

2020

Use Wind Intelligently Live Sustainability

SUSTAINABILITY REPORT 2020





GLOBAL PRESENCE

The Nordex Group's key markets – read more on **PAGE 10f.**

We Are Nordex

↗ GRI 102-2

For more than 35 years, developing, producing, installing and servicing onshore wind turbines has been the core expertise and passion of the Nordex Group and its 8,500 employees worldwide. Our Delta4000 series offers high-yield, efficient wind turbines that enable many years of efficient electricity generation from wind energy in all geographical and climatic conditions, actively driving forward the global expansion of renewable energy sources.

By the end of 2020, we installed generating capacity totaling more than 32 GW in more than 40 countries. Our manufacturing network includes factories in Germany, Denmark, Spain, Brazil, India and Mexico.

While our business model is based on sustainability, we also take a holistic approach above and beyond our business model, which is reflected in our sustainability strategy entitled 'Use wind intelligently - live sustainability'. This strategy is the foundation of our actions. In this Sustainability Report, we offer a detailed account of our economic, environmental and social activities.

4,650.7

Sales revenues 2020 in EUR million
2019: EUR 3,284.6 million

5,461

Installed capacity 2020 in MW
2019: 3,090 MW

8,527

Employees 2020 at the reporting date
2019: 6,880 employees

24,231

Sales-related energy consumption 2020 in kWh/EUR million
2019: 26,429 in kWh/EUR million

5,934

Sales-related waste volume 2020 in kg/EUR million
2019: 5,968 kg/EUR million

USE WIND INTELLIGENTLY LIVE SUSTAINABILITY

Nordex's highly efficient wind power systems are already making a major contribution to climate-friendly energy generation today. We will continue this sustainable approach through our Sustainability Strategy 2019 to 2021.

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Reference to section in the report or to other Nordex publications



Link to external internet sources

Information on components of the Non-financial Group Report (NFR) is indicated by a line next to the text section.

FOREWORD BY THE MANAGEMENT BOARD

↗ GRI 102-14





JOSÉ LUIS BLANCO
Chief Executive Officer (CEO)

While the pandemic understandably dominated headlines worldwide in 2020, the global community still needs to continuously focus on fighting climate change, one of the biggest challenges of our time and for generations to come. At Nordex, we aim to achieve this goal not just by increasing the efficiency and sustainability of our products, but by pursuing a holistic approach covering all aspects of our business.

Dear Readers,

Overall we fared well in 2020, a tremendously challenging year shaped mainly by the global Covid-19 pandemic. This exceptional situation once again demonstrated the need for a sustainable business strategy and confirmed that the Nordex Group is on the right track. The pandemic made it very clear to all of us that our employees and partners, our health, and safe working conditions are of the utmost importance. This underscores the relevance of the Nordex Group's Safety First culture, which we have nurtured for years to continually improve occupational safety in the Company.

In 2018, we used the results of a comprehensive stakeholder survey to develop our Sustainability Strategy 2019 to 2021, entitled 'Use wind intelligently – live sustainability', which we implemented a year later. The pandemic not only highlighted the significance of our stakeholder dialog, it also revealed that our pursuit of sustainability has made us more resilient in many respects. Our existing mobile office infrastructure, high safety standards, and close cooperation with corporate customers and suppliers enabled us to adapt quickly and flexibly to the challenges suddenly posed by Covid-19.

This was only possible thanks to the ceaseless daily engagement, personal initiative, agility, prudence, and consideration exhibited by all of our employees and partners, to whom we would like to express our gratitude at this opportunity.



DR. ILYA HARTMANN
Chief Financial Officer (CFO)

Sustainability is not only the core of our business, but also highly relevant to our financial transactions. We therefore welcome the fact that our financial partners like banks and investors also increasingly see this aspect as being of highest importance.



PATXI LANDA
Chief Sales Officer (CSO)

The green recovery approach to the ongoing pandemic in many countries clearly shows the ever-increasing significance of green energy. It is therefore more important than ever before, both for us and for our customers, that we continue to focus on the sustainable and efficient production of our turbines.

As a producer of wind turbines that enable energy to be generated increasingly efficiently under a wide variety of conditions worldwide, the fight for a sustainable future drives us each day and is the foundation of our business model.

By consistently striving for even more efficient solutions, we have continually reduced the cost of energy over the years. We also place a high priority on steadily improving the environmental footprint of our turbines and all of our business activities. Last year we carried out a life cycle assessment (LCA) of our latest turbine, the Delta4000 (details link). Following up on this, we comprehensively analyzed the corporate carbon footprint of the whole Nordex Group in the reporting year. This analysis took all upstream and downstream activities in our value chain into account and has created a solid basis for developing a targeted climate strategy. Detailed information on the process and results of the analysis can be found in the Sustainability Management chapter.

We also rigorously pursued our other sustainability goals in the reporting year. In addition to a number of site-specific measures, we further reduced the rate of workplace accidents, confirmed that our customers are very satisfied, and continued to standardize our supplier review process.

We are in constant communication with our employees, customers, suppliers, investors, local communities, and other stakeholders to ensure that we keep moving forward on this successful path.

Building on our Sustainability Strategy 2019 to 2021, we plan to strengthen our stakeholder dialog in order to define and reach the next milestones. The findings from our corporate carbon footprint analysis will play a key role in this context.

We already look forward to this dialog and all of the ideas, challenges and inspiration that will help us work toward a sustainable and environmentally friendly future for society with our employees, customers, suppliers, investors, local communities and other stakeholders in 2021.

We want to continue making an active and lasting contribution to our society to ensure that our planet remains livable for generations to come.

**Sincerely yours,
the Management Board**

Hamburg, March 2021



For detailed information on how we achieved the targets of the Sustainability Strategy 2019 to 2021, see **PAGE 20ff.**

JOSÉ LUIS BLANCO
Chief Executive Officer (CEO)

DR. ILYA HARTMANN
Chief Financial Officer (CFO)

PATXI LANDA
Chief Sales Officer (CSO)

ABOUT THIS REPORT

↗ GRI 102-45, 102-46, 102-49, 102-50, 102-52, 102-54

CONTENT AND STRUCTURE

In this Sustainability Report, we provide detailed information on our economic, environmental and social performance. In addition to describing current sustainability-related developments, activities and key figures, we detail the progress we made in the second year of our current Sustainability Strategy 2019 to 2021. We also present the process and findings of the first comprehensive analysis of the Nordex Group's corporate carbon footprint, which we carried out retroactively in the reporting for 2019. More detailed information on this is highlighted on page 16f. The contents of the Sustainability Report focus on the topics identified in the materiality analysis, which we grouped into five central fields of action. The structure of this report is aligned with these fields of action and reflects what are the material economic, environmental and social sustainability topics for Nordex.

Together with the Nordex Group's 2020 Annual Report, which is published simultaneously, the 2020 Sustainability Report provides a comprehensive picture of the Company's current situation, detailing the relevant financial and non-financial key figures.

The 2020 Sustainability Report was prepared in accordance with the 'Core' option of the Global Reporting Initiative's (GRI) Standards.

GENDER-INDEPENDENT REPORTING

In the interests of better readability, the writing in this Sustainability Report is intended to be fully gender-neutral and, to whatever extent possible, avoid masculine or feminine references. Where such references are unavoidable, under no circumstances do they imply any form of value judgment.

REPORTING PERIOD AND SCOPE

This Sustainability Report covers the 2020 financial year, i.e. the reporting period from 1 January to 31 December 2020. This is the fifth time Nordex has reported on its sustainability activities in this form, and the Company will continue to update and publish its sustainability-related information annually.

The disclosures made in this Sustainability Report generally apply to all Group companies as included in the Nordex Group's basis of consolidation. Further information on the reporting scope of our consumption data is provided in the chapter on Environmental Management & Resource Efficiency.

REMARKS ON THE SEPARATE CONSOLIDATED NON-FINANCIAL REPORT

The Nordex Group's separate consolidated Non-financial Report (hereafter: 'Non-financial Report'), published in compliance with the statutory requirements of the German Act to Strengthen Non-financial Disclosures by Companies in their Management and Group Management Reports (Gesetz zur Stärkung der nichtfinanziellen Berichterstattung der Unternehmen in ihren Lage- und Konzernlageberichten, CSR-RUG), is embedded in this Sustainability Report. Statements relating to the Non-financial Report are clearly identified by a line to the left of the respective text.

An overview of the statements made in the Non-financial Report as required by Sections 315c in conjunction with Sections 289c to 289e of the German Commercial Code (Handelsgesetzbuch, HGB), as well as links to the respective sections in this Sustainability Report, are provided in the table below.



More information on the process of developing the strategy, and on its contents and objectives, see **PAGE 18 ff.**

The description of the aspects required by the HGB is based on the structure of the GRI management approaches. This is applied in the description of the materiality analysis (GRI 101: Foundation) as well as in the management approaches to 'Anti-corruption and bribery matters', 'Respect for human rights', 'Product Responsibility', 'Employee matters' and 'Environmental matters' (GRI 103: Management Approach). The GRI Index on p. 94 ff. refers to the corresponding reports sections for the explanations of the GRI indicators. The disclosures on meeting the GRI indicators represent additional information and are not part of the consolidated Non-financial Report.

External audit of the Non-financial Report

The contents of this Sustainability Report were reviewed in accordance with Section 171 (1) of the German Stock Corporation Act (Aktiengesetz, AktG) by the Nordex Supervisory Board. The Non-financial Report integrated into this Sustainability Report was additionally audited by the independent auditing firm of PricewaterhouseCoopers (PwC) in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000, revised) in a limited assurance engagement. The auditor's Independent Practitioner's Report is provided on pages 101 f.

Reporting under the requirements of CSR-RUG on risks that are significant to our business performance, position and financial result is an integral part of risk reporting in the Nordex Group Management Report, as stipulated by German Accounting Standard No. 20 (GAS 20). In accordance with the principle of double materiality, these risks were analyzed for highly probable, serious impacts on the aspects established by CSR-RUG (environmental, social and employee matters, corruption and bribery, and human rights). In our opinion, taking into account the countermeasures, there were no material net risks to the Company's business performance, position or financial result that are would very probably have a serious, negative impact on these aspects.

Cross references

Cross references to statements beyond the scope of the Group Management Report and/or the Consolidated Financial Statements represent additional information and are not part of the Non-financial Report.

Interrelations with the amounts shown in the Consolidated Financial Statements

No interrelations with the amounts shown in the Consolidated Financial Statements were identified that require statutory reporting.



More information on risk management is provided in the Nordex Annual Report 2020 on **PAGE 51f.**

Non-financial Report Index

Disclosures required by CSR-RUG	Corresponding report sections	Page
Description of the business model	About the Nordex Group and the Group Management Report	p. 10 ff.
Product responsibility	Product responsibility	p. 32 ff.
Environmental matters	Environmental Management and Resource Efficiency as well as Responsibility along the Supply Chain	p. 70 ff., 76 ff.
Employee matters	Employee Responsibility	p. 44 ff.
Social matters	This aspect was found not to be material in the materiality analysis.	p. 18 f., 88 ff.
Respect for human rights	Management and Corporate Compliance as well as Responsibility along the Supply Chain	p. 24 ff., 70 ff.
Anti-corruption and bribery matters	Management and Corporate Compliance	p. 24 ff.

The reportable disclosures are contained in the individual chapters and marked with a line.

ABOUT THE NORDEX GROUP

➤ GRI 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 201/103

The Nordex Group develops, produces, sells, and installs onshore wind turbines for use in high-, moderate-, and low-wind locations worldwide. In addition, we offer a complete range of services covering the wind turbines' entire lifetime. As a wind power pioneer, our company has been driving the development of the sector with cutting-edge products since its foundation in 1985.



