by having one female member in our Board of Directors by 2017. Because new members of the Board are not considered unless requested by our owners and our owners did not make such a request, we did not make progress towards this target in 2016. Looking ahead, the focus on diversity will only increase as we adopt the more advanced initiatives of GE to promote diversity even further across the business.

Anti-corruption and bribery

Since 2012, almost all WC employees have gone through training on our Code of Conduct, anti-corruption, and the UK Anti-Bribery Act. This training is also a mandatory part of new employees' onboarding process. No specific time is set for this

training, but employees generally take between 30 and 45 minutes to complete the training. Employees are required to pass an online recertification test on our Code of Conduct biannually, with staff in Sourcing and Sales & Marketing required going through training annually due to their potential increased exposure to bribery and corruption. Our online training was complemented with face-to-face training in 2016, performed by our Internal Audit and Risk Management function, in conjunction with global and local HR teams. Overall, 90% of the WC employees were internally certified through e-learning training in anti-bribery and corruption in 2016, compared to 19% in 2015.

As part of further strengthening the compliance program, between 350 and 400 staff from the plant support functions worldwide went through Code of Conduct training using a dilemma game that also addresses anti-corruption and bribery risks. We rolled out an externally hosted integrity line to all of our plants to improve open reporting procedures. Approximately 97% of the WC workforce and approximately 70% of the BC employees went through training in integrity reporting.

Our compliance program was prioritized further in 2016 both locally and globally with all plants going through an Operational Risk Assessment, facilitated by the Internal Audit and Risk Management function and carrying out comprehensive risk assessment of the majority of our business units. This included an overall fraud, corruption, and bribery risk assessment and was supported by our global Finance, Sourcing, and Legal teams. Our compliance measures also include the quarterly Management Letter process, which compels our plant managers and country heads to report and sign a document confirming that all their WC employees have signed the Code of Conduct and that there were no legal issues regarding insurance, litigation, and grants. Our Board of Directors reviewed our anti-corruption and bribery measures in June 2016 and was updated on our overall Compliance Program in December 2016. There were zero complaints regarding corruption and active bribery. Looking ahead, we will transition to GE's robust integrity and compliance mechanisms in 2017, including the Spirit and the Letter.

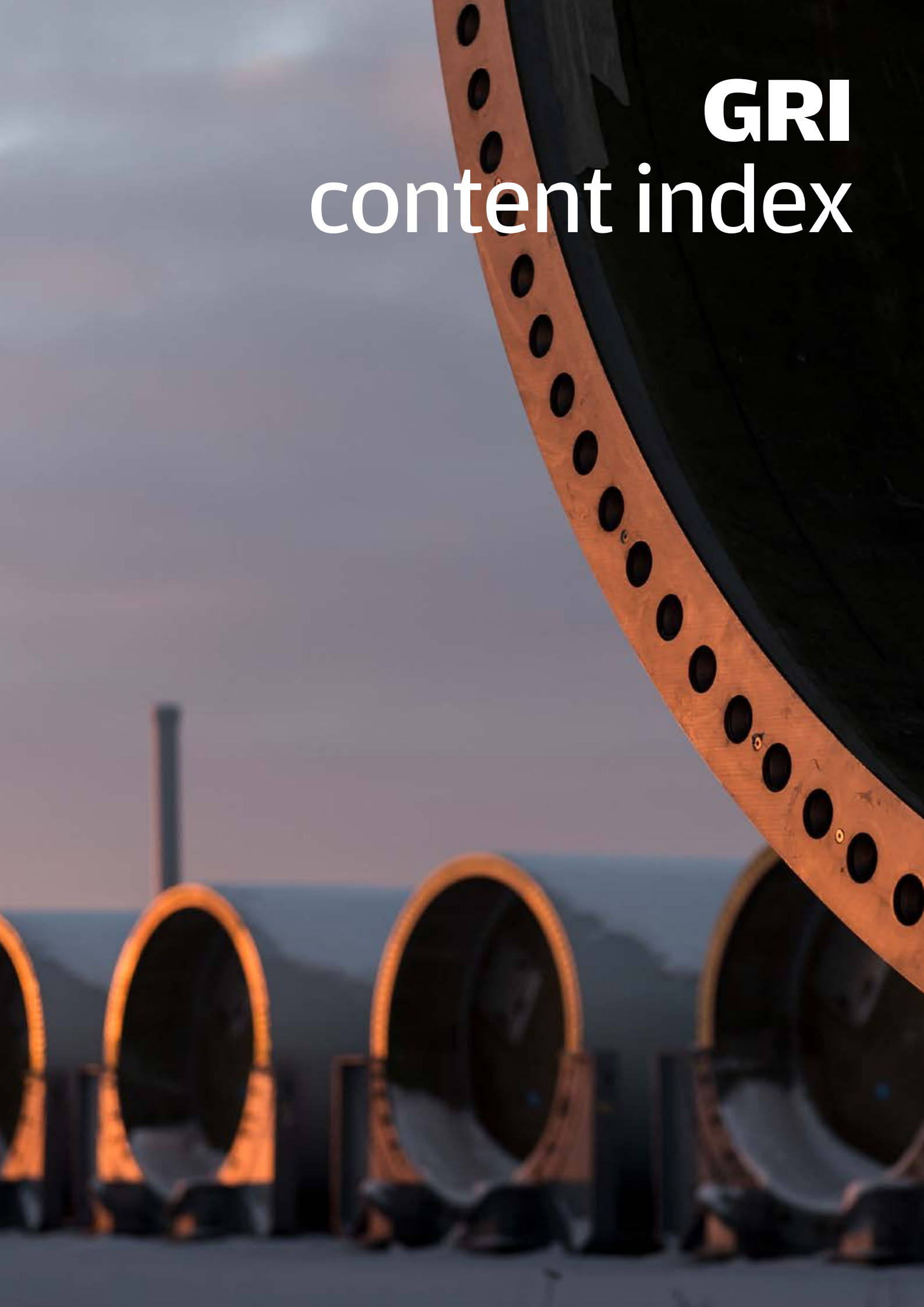
Human rights, social issues, and communities