For further information on Nordex wind turbines, see **PAGE 32ff.**

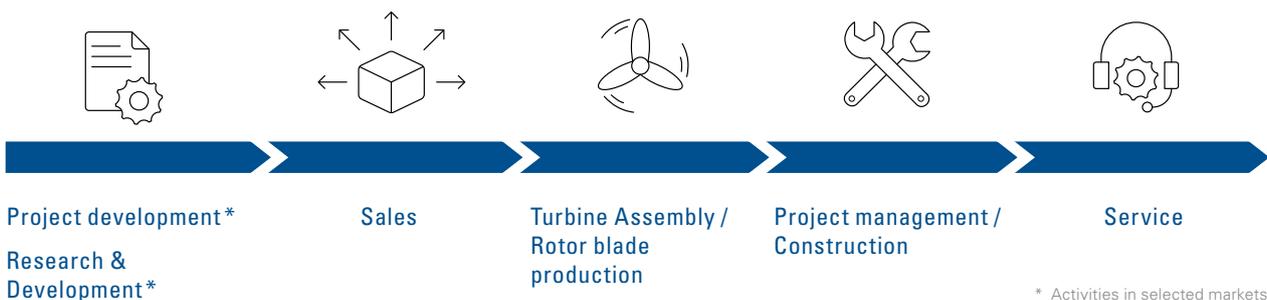
The six wind turbine types of the Delta4000 platform provide variable solutions for all wind conditions and cover wind power output requirements from 4.0 MW ranging into the 5 MW class. These highly efficient wind turbines featuring a rotor blade diameter of up to 163 meters are already operational in wind farms in Europe, North and South America, and Australia. To date, the Nordex Group has installed turbines with a combined nominal output of over 32 GW across a total of more than 40 countries. At the end of 2020, the Nordex Group's Service organization was supporting around 8,400 wind turbines worldwide with a total nominal output of 21.0 GW.

We focus on the development, production and installation of complete wind turbine systems, including control software and key components. Turbine nacelles and hubs are mainly assembled at our own facilities. We develop the rotor blades

in-house, and a significant number of the required blades are manufactured at our own production plants. The remainder are manufactured by contractors according to Nordex specifications. We procure components such as gearboxes, generators and inverters from external suppliers, the majority of which are long-term partners. Towers are produced as steel or steel-concrete hybrid constructions by various suppliers. The Nordex Group also uses its own concrete tower design and related manufacturing technology, which enables it to deliver the most cost-competitive tower options, particularly for major projects in Spain and emerging countries. This manufacturing technology at the production sites is operated either by Nordex itself or by contractors.

We serve our customers in all focus markets through our own sales organization. The Nordex Group offers installation services for the wind turbines it supplies and subsequent servicing during their entire lifetime. Our close customer support is provided under what are usually long-term, comprehensive maintenance contracts. Services such as spare part deliveries and customer training are also offered separately. In selected markets, the Nordex Group is also a wind farm project developer and therefore also has experience in the upstream value chain ('greenfield development'). After the existing European project

The value-adding structure of the Nordex Group at a glance





Ensuring sustainability through highly efficient energy generation: Employees assembling a Delta4000 N149/5.X in Genshagener Heide, Germany

development portfolio was sold in a single transaction in financial year 2020, the remaining project pipeline is currently focused on non-European activities, particularly in Latin America, South Africa and India. Going forward, Nordex plans to gradually re-establish its European project development business.

The listed holding company Nordex SE has its registered office in Rostock, Germany. The majority of Nordex SE shares (66.4%) are in free float. Its largest shareholder is the listed Spanish company Acciona S.A., which has been a strategic anchor investor since Nordex acquired Acciona Windpower in 2016. Acciona S.A. currently holds an equity interest of 33.6% in Nordex SE. Our company's headquarters are located in Hamburg, Germany, where our corporate functions are based along with parts of our Development, Global Sourcing, Project Management, Service and Sales departments. The

German facilities for nacelle assembly and rotor blade production are based in Rostock. Other production sites are located in Brazil, Denmark, India, Mexico and Spain. In the reporting period, the Group operated sales and service offices in around 30 countries, mainly in Europe, North and South America, as well as in other selected markets such as India, Pakistan, South Africa and Australia. Nordex Group customers are primarily wind farm developers and operators. These include both large and medium-sized, and often international, utility companies and independent power producers (IPP), as well as additional customer groups such as medium-sized project developers, municipal utility companies and community wind farms or energy cooperatives. The Group's customer base also includes an increasing number of industrial captive producers and financial investors such as insurance companies and pension funds. These groups invest in the development and acquisition of wind farms to cover the electricity

demand of their ongoing operations (industry, trade) or to generate a financial return on their installations (financial investors).



The key financial figures are provided in detail in the current Nordex Group Annual Report. The key figures provided here have been calculated in accordance with the International Financial Reporting Standards (IFRSs) for the full period from 2018–2020. The 2018–2020 annual reports were audited by the auditing firm PwC.

Financial data of the Nordex Group

in EUR million	2020	2019	2018
Sales	4,650.7	3,284.6	2,459.1
Gross revenue	4,345.5	3,871.4	2,364.2
Earnings before interest and taxes (EBIT)	-61.8	-19.6	-54.2
Free cash flow	-120.4	-126.0	44.0
Capital expenditure	162.9	172.5	112.9
Consolidated net profit/loss for the year	-129.7	-72.6	-83.9
Cost of materials	3,798.1	3,096.0	1,710.2
Staff costs	434.0	360.7	325.9

[GRI 201-1](#)

Direct economic value generated and distributed

in EUR million	2020	2019	2018
Direct economic value generated	4,286.4	3,286.3	2,460.0
Economic value distributed			
of which operating costs	3,973.3	3,482.8	2,092.6
of which employee wages and benefits	434.0	360.7	325.9
Payments to providers of capital	98.4	68.2	43.2
Payments to the government	22.6	47.3	31.5
Community investments	n/a	n/a	n/a
Economic value retained	-241.9	-672.7	-33.1

[GRI 201-1](#)



The key financial figures are provided in detail in the current Nordex Group Annual Report 2020: <http://ir.nordex-online.com/websites/Nordex/English/3100/financial-reports.html>

In financial year 2020, the Nordex Group generated sales of EUR 4,650.7 million. The Projects segment accounted for around 91% of sales, with the Service segment generating approximately 9%. The net loss in the reporting year came to EUR -129.7 million. As of the 31 December 2020 reporting date, the Company had 8,527 employees worldwide. In financial year 2020, the Nordex Group's installed capacity was 5.5 GW, with 1,492 wind turbines being erected in 23 countries. The largest single markets by installed capacity were the USA, Brazil, Turkey, the Netherlands, Spain, Argentina and Germany. As of the 31 December 2020 reporting date, the Group's total assets stood at EUR 4,410.1 million, of which EUR 773.5 million, or 17.5%, represented equity.

Longer-term borrowing mainly comprises a promissory note and a corporate bond. As a company with sustainable business practices, Nordex achieved certification of these financing instruments as 'green bonds' in accordance with the criteria of the Climate Bonds Initiative's Climate Bonds Standard Board. To safeguard against the impact of the coronavirus pandemic on its operating business, in financial year 2020 the Nordex Group also received a revolving credit facility under the German federal government's loan guarantee program with the participation of the states of Mecklenburg-Western Pomerania and Hamburg. This financing instrument also contains an ESG component and thus fits into the Nordex Group's sustainable financing structure. The Company also received third-party financing in

the form of an investment loan from the European Investment Bank (EIB). To secure its operating business, the Company also has access to a secured credit facility certified as being sustainable, including an ancillary facility, which can be used to draw on bilateral bank loans.

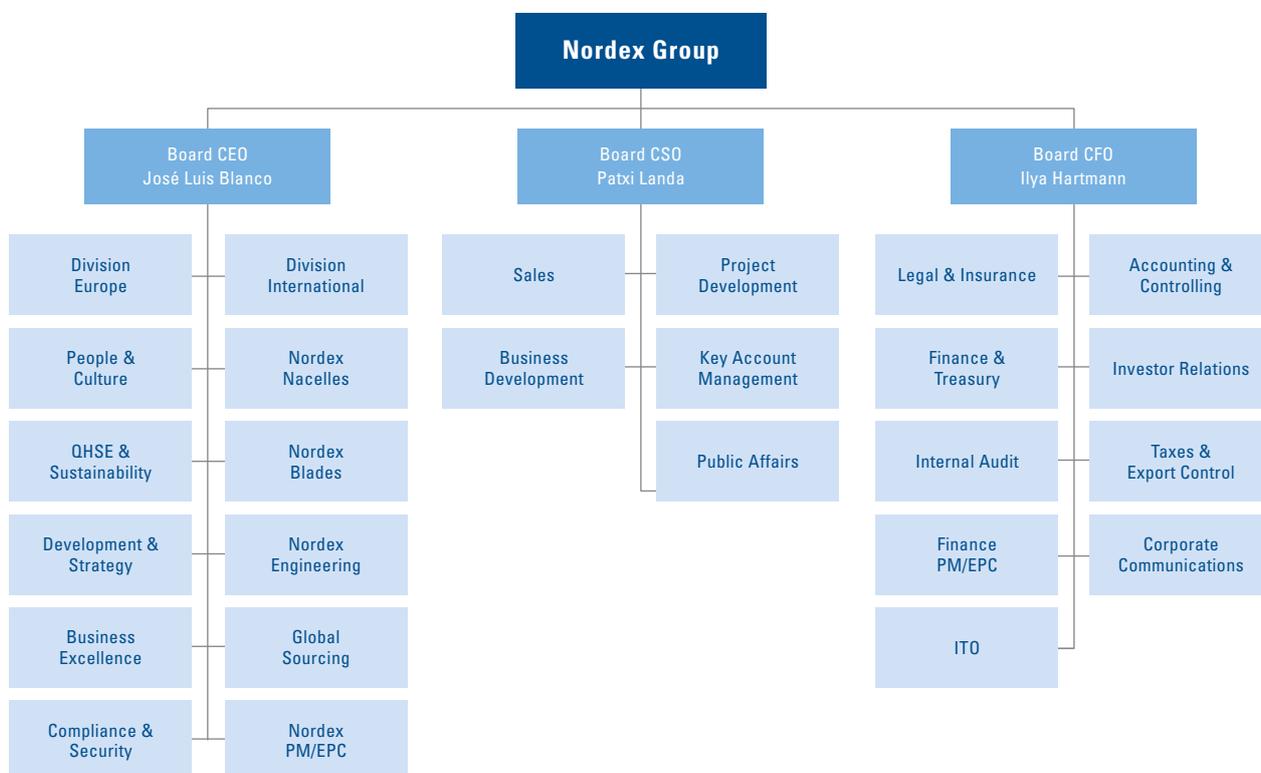
CORPORATE GOVERNANCE

[GRI 102-18](#)

Within a dual management structure consisting of a Management Board and a Supervisory Board, the Nordex SE Management Board manages the group of companies at its sole discretion, with the aim of achieving sustained improvements in enterprise value and attaining the established long-term Company targets. It also coordinates and controls all significant activities and conducts the

Company's business in accordance with statutory provisions. In compliance with its statutory obligations, the Supervisory Board advises and monitors the Management Board in matters relating to the Company's governance. It is also directly involved in all decisions of fundamental importance to the Company. The Management Board maintains ongoing contact with the Supervisory Board, briefing it comprehensively on the current status and performance of the Nordex Group as well as on all material business transactions. In financial year 2020, the Supervisory Board set up three committees: Besides the Executive Committee, which acts as the Personnel and Nomination Committee, these were the Audit Committee, and the Strategy and Technology Committee.

Organizational structure of the Nordex Group



SUSTAINABILITY MANAGEMENT

The Global Sustainability Management department is responsible for the Company's strategic development with regard to sustainability topics. The department is in constant contact with all areas of the Company to coordinate and manage sustainability measures and meet our stakeholders' growing information requirements. Sustainability Management is assigned to the central Quality, Health, Safety & Environment (QHSE) organizational unit, which reports directly to the Management Board.

Its responsibilities include managing and communicating internal and external processes, coordinating different departments, and engaging in dialog with various stakeholder groups. Group-wide controlling of environmental indicators as well as sustainability reporting are also anchored in this department. The objective of Sustainability Management is to efficiently implement the Nordex Sustainability Strategy. In addition to the annual Sustainability Report published for all stakeholders, we report key environmental indicators and the implementation status of measures to the Management Board and senior management on a quarterly basis. We focus on comparing similar production sites to identify potential for improvement, apply best practices and processes, and implement efficient measures at other sites.

Our stakeholders – especially customers and investors – have ever growing requirements and a constantly increasing need for information about sustainability issues. They are particularly interested in the environmental impact of wind turbines and the Company's activities. We have introduced life cycle assessments (LCA) as a key aspect of our sustainability strategy. In 2019, the assessment of a wind farm equipped with our current Delta4000 turbines provided us with valuable insights and enabled us to identify potential measures to minimize the negative impacts of wind turbines.

Based on this life cycle assessment, we comprehensively analyzed the 2019 carbon footprint of the entire Nordex Group in the reporting period to establish a basis for defining our long-term environmental goals, taking into account all upstream and downstream activities in our value chain. You can find more information about our approach and the results of this analysis in the following pages.

We also established a Company-wide sustainability network in the reporting year to encourage cross-departmental discussions of sustainability issues and enable us to share information more efficiently within Nordex and with our stakeholders. Another goal of the network is to raise awareness of sustainability in the Company and to support and promote the implementation of our sustainability strategy.

In addition to internal measures, the Nordex Group is also actively involved in the cross-industry Sustainability Working Group coordinated by WindEurope, the European wind association, with the goal of exchanging experience and progressing together.

Since the beginning of 2020, the Nordex Group has also been collaborating with the University of Hamburg as part of the 'Climate, Climatic Change, and Society (CLICCS)' excellence initiative. In this long-term partnership, we are involved in the 'Decarbonization: Global Research on Effects in Enterprises and Societies (D°GREES)' sub-project, addressing, among other things, the definition of science-based emissions reduction targets in accordance with the Paris Climate Agreement and the development of strategies for achieving these targets.



Further information regarding the life cycle assessment can be found in the Product Responsibility section **PAGE 33f.**



Further information about CLICCS can be found here: www.cliccs.uni-hamburg.de



Foresight is a key aspect of our holistic approach to sustainability

One of the world's leading rating agencies for sustainable investments, ISS ESG, awarded the Nordex Group a 'B' rating in the reporting period and named us one of the top three companies in the sector. This means that Nordex retains the 'Prime Status' awarded to companies that outperform the industry average in terms of

environmental and social aspects. The non-profit rating organization CDP (formerly the Carbon Disclosure Project), which focuses on environmental impacts, raised the Nordex Group's score to a 'B' in the category of climate change in the reporting period in acknowledgment of our ongoing efforts to make sustainability an integral part of all our activities and live sustainability throughout the Nordex Group.



CORPORATE CARBON FOOTPRINT ANALYSIS

Baseline Year 2019

↗ GRI 305-1, 305-2, 305-3



For more information on the life cycle assessment, please see the section on Product Responsibility on PAGE 33ff.

In our Sustainability Report 2019, we reported on the performance of a life cycle assessment of an N149 /4.0-4.5 turbine: Just a single turbine of this type can prevent emissions of around 135 kt CO₂e over its lifetime of 25 years.* The Nordex Group is thus making a global contribution to the transition to green electricity.

At the same time, the Nordex Group's business activities generate around 1,772 kt of CO₂e, as revealed by the analysis described below. Unlike other companies, Nordex has opted for a very extensive and transparent analysis that takes into account its entire upstream and downstream value chain, including all purchased goods and services.

135 kt CO₂e

are avoided by a single N149/4.0-4.5 turbine over its 25-year lifetime.*

Ambitious climate action goals are not just the preserve of nation states. Increasingly, businesses are also declaring their own mitigation targets aimed at limiting global heating and the impacts of climate change. The Nordex Group has also decided to take strategic action on the topic of emissions reduction. First and foremost, this objective requires a detailed status quo analysis as a baseline for a future reduction in emissions.

To obtain a detailed breakdown of all greenhouse gas emissions, we conducted a comprehensive retrospective analysis in this reporting year of the Nordex Group's corporate carbon footprint for 2019. This involved allocating emission sources into the established scopes for inclusion, namely: All direct emissions (Scope 1); indirect emissions that are created by the generation of purchased indirect energy (Scope 2); and all emissions from the upstream and downstream value chain (Scope 3).

This analysis covers all production, office and service premises across the Group as well as all relevant emissions categories that have been classified in the GHG Protocol Corporate Standard. In the past, we already analyzed and reported our Scope 1 and Scope 2 emissions. This pilot project therefore focused in particular on the ten relevant subcategories from Scope 3.

Wherever possible, primary data was consulted in order to calculate the greenhouse gas emissions generated. Cost-based emission factors were utilized instead where this data was not available. Taking into account both upstream and downstream processes, around 1,772 kt CO₂e were generated by our business activities in 2019. As expected, the vast majority of greenhouse gas emissions occur in Scope 3 (98.7%), while emissions from Scope 1 and Scope 2 make up only approximately 0.9% and 0.4% of the corporate carbon footprint, respectively.

These ratios between the scopes suggest taking a closer look at the greenhouse gas emissions created in the Nordex Group upstream and downstream value chain. Here too, one category is predominant: Purchased goods and services (Category 1) account for around 1,368 kt CO₂e and

* Based on the results of the life cycle assessment of the Delta4000, compared to carbon emissions generated by the global production of electricity based on the average emission factor published by the International Energy Agency.

around 78% of Scope 3 emissions. A substantial role in these emissions is played by high-emission raw materials for turbine construction.

Greenhouse gas emissions in kt CO₂e

Emission category	Subcategory	Emission in the baseline year 2019
Scope 1		17
Scope 2		7
Scope 3	Total	1.748
	1. Purchased goods and services	1.368
	2. Capital goods	58
	3. Fuel- and energy-related activities	7
	4. Upstream transportation and distribution	69
	5. Waste generated in operations	4
	6. Business travel	14
	7. Employee commuting	14
	8. Upstream leased assets	Not relevant
	9. Downstream transportation and distribution	Not relevant
	10. Processing of sold products	Not relevant
	11. Use of sold products	153
	12. End-of-life treatment of sold products	62
	13. Assets leased out for downstream activities	0
	14. Franchises	Not relevant
	15. Investments	Not relevant

Differences to totals may arise from rounding off.

The second-largest share of CO₂e emissions in Scope 3, totaling around 153 kt CO₂e (around 9% of all Scope 3 emissions), was generated by cumulated service activities occurring within the assumed 25-year service life of a turbine (Category 11). However, our efforts to ensure that longer-lasting materials are used with increasing efficiency are also reflected here. Our recent Delta4000 turbines create fewer emissions because they have lower rates of failure than earlier turbine generations, thus requiring fewer raw materials for maintenance and repair.

We have now planned further steps as a result of this analysis of the Nordex Group's carbon footprint. These steps lay the foundation for establishing a targeted climate strategy, defining long-term mitigation goals, and developing efficient measures to reduce emissions.

Commuter survey results

Thanks to a high rate of participation in our survey on commuter patterns conducted in November last year, we also included the impact from commuting (Category 7). Extrapolated to our entire workforce, around 14 kt CO₂e (0.8% of all Scope 3 emissions) were emitted in 2019 as a result of employee journeys to and from the workplace.



Sustainability Strategy 2019 to 2021

↗ GRI 102-40, 102-42, 102-43, 102-44, 102-47

APPROACH

In 2018, we prepared the Sustainability Strategy 2019 to 2021 in order to develop sustainability as a strategic topic within the Group. The strategy forms the framework for responsible action in all areas of the Company. In order to identify the material issues of the Nordex Group as well as sustainability-related trends and developments, and to find out to what extent our performance matches our potential in the opinion of external stakeholders, we conducted an extensive materiality review in 2018 as part of a systematic process. We collected the opinions of our stakeholders via

an online survey and telephone interviews. Based on these results and further desktop analyses, we drafted a prioritization proposal for the topics listed below. This proposal was discussed, adapted and confirmed in top management workshops. The working group we set up for this purpose comprised representatives from various Company units. All highly relevant topics are part of the current Sustainability Strategy and underpinned by specific objectives. The 2020 review confirmed that the material issues for the Nordex Group in the context of sustainability have not changed since last year.

Most important stakeholders of the Nordex Group



↗ GRI 102-40

IMPACT AND RISK ANALYSIS

The effects of the Nordex Group's business activities on the economy, the environment and society were examined in terms of their extent, probability and influenceability. As a company with international business activities, Nordex is exposed to various risks as a result of its operations. For this reason, the Group has implemented a comprehensive risk management system designed to detect potential negative deviations (risks) at an early stage, enabling us to take suitable countermeasures to avert any harm to Nordex and to avoid any impairment of its going-concern status. Further information on the objectives, organization and effectiveness of the Nordex Group's risk management system can be found on page 51. of the 2020 Annual Report. Details on risks and opportunities for each field of action can be found

> Achievement of targets: Sustainability Strategy 2019 to 2021

In the second year of our self-defined targets, the Nordex Group has made very positive progress. Over the next year we will continue to work on implementing our strategy.

in the individual chapters of this Sustainability Report. The analysis is based partly on the results of the online and telephone surveys of external stakeholders and Nordex Management conducted in 2018, and partly on updated assessments made by the specialist departments.

Topic prioritization

Topic	Overall assessment of relevance	Key topic in Sustainability Strategy 2019 to 2021
Environmental behavior of the Group	high	Divided into the topics waste, hazardous substances, energy and greenhouse gas emissions
Environmental footprint of wind power systems	high	Environmental life cycle assessment
Health and safety	high	Occupational safety
Corporate culture	high	Leadership culture
Values and standards in the supply chain	high	Standards in cooperation
Cost of energy	high	Cost of energy
Customer satisfaction	high	Customer satisfaction
Impacts of wind turbines on biodiversity	medium	Standards in cooperation
Company values and standards	medium	
Employee development	medium	
Employee diversity	medium	
Energy supply security	low	
Social engagement	low	

[GRI 102-47](#)

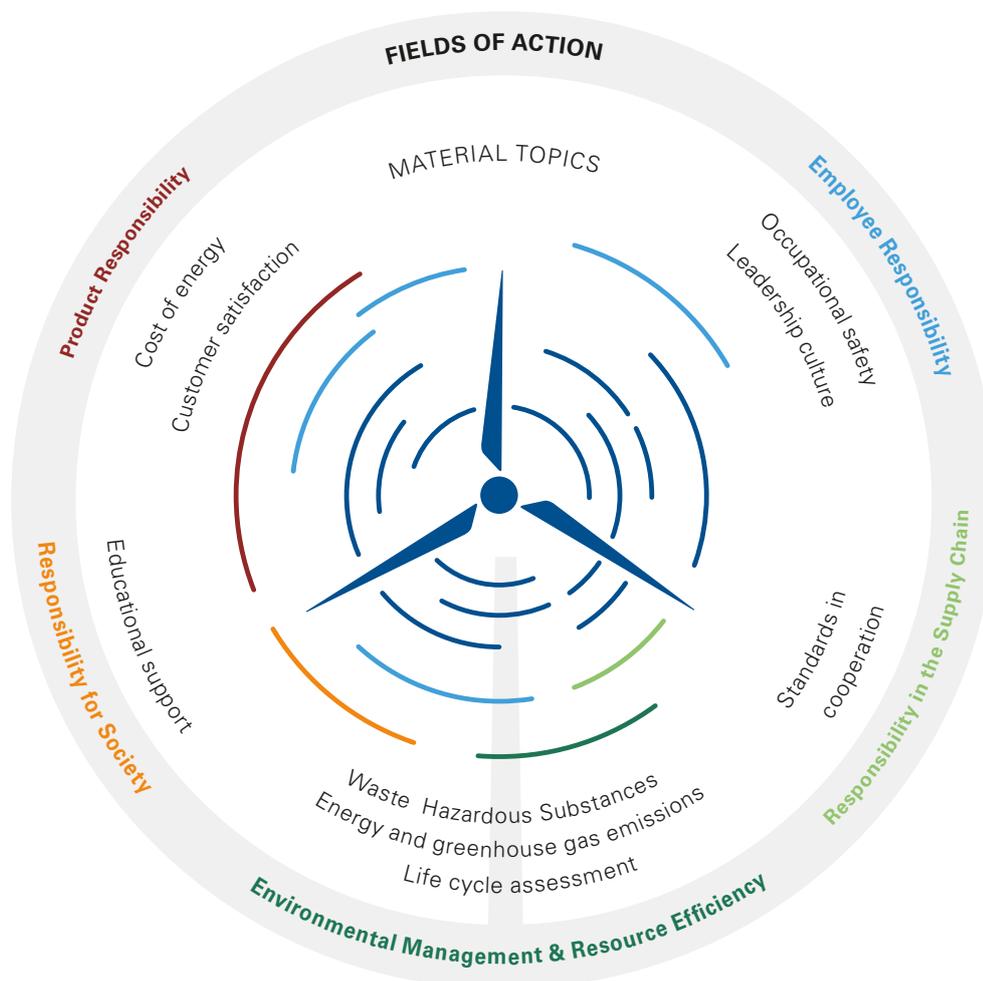
Our Sustainability Strategy

7 GRI 102-47

Moving forward Together for Efficient and Sustainable Energy Generation

Our Sustainability Strategy 2019 to 2021 is based on our sustainability approach entitled 'Use wind intelligently – live sustainability'. It comprises the material strategic fields of action and the sustainability topics for this period derived from these fields. We have set specific objectives for our focus topics to drive the consistent implementation of sustainable corporate development. The following table provides an overview of the status

of implementation of our goals after the second year of our Sustainability Strategy up to 2021; detailed information is available in the individual chapters. In the following chapters, we present the sustainability topics grouped into five fields of action, which represent the overarching challenges we constantly work to meet.