Our Code of Conduct states our principles for doing business ethically and legally, including supporting the protection of internationally proclaimed human rights and committing us to not condoning or allowing human rights abuses. These principles are applied in our processes for recruitment, promotion and remuneration which are based on equal pay for equal work, and the strict requirements to our suppliers that we do not tolerate child labor, forced labor, discrimination, or any other misconduct as part of our collaboration. Furthermore, we have a wide range of policies, initiatives and programs in place to ensure proper and equal working conditions and a safe and inspiring work environment.

Operating across many different countries and cultures can pose certain challenges of having to deal with unfair working conditions, discrimination, and corruption. We acknowledge our employees' right to freedom of association and collective bargaining and we have a good relation with the unions in several of the locations where we operate. We generally employ people in line with local law, recognizing the different cultures of our workforce. As we employ our people in line with local conditions, the percentage of employees covered by collective bargaining agreements varies from none in our plants in the United States to 90% in Gaspe, Canada or 86% in Dabaspet, India.

We realize that our social risks are more prevalent in our supply chain. We train our employees in the requirements and expectations of them and the Code of Conduct is an integrated part of the framework agreements with suppliers. We have screened all of our 10 new suppliers on social criteria laid out in our Supplier Quality Agreements and Code of Conduct. A large number of our workforce is employed in China and India and we have many young applications. We have a clear policy in place that ensures we do not hire people under the age of 18 and applicants are required to show their ID card or birth certificate as part of the recruitment process. To the best of our knowledge, there were no child labor incidents identified at our own or our suppliers' sites. In 2017, we will transition to GE's human rights program, including GE's Statement of Principles on Human Rights, which outlines GE's commitment to respecting human rights wherever GE operates and to demanding the same commitment from GE's business partners.

Our people in the plants and offices around the world once again engaged actively in the local communities where we operate. An LM Wind Power plant brings significant employment, economic growth, and opportunity to local communities, and there is furthermore a tradition for supporting a wide range of causes and organizations with money and employee volunteer hours. Each plant has the freedom to select which charities and causes they would like to support in line with the company's values and based on their status in the local community. In 2016 however, our focus was on activities that support the Sustainable Development Goals – particularly SDG 4 Quality Education, SDG 5 Gender Equality, and SDG 7 Affordable and Clean Energy. Examples of the mainly locally initiated community events include tree plantation in India, supporting local sports organizations in Poland, or collecting money for a breast cancer foundation in the Netherlands. Our total hours contributed to local community projects was 2,728. Although the amount of hours decreased in 2016, our charitable donations increased to €184,777.



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