Sustainability goals

Fields of Action	Material topic	Goals	2020 ■■■	2020 target achievement and explanation
Product Responsibility 	Cost of Energy (COE)	Continuously reduce cost of energy	✓	The Nordex Group was again able to achieve its goal of ongoing reductions in the cost of energy.
	Customer Satisfaction	Achieve a satisfaction rating of more than 4 (1=very unsatisfied; 6=very satisfied)	✓	We confirmed a satisfaction rate of our customers of more than 4. An analysis of the Service area in the reporting year resulted in an overall satisfaction rate of 4.4. In the Sales area, we also achieved an overall satisfaction rate of 4.4.
Employee Responsibility 	Occupational Safety	Reduce accidents to a Lost Time Injury Frequency (LTIF) of less than 5 per 1 million working hours	✓	We already achieved our goal, reducing the Group-wide accident frequency rate to 3.9 (2019: 4.6) by the end of 2020. Therefore, we set ourselves a new target and are aiming for an LTIF below 3.5 in 2021.
	Leadership Culture	Further strengthen leadership culture and values Continue established programs and processes for employee development Promote diversity in the Company	→	By the end of 2020, despite Covid-19, 70% (2019: 80%) of all managers completed the globally standardized 'Trust. Listen. Lead.' training program, which communicates our values and leadership principles. We are working on a project to promote and enhance diversity which will be further developed in 2021.
Responsibility in the Supply Chain 	Supply Chain	Optimize the supplier due diligence process	↗	In the reporting year, we revised and harmonized the supplier qualification process. The implementation started at the end of 2020.
Environmental Management & Resource Efficiency 	Waste	Avoid and reduce waste by 10%	→	As a result of increased production figures and targeted measures to reduce waste in the reporting year, the volume of waste relative to installation output fell by 20% compared with the previous year. However, due to the strong increase in 2019 compared with 2018, this figure is still 21% higher than the original 2018 baseline value.
	Hazardous Substances	Reduce hazardous substances and minimize their hazard potential	→	Consistently recording all hazardous substances is fundamental to the reduction of hazardous substances. We therefore focused in the Division Europe on completing our list of hazardous substances in the reporting year, which led to an increased number of 799 (2019: 752). In the reporting year, we excluded and substituted twelve hazardous substances on the basis of the Black and Grey Lists.

✓ Target achieved

↗ Progress made

→ Measures planned

Table continues on the following page.

Fields of Action	Material topic	Goals	2020 ■■■	2020 target achievement and explanation
Environmental Management & Resource Efficiency 	Energy & Greenhouse Gas Emissions	Procure 100% of the electricity we consume from renewable energy sources	→	For Division Europe, 100% of purchased electricity is sourced from renewables. In Division International, we converted the nacelle production site in Brazil. Due to significantly increased production output in Mexico, however, as at the end of 2020, the share across the Group had fallen to 65.1% (2019: 73.5%).
	Environmental Life Cycle Assessment	Improve the environmental footprint of wind turbines	↗	In 2019, we conducted a Life Cycle Assessment of a wind farm equipped with our new Delta4000 turbine. In the reporting period we published an environmental product declaration based on the study. We use the studies to analyze the environmental impact hotspots and initiate countermeasures.
Responsibility for Society 	Educational Support	Support education initiatives in the region of our sites	✓	In the reporting year we supported education initiatives in Brazil, Pakistan, and South Africa, as well as several other locations.

✓ Target achieved ↗ Progress made → Measures planned

Product Responsibility

Our goal at Nordex is always to be customers' preferred choice for new projects and their execution. When we develop and construct our wind turbines, we focus on environmental and social aspects such as recyclability, serviceability, use of materials, noise emissions and health aspects alongside technological advancements. Since continually lowering our cost of energy is essential to ensure that wind energy remains competitive, COE reduction is a material business KPI for the Nordex Group.

Employee Responsibility

Nordex's success is based on a corporate culture that focuses on the recruitment, retention and continued professional development of our employees, and on their satisfaction, health, safety and diversity.

Responsibility along the Supply Chain

A significant share of Nordex's added value is created in the pre-production phases. This makes it vital to enforce compliance with environmental and social standards throughout the supply chain.

Environmental Management & Resource Efficiency

As a manufacturer of wind turbines, we act in the interests of our customers and the environment. We aim to continually reduce our environmental footprint by using resources prudently.

Responsibility for Society

As a dynamic global company, getting involved for the benefit of local communities is part of the way we see and understand ourselves.

NORDEX AND THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

At the heart of its Agenda 2030, the United Nations General Assembly adopted 17 global Sustainable Development Goals (SDGs) in 2015. The Nordex Group has integrated these objectives into its sustainability approach.

We see our potential for influence particularly in the three SDGs 'Affordable and Clean Energy' (7), 'Decent Work and Economic Growth' (8) and 'Climate Action' (13), as our business activities can make a significant contribution to their implementation.



7 | Affordable and Clean Energy

As a supplier of innovative onshore wind turbines, we make a sustainable contribution to steadily increasing the share of renewable energies in the global energy mix. The turbines already installed by the Nordex Group with a combined rated output of more than 32 GW ensure a reliable, forward-looking supply of electricity in over 40 countries worldwide that is expanding year after year. The successes in reducing the cost of energy in recent years have enabled wind energy to prevail over conventional generation capacities in economic competition. As part of our Sustainability Strategy 2019 to 2021, we will consistently pursue an ongoing reduction in the cost of energy.

8 | Decent Work and Economic Growth

By operating sites in Brazil, India, Mexico and South Africa, we create jobs for the local population in emerging markets. We require full compliance with ethical guidelines such as the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Universal Declaration of Human Rights – not only internally, but also externally through our Code of Conduct for Suppliers. Nordex is also committed to corporate diversity and gender-independent pay levels. Safety culture also plays a special role at the Nordex Group, where in order to promote safety awareness and develop the qualifications of our

employees we offer programs and training courses at all locations. Furthermore, we are committed to establishing a safety culture in the wind industry by participating in industry-specific initiatives.

13 | Climate Action

With our product portfolio, we contribute to the promotion of greener energy generation on a global level. Constant innovation in wind turbine technology, including improvements in their environmental scorecard, enables us to make an important contribution to implementing this development goal. Climate protection is also a top priority within the Company, as evidenced by the fact that in 2020 we purchased as much as 65.1% of our electricity from renewable energy sources. Our Sustainability Strategy also includes long-term goals to counteract climate change and its effects. Two of our goals are to purchase all of our electricity from renewable energy sources and to reduce our waste generation by 10% by 2021.



Further information can be found here: sdgs.un.org

> Sustainable Development Goals

The Nordex Group is committed to the goal of sustainable development and actively contributes to the SDGs.



MANAGEMENT AND CORPORATE COMPLIANCE

VALUES AND GUIDELINES

↗ GRI 102-12, 102-16, 102-17, 419/103, 419-1

Management Approach

Our company is committed to using resources in full awareness of our environmental and economic responsibilities. We treat the people employed by the Nordex Group with a clear sense of social responsibility. We collaborate respectfully with our customers, suppliers, service providers and shareholders, as well as with our neighbors and local communities.



Further information can be found here: www.nordex-online.com/en/company/compliance

Our corporate culture is based on our core Company values of Integrity, Respect, Collegueship and Ownership, as well as on the principles and standards of conduct set out in the Company guidelines, leadership principles, and in particular in our Codes of Conduct for employees and suppliers.

Integrity is one of our core corporate values and an important pillar of our corporate culture. Acting with integrity and, moreover, acting within the law, forms the basis of our good reputation. The trust of our customers, shareholders, business partners, and the public is built on this important foundation. As a common yardstick for good conduct, our Code of Conduct describes our principles for legally compliant and responsible behavior. It applies as a supplement to the corporate guidelines to all colleagues of the Nordex Group.

The Code of Conduct for Nordex employees comprises five core principles: Compliance with applicable law; avoiding conflicts of interest; protecting Company property; upholding the Code of Conduct and aspiring towards ethical standards. The Code is binding for all employees of the Nordex Group. In the Code of Conduct for subcontractors and suppliers, we adhere to the principles of integrity and ethical, lawful conduct throughout the entire duration of the business relationship.

In accordance with our Codes of Conduct, the ethical guidelines of the UN Global Compact and the Organization for Economic Cooperation and Development (OECD) provide fundamental guidance for all of our business activities.

Every Nordex Group employee is required to implement these values and guidelines in their daily work. Managers have a special responsibility here as role models, supporters and representatives of Company management.

Specialists from the Nordex People & Culture and Corporate Compliance departments support our employees and managers both by offering training courses on values, guidelines and our Code of Conduct, and by providing advice on a case-by-case basis. The People & Culture department also reviews and updates the values and guidelines together with management and the Corporate Compliance and Occupational Safety departments.

In 2020, there were no incidents of non-compliance with laws and/or guidelines in the social and economic domains that resulted in significant fines or non-monetary sanctions.

PREVENTING CORRUPTION

↗ GRI 102-17, 205/103, 205-1, 205-2, 205-3

Management Approach

Every Nordex Group employee is responsible for effectively preventing corruption, and we expect the same from our business partners.

The Corporate Compliance department helps the divisions, managers and employees act in accordance with their obligations and the applicable guidelines. The core task of Corporate Compliance is to implement an effective Compliance Management system that successfully promotes corruption risk awareness and integrity. This includes, in particular, the sustainable prevention of possible misconduct and violations with regard to bribery or corruption. The aim is to uncover and put an end to legal violations, to investigate potential ambiguities in this regard and, if necessary, intervene immediately, and to prevent future misconduct as far as possible.

An interdisciplinary Business Ethics committee was established in the reporting year to support the Corporate Compliance department. The purpose of this committee is to promote the implementation of our Code of Conduct and compliance with it, to further refine the Code, and to handle investigations into possible material Code violations. We use training programs, guidelines, support services and risk assessments to raise our employees' awareness of risks and enable them to deal confidently with corruption issues. We make sure to inform all new employees in detail about our Code of Conduct and the anti-corruption guidelines it contains, and formally oblige them to comply with the Code. Since 2020, all of our industrial workers have also been required to complete an e-learning course on preventing corruption once every two years. By the end of 2020, a total of 3,358 employees, including all members of the Management Board, had completed the course (also see the table). Since the total size of the target group has increased, the proportion of the group who had completed this training has decreased: 66% of all Nordex Group employees have taken in the corruption prevention training.

Number of employees trained in the prevention of corruption

Region	Employees trained *			Of whom: Managers trained *		
	2020	2019	2018	2020	2019	2018
Africa	21	30	20	4	9	6
Asia (incl. Australia)	180	35	25	26	13	10
Europe (excl. Germany, Spain)	788	182	154	87	112	89
Germany	1,362	783	681	232	264	245
Spain	623	215	143	135	111	80
North America	225	54	33	64	37	24
South America	159	69	49	36	30	21
Total	3,358	1,368	1,105	584	576	475

* by risk-based target group



Further information
can be found here:
www.nordex-online.com/en/company/compliance

We also expect our subcontractors and suppliers to act ethically, lawfully and with integrity, and to strictly comply with the principles that were set out by the UN Global Compact and are described in our Code of Conduct for subcontractors and suppliers. Our subcontractors and suppliers are required to commit to this in writing.

The notify! whistleblower system introduced at the end of 2018 is another component of our anti-corruption measures. Nordex Group employees as well as our business partners' employees can use notify! to submit and discuss any indications of misconduct or irregularities in connection with the Nordex Group's business activities. They have three reporting channels available to them to do this: getting in touch personally with staff in Corporate Compliance, using an internet-based whistleblowing platform, and using a central hotline/e-mail address. Where this is not restricted by country-specific regulations, they may report issues anonymously.

In addition to the existing contact points such as line managers and the People & Culture department, the notify! whistleblower system provides Nordex Group employees with an additional means of discussing grievances or misconduct.

Every report is followed up confidentially, independently and competently. The Company does all that it can to protect whistleblowers from negative consequences.

The Corporate Compliance department validates all new reports and may question whistleblowers further to ensure that the circumstances have been sufficiently understood and to assess the situation. The matter is then discussed and evaluated by the Business Ethics committee, which is also responsible for clarifying the facts and investigating any misconduct or grievances.

In 2020, there were a total of 39 inquiries with requests for assistance in individual matters, or information concerning internal rules or professional categorization. There was also a total of 51 reports (including internal findings and reports submitted through the whistleblower system) concerning potential misconduct or grievances. The higher number of inquiries and tips was mainly due to the increase in the number of employees.

Compliance inquiries, reports and cases

	2020	2019
Inquiries	39	25
Reports received	51	14
Ongoing reviews/investigations (at the end of the reporting period)	27	7
Confirmed reports with improvement/disciplinary measures initiated	18	5

Corruption risks are also taken into account when reviewing the activities of Group companies. In this process, all of the Group companies are classified according to a risk-based ranking using the following factors:

- › Corruption Perceptions Index (CPI)
- › Employee turnover
- › Assessment by specialist departments and the Compliance team
- › Economic development

The distribution of corruption risks within the Nordex Group mirrored the CPI. No significant risks were identified in the reporting period.

Challenges, opportunities and risks

Integrity is a core value for trust-based, ethical and legally compliant collaboration among employees, and with our customers, our suppliers, all other business partners and the general public. As regulatory frameworks become ever more extensive and given the global nature of today's business activities, legally compliant conduct to prevent corruption and fraud remains vitally important for the Nordex Group.

Unlawful behavior and misconduct by employees and third parties acting on behalf of the Nordex Group can cause considerable damage – economically, legally and to the Company's reputation.

2020 Projects

In the reporting year, we focused largely on continuing the realignment of our compliance management system by introducing a compliance organization comprising centralized and decentralized elements.

We also established a Business Ethics committee, which promotes the implementation and observance of our Code of Conduct, continually improves the Code, and leads investigations into possible material Code violations. Enhancing our

business partner review for suppliers and subcontractors was yet another measure implemented in the reporting year.

We also expanded our e-learning course on preventing bribery and corruption to include all industrial employees worldwide, and this new target group is now being trained for the first time as described above. The target group for this training thus grew considerably larger in 2020.

We additionally began to update our Code of Conduct, a process which will be completed in 2021.

Outlook 2021

Our activities in 2021 will be guided by our Compliance Action Plan 2021 and focus on updating our fraud prevention measures and whistleblower system and ensuring that compliance is integrated into the organizational and operational structure of the Nordex Group. We will also step up our communication and training by offering specific programs for the management teams in each country and for managers in general.

HUMAN RIGHTS

[GRI 408-1, 409-1, 412/103, 412-2, 412-3](#)

Management Approach

Our business decisions and activities are subject to the demand to uphold human rights globally. This includes all of our investment commitments. The principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Universal Declaration of Human Rights that stipulates zero tolerance for child labor, forced labor, discrimination, and retaliatory measures, serve as our guiding principles. These fundamental principles are also reflected in our core corporate values of Integrity, Respect, Colleagueship, and Ownership. This is an essential foundation for the trust placed in us by our customers, shareholders, and business partners, as well as the public. We place the same demands on our business partners. Our corporate culture is based on our core Company values, as well as on the principles and

standards of conduct set out in the Nordex guidelines and, in particular, in our Codes of Conduct for employees and suppliers.

We continuously train new employees and suppliers as part of communicating our Codes of Conduct and ensuring their commitment to our guidelines and principles. Our Supplier Code of Conduct applies to our security service providers as well as to all other subcontractors and suppliers. Within this, we explain our labor and human rights requirements and explicitly require our business partners to comply with them. We will continue our relevant communication measures in this area in 2021.

We are currently working on a risk and gap assessment, and we will implement human rights policies based on the results of the assessment. Furthermore, we are refining our supplier due diligence process and will continue these measures in 2021.

COMPETITION

[GRI 206/103, 206-1](#)

Management Approach

The Nordex Group conducts its business activities with integrity and in full compliance with the law. This means that we avoid any form of violating competition law and comply with all applicable competition regulations. This applies equally to our employees and our business partners, in particular to our suppliers and other third parties acting on our behalf.

To ensure this, we train and commit our employees within the framework of the Code of Conduct, and require our subcontractors and suppliers to sign our Supplier Code of Conduct.

Challenges, opportunities and risks

Violations of competition law can result in substantial sanctions for companies and thus significantly jeopardize our current and future activities. We therefore identify and evaluate potential aspects relevant to competition before launching any business activity. We apply a high degree of sensitivity both to contractual agreements and to our dealings with business partners. Agreements or actions that inhibit free trade or restrict competition are not permitted.

In 2020, there were no cases of anti-competitive behavior, nor were there any criminal proceedings against the Company owing to violations of applicable laws or regulations.

Our e-learning program on competition law provides a basic understanding of the issues. It aims to explain the general antitrust principles that are applicable worldwide and to sensitize managers and employees to antitrust matters, especially those working in risk-prone areas. The program provides examples, exercises and practical tips for dealing with competitors in a lawful way to help this target group identify antitrust risks and become more aware of its own responsibilities so that infringements are prevented and all employees understand the risks of anti-competitive behavior. Managers and employees who are particularly exposed to risks also complete two modules covering proper conduct in the event of inspections by competition authorities and when being involved in associations, especially participating in association events. At the end of October 2020, the training was rolled out to all managers worldwide and to the Purchasing and Sales departments (around 650 employees). Managers will be consulted regarding the need for further training. The training program is due to be completed by the end of March 2021 and will be repeated every two years.

MEMBERSHIPS AND ORGANIZATIONS

➤ GRI 102-13

Nordex is a member of various international and sector-specific associations. As members of management or steering committees we, play an active role in the following organizations:

- › VDMA PS (Specialist Power Systems Association of the Mechanical Engineering Industry Association)
- › WindEurope
- › GWEC (Global Wind Energy Council)
- › FEE (France Energie Eolienne)
- › SAWEA (South African Wind Energy)
- › CEA (Camara Eolica Argentina)

The following associations and technical bodies are also particularly relevant to us:

- › FGW (Federation to Promote Windpower and other Renewable Energies)
- › ABEEolica (Associacao Brasileira de Energia Eolica)
- › AEE (Asociacion Empresarial Eolica)
- › AWEA (Asociacion Empresarial Eolica)
- › TUREB (Turkish Wind Energy Association)
- › ANEV (Associazione Nazionale Energia del Vento)
- › PSEW (Polish Wind Energy Association)
- › AMDEE (Asociacion Mexicana de Energia Eolica)



Further information can be found here:
www.nordex-online.com/en/company/memberships-initiatives

FINANCIAL ASSISTANCE

7 GRI 201-4

As an international company operating in the wind power industry, energy-market policy decisions in particular greatly affect our business activities and projects. Nordex itself receives no subsidies for its products. The remuneration we receive for the electricity we generate using renewables and which is fed into the consumer power grid depends on the particular state's subsidy programs.

In 2014, Nordex received an investment grant to expand its facility in Rostock. The assets for which the grant is provided must be retained in the facility in question for a period of five years after payment of the last tranche of the grant, i.e. until 2022. In addition, an annual average of around 1,026 jobs must be maintained permanently during this period. As in the previous year, no investment grant was paid in 2020.

Nordex projects received research and development (R&D) grants of EUR 936 thousand (2019: EUR 1,004 thousand). These relate to Company and joint projects in experimental, industrial and fundamental research that we are carrying out as part of specific technical programs defined by the federal government.

Our customers make regular use of export credit agency (ECA) financing instruments. As an exporter affected by this system, we support these guarantees by providing the necessary information and binding declarations. In doing so, we are also directly involved in the financial guarantees. In individual cases, we also apply for our own supplier and production coverage to safeguard against specific risks associated with customers' wind farm projects. In the reporting period, the Nordex Group generated new business worth EUR 973.9 million (2019: EUR 311.9 million) that was partly or wholly covered by ECAs.

In August 2020, the Nordex Group secured a revolving credit facility for EUR 350 million that was collateralized under coronavirus loan guarantee programs launched by the Federal Republic of Germany and the states of Mecklenburg-Western Pomerania and Hamburg. Already prior to the year end of 2020, Nordex repaid EUR 100 million of this loan. The revolving credit facility runs until 30 April 2022. The objective was to protect the Company's operating business against the impact of the coronavirus pandemic.

In the reporting year, Nordex received EUR 91 thousand in tax relief for 2018 in Germany under the German Electricity and Energy Tax Act. In 2020, the Company applied for tax relief for the 2019 financial year totaling EUR 110 thousand. For 2019, EUR 60 thousand were paid back by the time of this report. The rest is still pending.

Nordex received no awards nor any other benefits that included forms of financial support.

On 31 December 2020, the Norwegian Ministry of Finance announced by way of a voting rights notification that the Norwegian State holds 4.50% of all voting rights in Nordex SE. No other governments held equity interests in Nordex SE in the reporting period. For further information on our shareholder structure, please see the Annual Report.

OPPORTUNITIES AND RISKS ARISING FROM CLIMATE CHANGE

7 GRI 102-11, 201-2

Climate change is already having a global impact today and is a major driver of far-reaching changes in nature, societies and economies. These result in both opportunities and risks for Nordex and its business development. The measures aimed at mitigating climate change adopted by the international community are primarily focused on reducing climate-damaging emissions, for example in electricity production. The Nordex Group can make an important contribution to this by offering highly efficient wind power systems.

For many years now, renewable energies have been gaining importance not only in industrialized countries, but also in developing and emerging countries. This trend could accelerate further as a result of the potential consequences of climate change and the resulting pressure to act, which will very probably lead to a further increase in the demand for wind energy technologies. At the same time, changes in the weather present manufacturers with challenges, since the availability and suitability of wind farm sites are determined primarily by the prevailing wind conditions.

Nevertheless, rapidly changing conditions may negatively influence the efficiency of existing wind farms and cause a shift in suitable locations. In addition, climate change also harbors general risks for Nordex as a product and plant manufacturing company. This includes risks to our own production sites and the supply chain, as well as adverse effects on logistics chains and the construction of wind farms due to extreme weather events.

For several years now, the Nordex Group has been reacting to these new requirements by developing systems for regions with particularly light or strong winds, as well as project and site-specific solutions.

We are actively meeting the challenges described and see these as an incentive for optimizing our wind power systems with increasingly effective and innovative technologies and ideas. For more detailed information on our product strategy and product enhancements, please see the section on Product Responsibility in this report.

Another step towards a climate-friendly society: A Nordex wind turbine is erected in Brattmyrleden, Sweden



PRODUCT RESPONSIBILITY

Sustainable Product Development

33

Customer Satisfaction

41



We constantly work to lower the cost of energy for our customers in order to provide them with the highest-value, most sustainable product possible. This approach delivers a high customer satisfaction rate.



Sustainable Product Development

71 GRI 304-2, 413/103, 413-1, 416/103, 416-1

MANAGEMENT APPROACH

The role of renewables, especially wind power, has increased globally in recent years. Green electricity generated from these sources helps reduce carbon emissions arising from conventional electricity generation, which contributes significantly to global warming. High-performance wind turbines play a key part in this positive development: At Nordex, we design sustainable, safe and high-quality wind turbines, thus ensuring that our customers are satisfied with our products and services.

Once connected to the grid, our wind turbines generate electricity for around 20 to 30 years, making a key contribution to the environmentally friendly electricity supply as part of the overall shift towards green electricity in the energy industry. A single large Nordex wind turbine with installed generating capacity of 5.5 MW can meet the average annual electricity requirements of around 4,125 four-person households.

Globally, Nordex and Acciona Windpower have many thousands of wind turbines installed, with a combined nominal power capacity of more than 32 GW. These systems provide clean, safe electricity in more than 40 countries around the globe. To support the green transformation of the energy sector together with our partners, we are also active in cross-regional project initiatives such as Norddeutsche EnergieWende 4.0.

CHALLENGES, OPPORTUNITIES AND RISKS

Sustainability aspects play a key role for us in all phases of our wind turbines' life cycle – from development through sourcing, production and operation, to dismantling and recycling. Taking these aspects into account comprehensively within this process is a challenge, but also an opportunity for us. With our Sustainability Strategy, we have therefore set ourselves the objective of continually reducing our cost of energy as well as improving both our environmental footprint and the recyclability of our turbines. This is why we reported in detail in our 2019 Sustainability Report on a life cycle assessment of a wind farm with Delta4000 turbines carried out in accordance with ISO 114040 and ISO 14044.



For detailed information, see Life Cycle Report: www.nordex-online.com/en/sustainability

For this purpose, we analyzed an illustrative wind farm comprising 47 turbines at a low-wind site in Sweden over a period of 25 years. The analysis revealed that the wind farm achieved a balanced environmental scorecard after just 7.7 months. The return on energy key indicators shows the entire primary energy used over the wind turbine's entire life cycle in relation to the electrical energy it generates in a year. A further key indicator is the climate impact measured in greenhouse gas emissions per kilowatt-hour generated. This indicator shows the quantity of greenhouse gases emitted over a wind turbine's entire life cycle in relation to its energy yield. Other greenhouse gases besides CO₂ are included in this calculation as equivalents (CO₂e). For the wind farm analyzed, this figure is 6.5 CO₂e/kWh. The findings of the LCA were externally audited and confirmed by DEKRA.*

SUSTAINABILITY STRATEGY 2019 TO 2021

The high priority given to sustainability in developing and manufacturing our wind turbines is why we regularly review our core processes and use of materials for areas of optimization potential. A core strategic objective of product development is to achieve an annual reduction in cost of energy by a high single-digit percentage. We committed to this goal in our Sustainability Strategy 2019 to 2021. The cost of energy is calculated based on the sum total of a wind farm's project costs over its entire life, divided by the electricity the wind farm generates after commissioning.

PRODUCT DEVELOPMENT

As a manufacturer of reliable and cost-effective wind turbines we strive to meet the world's growing energy demand with renewable, environmentally friendly electricity and thus support the green transformation of the energy industry. In times of increasing competition, including other forms of energy generation, developing ever more powerful and profitable turbines for the inexpensive generation of electricity remained the driving force and focus of our product development efforts in 2020. Following the successful launch of the 4 MW

Delta4000 product series in 2017 (N149/4.0-4.5 for medium- to low-wind sites and N133/4.8 for high-wind sites), we reached another milestone on our journey in 2019 as we launched our new Delta4000/5.X product series.

The Delta4000/5.X is based on the successfully tested and measured Delta4000 platform and transfers in to for the 5 MW class. The Delta4000/5.X platform comprises the N149/5.X and N155/5.X models for medium to low-wind sites, and the N163/5.X turbine for low-wind sites.

By intelligently reusing components and production resources from previous turbines of the Delta4000 product range for developing the Delta4000/5.X model, we were able to keep the increase in resources used at a much lower level than the significant increase of up to 20% in the yield of wind turbines.

We also launched two turbines, the N155/4.5 and the N155/5.X, that are specially designed for growth markets in regions with low to medium winds and little turbulence. The turbines are based on the existing Delta4000 architecture and the rotor blade shape of the AW148/3000, which allows us to reuse many components and production molds.

New Product Series Enables Lower Material Use and Efficiency Gains

In designing our new N149 wind turbine, we paid particular attention to building a high degree of flexibility into the turbines. This approach focuses on designing turbines with a variable output, which is between 4.0 and 4.8 MW for the N149. The variable range is extended further from 5.0 MW to 5.X MW for the Delta4000/5.X. Thanks to this flexible approach, the turbine can be optimally adjusted via operation control software at any location within a wind farm, enabling it to achieve the maximum energy output within its design parameters. This allows the full potential of the turbines to be utilized – especially for larger wind farms, whose market share is increasing. Another

* This was not part of the audit by PwC

advantage of this approach is that in most cases only one type of turbine is used on a wind farm. This in turn improves spare parts management, for example by reducing the amount of spare parts that need to be stocked.

Product Harmonization

Work on harmonizing the product portfolio has been conducted as part of the One Platform strategy, with the primary focus being placed on products that are now at the end of their product life cycle. As a result of this work, we have decided to discontinue products in the Gamma platform by mid-year 2021 and retire AWP platform products at the end of 2020. Adjusting our product portfolio in this way not only helps us to reduce internal effort but also to concentrate on products that achieve higher margins and are based on a uniform platform. As mentioned earlier, our common parts model also helps to reduce warehousing costs and to optimize material usage. Advantages also result in production, since this approach avoids the changeover times needed to switch a production line from one wind turbine generation to another. Apart from increasing productivity, this also helps to improve quality and relative environmental performance.

Reduction in Cost of Energy

The cost of energy from wind turbines can be lowered in two ways: by reducing costs (cost-down measures) and by increasing our wind turbines' productivity (value-up measures). The Company-wide COE Program targets the reduction of the cost of energy. Over 300 employees from various functional areas and country subsidiaries are working together in this program.

In 2020, we were again able to reduce the cost of energy for our wind turbines with this program. Part of our cost-down work – based on our experience with the N149/4.0-4.5 turbines already in production – has been to optimize components in the nacelle and hub assembly of the Delta4000 5.X. Weight savings were achieved here through optimizations to cast parts, for example, while simultaneously improving yield figures. Further optimizations achieved from experience gained in the field included needed reductions to the azimuth drives. In the standard use case, and it proved possible to reduce the number of drives for the N149/4.0-4.5 and N133/4800 from 6 to 5.

In terms of value-up work, one highlight was the development of our 5.X MW turbines, which led to significant gains in yield and performance flexibility. We were also able to extend the certified lifetime of our Delta and Delta4000 turbines from the standard certification of 20 years to up to 30 years. Given that the amount of materials used remains the same while the service life is extended considerably, the increase in electricity generated results in a significant reduction in the cost of energy and environmental impact. During 2020, we also developed a number of other intelligent operating modes for wind turbine control. Specialized modes like Torque Optimized Mode help to ensure that the wind turbines are operated at their optimum yields based on the project-specific exploitation of available load reserves by lowering the rotor speed while exploiting the maximum specified working loads. This reduces the wind turbine's wake turbulence to achieve an optimum efficiency for the overall farm. A secondary effect is the reduction of noise emissions as a result of utilizing this special operating mode. Due to the various ratings and longer, more flexible operating times of Nordex turbines, we are able to offer our customers individually-tailored wind farms.

1,492

wind turbines with a rated output power of 5,461 MW were installed in 2020 by the Nordex Group (2019: 938 wind turbines, 3,090 MW).

Alongside these standard approaches to cost-of-energy reductions, the COE program is also developing methods that are only indirectly linked to the turbines themselves. These include improvements to logistics planning to ensure that parts can be transported even more efficiently by rail, road and sea. Optimizations here include improved part arrangement and storage on the vessel itself, which increases the number of components that can be housed using the available shipping space. Another example relates to optimizations for the paths that are laid out within the wind farm. In this case, project-specific surveys of on-site soil conditions helped to reduce the material required for the construction of these paths.

Turbine Control Systems to Protect Flora, Fauna and Local Residents

To ensure turbines can be operated even on sites with extensive regulatory controls while still contributing effectively to the transition to greener energy, Nordex offers customers a wide range of operating modes and add-on modules. These include radar-based obstruction lighting, a shadow flicker module and special-purpose wildlife protection modules. These can be controlled individually to account for protected local animal species and their behavior, approaching flying objects, wind direction, sunshine intensity, outdoor temperature, time of day and the local holiday calendar.

This helps minimize environment-polluting light and sound emissions, and ensures compliance with building requirements and regulations. In 2020, Nordex developed a universal communications interface that processes signals from systems for on-demand night obstruction marking. This helps to keep night-time light pollution from aviation obstruction lighting to a minimum.

Expanded Range of Applications for Nordex Turbines Worldwide

Our Delta and Delta4000 turbines are in high demand in northern countries, as they can be operated without a problem at sites with average temperatures as low as -20° Celsius. The tried and tested Nordex Cold Climate Package helps to develop profitable cold climate sites. In the cold climate variant (CCV), the turbine has an extended operating range and is ready for operation at an outside temperature of as low as -30° Celsius.

Our effective, advanced anti-icing system, which we continued to enhance in 2019, heats the most aerodynamically important surfaces of the rotor blades as required and reduces ice build-up in an energy-efficient way. This technical optimization delivers higher energy yields at sites with frequent ice formation on the rotor blades. The key aspect of the enhancement was to simplify the system and extend the heated rotor surface.

We have also developed an option for the Delta4000 turbine for sites with particularly high average temperatures that ensures a consistently high yield despite hot ambient temperatures by using larger passive coolers.

Repowering

Repowering means replacing wind turbines that are close to or at the end of their specified lifetime with more efficient turbines. Due to technology improvements, wind farms today can generate more energy using fewer wind turbines, which means that wind farms can be smaller and less land is needed.

Another option is to refurbish wind turbines to extend their lifetime. This process starts by analyzing the performance of turbines about to reach their 20-year limit and calculating their actual remaining lifetime. If the analysis confirms that the turbine is fit to operate beyond year 20, provided some components are exchanged or overhauled, the license can be extended by up to ten years. Refurbishment is a form of repowering where some components such as the existing foundation and tower continue in service and others, such as the hub and blades, are replaced.

Repowering is relevant for all turbine manufacturers because new, tighter regulations restrict the development of completely new wind farms, while existing farms in many cases already occupy the prime locations with the highest energy generation potential. Repowering existing wind farms is a straightforward way of maximizing energy production and contributing to renewable energy targets while significantly increasing resource efficiency. Spare parts from old turbines that have been dismantled can often be used in the maintenance of wind turbines still in service. In some cases, old turbines can also be sold to less developed wind markets to advance the transition to renewables there as well.

Nordex has identified high repowering potential over the years to come. However, the biggest challenge in connection with repowering in many countries is the lack of a specific regulatory framework, which makes it impossible to obtain the relevant permits in a fast process.

SERVICE

Our 35 years of expertise in manufacturing and maintaining our high-efficiency wind turbines help us to continuously optimize the performance, availability, and safety of our fleet. Reducing energy costs by minimizing downtime, maximizing yield, and thus reducing the environmental impact of our turbines is the guiding principle for everything we do throughout the life of our products.

Our on-site service: A main gearbox is being replaced by means of a self-hoisting crane on a Delta4000 turbine in Wennerstorf, Germany



Consequently, we have improved our product development cycle in recent years to improve the maintainability of our turbines. Thanks to the close cooperation between our Service department and Turbine Engineering department, we are setting new standards in the servicing and maintenance of our Delta4000 platform. The global maintenance effort has been significantly reduced compared to the older Gamma generation. A more comfortable working environment, fewer hydraulic systems, and an advanced electrical pitch system are just a few examples.

The annual maintenance process has been optimized towards a needs-based approach. For example, we no longer exchange gearbox oil at fixed intervals, but rather based on its condition. With this approach, we reduce oil consumption and the amount of waste oil that needs to be disposed. This is supported by our predictive maintenance program, Predict to Prevent (P2P), which focuses on using state-of-the-art data science technology to reliably detect trends leading to possible turbine downtimes in field equipment data. As a result, we cost-effectively maximize business operations and maximize component availability as well as energy production.

Our strong expansion in past years also comes with new challenges to tackle. To master the complexity of our sites around the globe, we successfully implemented one of the strategic initiatives we defined in 2019. The Nordex Group is the first turbine manufacturer worldwide to carry out main gearbox exchanges with a self-hoisting crane on a 4+MW turbine. The exchange was made on our N149/4.0-4.5 prototype turbine in Wennerstorf, Germany.

Using this technology has several advantages compared to a conventional crane. Whereas approximately 50 to 60 trucks are needed to transport a conventional crane to the site (depending on the size and weight of the crane), the self-hoisting crane only needs one 40-foot container. The assembly and operation of a conventional crane often require a significant amount of space on-site, which may require cutting down vegetation or result in crop losses. By using a self-hoisting crane, however, these impacts on the environment due to transportation and clearing the crane pad can be reduced.

The self-hoisting crane is ready to be used on our Gamma and Delta4000 platforms. Further investigations are under way to evaluate the compatibility with our fleet as well as the possibility of exchanging other components like blades, blade bearings, and main bearings.

Our upgrades made by the Nordex Group are precisely fitting products developed not only to improve the return on investment, but also to make high availability and safety the top priorities. Our Xtended Power Delta upgrade, released in 2019, increases the annual energy production of installed Delta turbines by up to 3.5%. The upgrade was successfully implemented on several projects in Germany and Turkey in 2020. Customers all over Europe have been convinced of the clear benefit of this product, and we expect further projects to come.

Wind turbines have a designed lifetime of 20 years, but with our Xtended Lifetime upgrade, it is possible to operate them many years beyond that depending on the location, wind load, and turbine condition. These investments generate extra yield with comparatively low expenses, immensely decreasing the environmental impact of the wind farm relative to the produced electricity. This lifetime extension is especially interesting if repowering is not possible but the location is still attractive.

With our Vortex Generators, which were launched back in 2016, we optimize the aerodynamics of wind turbines to achieve higher yields. By installing Vortex Generators on N100/2500 rotor blades, the power output can be increased by up to 2%. In 2020, 80 wind turbines in Turkey were equipped with this upgrade.

We also focus on the environmental impact of our turbines. As required by the General Administrative Regulation on the Marking of Aviation Obstacles, our BNK-Ready solution enables on-demand aviation lights for the turbines, meaning that the nocturnal lighting of the turbines is only active when an aircraft approaches the wind farm. This significantly reduces light emissions from the turbines and positively affects public acceptance of wind turbines.

PRODUCT SAFETY & HEALTH

[GRI 416-1](#)

Safe products have always been a top priority for Nordex. To guarantee the health and safety of all people in or near a wind turbine, we constantly monitor all relevant regional market requirements, identify at least the statutory and normative obligations in our relevant target and operating markets, and strive to surpass them.

For us, it is extremely important to do everything we can to ensure that our wind turbines are a safe place to work. This requires well-planned emergency escape and rescue routes, easily accessible systems, an on-board crane for exchanging components with a weight of up to one ton, as well as rapid and weather-protected access to the rotor hub. All of these aspects ensure a smooth maintenance process, including safe work conditions and reduced turbine downtimes. Additionally, we implement systems that constantly monitor and manage the turbines' operating status and the required safety parameters for each action and wind turbine.

Nordex develops wind turbines in accordance with the requirements of the European Union Machinery Directive and all applicable national regulations, such as the German Equipment and Product Safety Act. Fundamentally, this also includes analyses of:

- › Environmental risks relating to operating materials, hazardous substances, sonic emissions, bird migration, bat protection, ice castoff, and electromagnetic radiation
- › Stability risks to the wind turbine identified through foundation surveys, analyses of foundation design and load-bearing structure, as well as site-specific geological and wind conditions
- › Risks to personnel during manufacturing, transportation, warehousing and storage, installation, and finalization, as well as during turbine commissioning, operation, maintenance, repair work, and system dismantling
- › Functional risks that could impact technical or power generation availability

We ensure the implementation of the required health and safety quality standards through appropriate and targeted product-development support processes.

In the reporting period, all material Nordex products and services were assessed on health and safety aspects. To implement the measures resulting from these checks, Nordex has specialized and qualified functional departments that monitor and perform the Company's own wind turbine construction, manufacturing, management, installation, supervision, and functional commissioning, as well as servicing and maintenance activities.

Nordex collaborates with well-qualified business partners, such as crane providers and assembly specialists, for installation activities and special tasks, including, for example, the lifting of turbine modules. In our Annual Safety Site Instruction (ASSI) e-learning module, we train our suppliers regarding the special requirements of the Nordex Group and our customers. Furthermore, we perform regular audits on the compliance status of our quality management system, occupational health and safety, and environmental protection requirements. We constantly assess personnel as well as turbine safety topics and risks, and integrate our findings into our product design process to ensure human safety. In cross-functional teams, our Engineering, Service, and HSE departments evaluate adjustments to address potential new risks to people. Appropriate measures were already implemented in the construction process to mitigate and, wherever possible, prevent any risks.

To guarantee the structural integrity of our turbines, continual functional hazard analyses are planned within the construction process. Based on the analysis results, safety functions are integrated and adapted to the new system types to take new operating parameters into account.

In addition to the functional and operational safety of the Nordex Group systems, the aspect of the general public safety of our products is a fundamental concept in our development work. Most turbines are located in freely accessible public spaces and must therefore be designed with maximum safety awareness. Any component failure can pose a direct risk to people and/or public infrastructure and the environment. Therefore, the safe development of the Nordex turbines, as described above, is a fundamental requirement for safe operation in public spaces.

For these reasons and, of course, to ensure a very high availability of the Nordex turbines, the Predict to Prevent (P2P) project was developed in 2020. In this project, possible future failures are identified through the comprehensive recording and targeted analysis of a turbine's operating data. For example, vibrations can be used to find emerging failures in the drive train, such as transmission problems. This highly precise observation enables us to prepare measures to repair or replace a component before damage occurs. This improves the availability of the turbine and significantly reduces the risk of unplanned operating interruptions and the danger of uncontrollable consequences.



Safety First! The service
inspects a wind turbine



Customer Satisfaction

MANAGEMENT APPROACH

Our customers' satisfaction is decisive to our business success. It is therefore fundamentally important for us to take account of our customers' perspectives, understand their needs, and continually adjust our range of products and services to meet the highest standards.

SUSTAINABILITY STRATEGY

2019 TO 2021

As part of our Sustainability Strategy 2019 to 2021, Nordex set the goal of achieving a high customer satisfaction rate. On a scale from 1 to 6 (1=completely unsatisfied; 6=very satisfied), our target is 4 (rather satisfied). To achieve this, we will continue to use regular customer surveys as a key tool for identifying optimization potential and developing the necessary measures. Our aim is to strengthen our collaboration with our customers and foster relationships by ensuring a high level of customer satisfaction.

SURVEY OF CUSTOMER SATISFACTION IN SALES AND SERVICE

In 2020, we once again regularly conducted customer satisfaction surveys so that we can optimize our products and services accordingly. This also helps us to identify reasons for and trends in customer emigration at an early stage in order to be able to take appropriate action.

Together with other departments in the sales process, we continued to closely collaborate with our customers in this challenging year. Despite the challenges in 2020, we were able to carry out many projects and strengthen our relationship with our customers. The Project Optimization department works together with our customers to reduce the cost of energy or increase the value of captured energy on a project-specific basis. For instance, we develop customized solutions such as site-specific towers, foundations, and specific operating modes to optimize our customer's business case. In 2020, we introduced turbulence-optimized modes, a project-specific enhanced cooler to lower high temperature losses, and a

flexible concept for elevated foundations. All of these solutions improve annual energy production (AEP) and/or a turbine's lifetime. The Project Optimization department is also working in joint teams with our Key Accounts to identify cost-saving and value-enhancing measures which can potentially be directly applied to a number of projects.

We arranged and participated in many events with our customers during the year, most of them online. For example, we took part in the WindEnergy Hamburg trade fair in December. Over four days, we held webinars on a range of topics such as our product strategy, the Delta4000, and our services. We also initiated several local events with customers in France and Germany which focused on technical topics so that we could keep our clients up to date. To improve our service and the information we provide, we updated our website at the beginning of 2020.

We conducted a global, event-based online survey with our customers, as we do every year. The survey covered all projects booked as incoming orders as well as several other important project steps, such as negotiations. The customers were asked to share their experiences with our Sales department. Overall, 28% of them provided valuable feedback (2019: 29%). On a scale from 1 to 6 (1=completely unsatisfied; 6=very satisfied), our customer satisfaction score was 4.4. Since we changed the rating method, these results cannot be compared directly with the 2019 results.

The survey also provided insights into individual aspects of our performance. For example, with a score of 4.9, our customers were 'largely satisfied' with the Nordex Group's sales efforts, such as the professional and reliable collaboration and the specific market and industry knowledge of our sales teams. Our customers generally feel well informed about the Nordex Group, and they highlighted the fact that our employees are our customers' best source of information, as reflected in the score of 5.1 out of 6. Customer satisfaction with our product portfolio was also rated a very solid 4.8, which is within our general target of a score above 4. In our Service department, we conduct standardized online customer satisfaction surveys every two years. The last survey in Service Europe took place in 2019. Based on the results and individual discussions with key customers, we have been working on multiple measures to further improve our services ever since.

In general, the survey participants were at least 'rather satisfied' with the services we provided and rated our overall performance 4.4 on a scale from 1 to 6 (1=do not agree at all, 6=completely agree) in 2019. Our HSE performance was especially well perceived, which is very important to us because safety comes first in everything we do. The high quality of the work performed by our service technicians and their sound technical knowledge were also highlighted.

The survey results showed that the fields of documentation and upgrades hold the most potential for optimization. In July 2020, we started to roll out our Nordex Group Customer Portal, which gives our customers easy access to relevant HSE and service documents so they can operate their assets even more efficiently. As regards upgrades, we are constantly working to develop tailor-made solutions that enable our customers to achieve higher yields for their legacy fleet by optimizing performance, availability, and security. Xtended Power Delta and Vortex Generators were two of the highlights in the upgrade portfolio in 2020. Xtended Power Delta enables our customers to maximize the potential of their Delta generation turbines and increase their annual energy production by around 3%. Our Vortex Generators increase the efficiency of our customers' N100 Gamma turbines by up to +2% with optimized flow conditions at the blade.

OUR RESPONSE TO COVID-19

At the very start of the pandemic, we developed a detailed service continuity plan. This covers a variety of measures which are regularly adjusted based on our latest risk assessments and are implemented by our country organizations in line with local guidelines and restrictions. These measures include, for example, working in fixed teams of technicians to keep the number of contacts to a minimum. Our spare parts department is also prepared for a variety of scenarios, such as supply shortages, transport restrictions, and reduced or suspended activities at our central warehouse. We were able to carry out almost all of our planned and unplanned service tasks. In some countries there were isolated delays in the supply of materials, but so far these have not had a major impact on us or our customers. We continue to monitor the development of the pandemic very closely so that we can respond quickly and efficiently.

OUTLOOK 2021

Despite the challenges posed by the Covid-19 pandemic in 2020, our Sales and Service teams were able to stay in close contact with our customers and to adjust our services and products to the new reality. Physical meetings were replaced by online meetings, and our academy developed multiple virtual training courses for our technicians and customers, which will be further expanded in 2021.

Our Sales department will continue to expand and optimize the customer satisfaction survey and the process of gathering useful feedback in 2021. Our Project Optimization department will keep working with our customers to continuously reduce the cost of energy and develop solutions to improve our customers' business case. In 2021, we will focus on our sales processes and analyze them in detail so that we can adapt them to the latest market standards for even greater efficiency and speed in the future.

Our Service department will conduct another customer satisfaction survey in 2021 to better understand how we can make more positive changes across the organization and find new ways to improve our customers' general satisfaction. We aim for our overall performance to be rated at least as high in 2021 as it was in 2019.

EMPLOYEE RESPONSIBILITY

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We strive for a positive leadership culture and actively support continuous employee development. At Nordex, occupational safety and workforce diversity are decisive factors in our success.



Employee Development

↑ GRI 401/103

MANAGEMENT APPROACH

Achieving the Nordex Group's goals depends largely on the commitment, experience, and passion of our employees. The People & Culture department manages and takes responsibility for activities and initiatives to promote the satisfaction and motivation of our approximately 8,500 employees worldwide. The department is committed to providing effective customer service to all departments and employees through the timely delivery of innovative, high-quality P&C systems, processes, and services.

As a global company where people with a variety of different geographical backgrounds and cultures collaborate, our corporate values of Integrity, Respect, Collegueship, and Ownership are the foundation for operational excellence. These values describe the principles of our work ethic and our interaction with one another. Alongside our internal rules and guidelines, they are a point of orientation for all our employees worldwide. We have set out our corporate values in detail in

the form of the ten Nordex Leadership Principles, in which our managers are instructed in training courses worldwide.

Besides continually developing our holistic view of people and the understanding of leadership within our company, as well as promoting diversity, the People & Culture department focuses on professional personnel management in all aspects of collaboration. Starting with recruitment, through systematic integration and encouraging individual professional development, to the fair arrangement of employment exit options, the department constantly supports our employees and managers.

CHALLENGES, RISKS, AND OPPORTUNITIES

The Nordex Group continues to face the challenge of responding to the fierce competition and far-reaching changes underway in the wind power industry, as well as in its personnel management. Recruitment challenges are highly dependent on their specific regional markets. Starting in 2020, the biggest challenge, of course, was recruiting new employees during the Covid-19 pandemic, with all of its implications. Due to the Covid-19 crisis, we faced challenges in organizing and coordinating various aspects of the Company, such as training, recruitment, and onboarding. Even before Covid-19, we attracted new employees and kept

existing employees on board by offering an appealing work-life balance through modern and flexible working time models. However, Covid-19 provided us with the opportunity to further improve upon our processes for flexible work, mobile work, and e-learning. It also helped us to explore and set up ways of onboarding and training employees remotely. We introduced concepts such as the e-onboarding process, where we provide new employees with ways to onboard themselves remotely and, on a global level, new e-learning concepts that would enable us to meet various compliance and legal aspects of the countries as well as the Company.

Markets, customer demands, and the general conditions of the global wind industry have changed in recent years. As a company and organization, we have adapted to these new, challenging conditions at a good and competitive pace. In fact, we are seeing growth in the number of applications and employees, a promising indication that the sustainable nature of our business, growth, and the expansion of our operations, which we continue to communicate across all our stakeholders, is having a positive effect on our recruitment. We have been flexible and quickly adapted to online interviews and online onboarding processes, allowing us to continuously recruit personnel and attract the best talent despite the pandemic.

To care for our employees in the best possible way, the Nordex Group acted immediately at the start of the pandemic and enabled its office employees to work from home. It certainly helped that mobile work was already established at Nordex, and that the technical requirements and regulations for it were already in place. Strong safety measures were put in place for people working at the production facilities to protect the workforce on site in the best possible way. Production employees in high-risk groups were temporarily and unbureaucratically released from work and their salaries continued to be paid. Furthermore, when schools and nurseries were closed, Nordex granted parents up to six days of special leave so that they could look after their children.

SUSTAINABILITY STRATEGY

2019 TO 2021

↗ GR 102-16, 102-18

As a major component of our Sustainability Strategy 2019 to 2021, we will continue to further anchor and strengthen our corporate values and leadership culture. We further focus on operational excellence, becoming One Global Company, and remaining an attractive employer.

Corporate Values

Presenting our corporate values is of central importance when onboarding new employees at the Nordex Group. We aim to further foster our #TeamNordex approach by ensuring that all new employees embody our values from the very beginning.

Our corporate values are communicated as part of our Welcome Days. Due to the Covid-19 pandemic and thanks to our remote concepts, we were always able to welcome our new employees digitally and educate them with our standardized onboarding process, including the introduction of our corporate values.

Beyond our onboarding process, we successfully integrated the presentation of our values into our globally established 'Trust. Listen. Lead.' training program in 2020 in all countries. This was a further improvement after having integrated our values into the German version of the program in 2019. To anchor the corporate values more deeply over the coming years, we will strengthen our communication by training ambassadors and supporting them in transmitting these values throughout the Nordex Group.

Leadership Culture

Our Nordex Leadership Principles are transmitted through the globally harmonized 'Trust. Listen. Lead.' training program. The goal is to standardize the way our managers lead people in our company, and for every manager in the primary Nordex markets to have participated in this program within their first year in a leadership role. More details on the training rates in 2020 can be found under Management Development. Employee development is an additional focus area for the Sustainability Strategy 2019 to 2021. Here we will continue our established successful programs and processes. In addition, we will promote diversity in our company. You will find further information in the sections on Employee Feedback and Development, Management Development, and Employee Diversity.

Employee Recruitment in the Reporting Period

The Nordex Group is still expanding, which is reflected in the increase in the number of our employees (2020: 8,527; 2019: 6,880). Vacant positions were filled and numerous additional positions were created. The number of employees rose considerably, particularly in the industrial area, but we also saw an increase in the commercial and specialist technical areas. In 2020, a total of 3,008 new employees joined the Company (2019: 2,000).

> Nordex Leadership Principles

1. Recognize yourself
2. Communicate appreciatively and transparently
3. Delegation & granting trust
4. Be able to endure difficult situations
5. Initiate, design, and implement changes sustainably
6. Create clarity and transparency – give orientation
7. Make decisions reflectively
8. Assume responsibility
9. Treat people positively and like them
10. Be a role model!

2020 PROJECTS**P&C Digitalization**

In 2020, we focused on the implementation of the P&C HUB, a cloud-based HR tool which aims to create an optimized way of tackling human resources management topics. It is a modular platform which we will start to use in March 2021 with the implementation of three of its modules (Employee Central, Recruitment, and OnBoarding). In the next step, we will integrate additional modules, such as Performance and Goals, Time Off, and the Learning Management System. The implementation will support our overarching goal of becoming One Global Company. We have harmonized processes worldwide and are implementing leading practices and standard solutions, always in compliance with legal and country-specific requirements.



Further information
can be found here:
100toparbeitgeber.de/top100/arbeitgeber-nordex-nachhaltigkeit
(German only)

Employer attractiveness

Another focal point for the P&C department is to keep making Nordex an attractive employer and be desirable to future candidates. For example, the Nordex Group is listed again among the '100 Top Employers That Make the World a Better Place'.

To attract talented employees, we have launched an Employer Branding campaign with a mix of employee testimonials, new vacancies, corporate recruitment events, etc. This multifaceted campaign aims to attract new talent and ensure that this attraction spreads as widely as possible. The Success Factors digitalization project (currently being implemented) will help us manage the whole process, starting from the attraction, recruitment and onboarding of new talent.

We are publishing employee testimonials on LinkedIn and letting employees share their stories and experiences with Nordex. Leveraging our strengths, a green purpose, collegueship, and passionate people are the pillars of the 'Are you #TeamNordex?' campaign. Personal answers to the question 'Why Nordex?' will be at the heart of the planned testimonial-based campaign. In

2020, we exclusively published testimonials from women, as we aim to foster the careers of women in this industry, empower the women in our Company, and promote diversity.

Yue Miao (Mira), Head of Global Cost of Energy (COE) Program, graduate of the Upwind NXG talent program.

'After working for several years in business consulting in China and then completing my MBA in Germany, I was determined to further pursue my career in this new country. I have always associated Germany with the high-tech industry and manufacturing, and that's where I wanted to go.

At the Nordex Group, I have the opportunity to make a real impact on a more sustainable world, with real products, real projects, and real people. To me, furthering the reduction of COE is critical to supporting the target of achieving a fossil-free energy supply. A holistic COE approach that influences all areas of the value chain, by tackling material costs and process costs as well as improving the value created until the end of a product's life, is something I want to drive forward'.



Further information
can be found here:
www.linkedin.com/company/nordex

'At the Nordex Group, I have the opportunity to make a real impact on a more sustainable world'.





Further information
can be found here:
[www.linkedin.com/
company/nordex](https://www.linkedin.com/company/nordex)

'I came to Nordex because I strived for purpose, investing my time and energy in an industry that contributes to a greener future'.

**Jeanette Arndt, P&C Development Specialist,
mother of three**

'I came to Nordex because I strived for purpose; investing my time and energy in an industry that contributes to a greener future simply made sense to me. I have stayed for 12 years for the same reason, which has become even more dear to me since I had my own children – and is of course in addition to our unique company culture and the "here for each other" spirit shared by our great colleagues around the world. I appreciate that our dynamic environment gives you room to take ownership and to think and work with a solution-oriented mindset. I will stay in #TeamNordex because there are always exciting new tasks to do! Helping to foster diversity might be the topic I tackle next.'

Participation Program

Nordex employees not only drive sustainable wind energy through their work, they also have the opportunity to financially support green energy by investing in bonds for the Val aux Moines wind farm in France. This allows our employees to support the progress of the Company while also enjoying the advantages of an exclusive investment that we have set up with the best possible conditions and minimized risk. With a purchased bond, we guarantee an annual interest payment of 6% for a fixed period of four years. After four years, employees will be repaid the original investment as well as the interest payment. All Nordex Group employees in EU countries, the UK, and Norway who have a permanent contract are invited to participate in this privilege.

SmartWork@NXG

With SmartWork@NXG we are proactively moving toward a 'new normal' and supporting the organization with all of its leaders and employees as we adopt a new hybrid working model. While we were all more or less forced to work remotely from our homes at the start of March 2020, we are now looking ahead to decide what the balance between office and mobile work can look like.

Our aim for a (post-)Covid-19 working environment is to retain our offices as the main working location, but to offer all employees some flexibility to organize their work in accordance with their needs. Meanwhile, we will further foster our global collaboration, keep our employee engagement high, and always clearly place a priority on the performance of our company. This includes our company culture of networking and interacting with each other and fostering our values of Integrity, Respect, Collegueship, and Ownership.

Consequently, we established a local pilot approach to SmartWork@NXG at our headquarters in Hamburg with the intention of working 40% remotely and 60% from our office.

Remuneration: Salary Grouping and Bonuses

As important steps in harmonizing Group-wide People & Culture processes, we continued with the grading project at an international level. This involved the evaluation of further Global Lead Functions with the aim of assessing all management positions worldwide using a consistent evaluation methodology.

During the reporting period, we further harmonized the variable remuneration system in order to have a uniform and transparent compensation system. The new global bonus policy states that performance is now measured worldwide based on the same targets. The calculation of bonuses is based on defined Key Performance Indicators (KPIs) at the level of the Nordex Group. The variable compensation is therefore a company-based performance bonus which enables all employees to participate in the Company's success.



Strong teamwork during the construction of a rotor blade at the production site in Rostock, Germany

Employees by region

	2020	2019	2018
Total number of employees	8,527	6,880	5,676
of whom male	7,145	5,781	4,762
of whom female	1,382	1,099	914
Africa	118	104	53
of whom male	83	71	41
of whom female	35	33	12
Asia	267	220	137
of whom male	237	198	121
of whom female	30	22	16
Australia	11	5	4
of whom male	11	5	3
of whom female	0	0	1
Germany	2,964	2,490	2,244
of whom male	2,431	2,047	1,841
of whom female	533	443	403
Europe (excluding Germany and Spain)	1,341	1,191	1,040
of whom male	1,211	1,049	921
of whom female	130	142	119
North America	630	499	298
of whom male	572	445	271
of whom female	58	54	27
Spain	1,986	1,194	1,164
of whom male	1,516	921	912
of whom female	470	273	252
South America	1,210	1,177	736
of whom male	1,084	1,045	652
of whom female	126	132	84

[GRI 102-8](#)

Employees by employment contract

	2020	2019	2018
Employees with temporary contracts	1,584	777	660
of whom male	1,245	602	497
of whom female	339	175	163
Employees with permanent contracts	6,943	6,103	5,016
of whom male	5,900	5,179	4,265
of whom female	1,043	924	751
Temporary employees *	461	618	182
of whom male	415	547	163
of whom female	46	71	19

[↗ GRI 102-8](#)

* Figures for temporary industrial employees are recorded for Germany only.

Employees by employment type

	2020	2019	2018
Total number of employees	8,527	6,880	5,676
of whom male	7,145	5,781	4,762
of whom female	1,382	1,099	914
Full-time employees	8,089	6,500	5,366
of whom male	6,928	5,600	4,629
of whom female	1,161	900	737
Part-time employees	438	380	310
of whom male	217	181	133
of whom female	221	199	177

[↗ GRI 102-8](#)

New employees by age

	2020	2019	2018
Total	3,008	1,995 *	1,246 *
aged under 30	36%	40%	20%
aged 30-50	56%	55%	69%
aged over 50	8%	5%	11%

[↗ GRI 102-8](#)

Differences to totals may arise from rounding off.

* Additions are net of staff leaving Nordex in the reporting period

New employees by region and gender

	2020	2019	2018
Total	3,008	1,995	1,246
Africa	24	57	8
of whom male	15	33	4
of whom female	9	24	4
Asia	69	88	19
of whom male	58	83	19
of whom female	11	5	0
Australia	10	1	0
of whom male	10	1	0
of whom female	0	0	0
Germany	675	476	257
of whom male	538	395	190
of whom female	137	81	67
Europe (excluding Germany and Spain)	349	255	161
of whom male	307	214	139
of whom female	42	41	22
North America	362	239	91
of whom male	325	210	84
of whom female	37	29	7
Spain	1,196	284	234
of whom male	924	216	179
of whom female	272	68	55
South America	323	595	476
of whom male	296	533	430
of whom female	27	62	46

[↗ GRI 401-1](#)

New employees and employee turnover *

	2020	2019	2018
New employee hires	3,008	1,995	1,246
Ratio (in %)	38	31	23
Employees leaving	1,741	1,005	867
Turnover rate (in %)	22	16	16

[↗ GRI 401-1](#)

* Employees leaving refers to employees who have left the Company, excluding interns, students, temporary staff and trainees.

EMPLOYEE FEEDBACK AND DEVELOPMENT

7 GRI 404/103, 404-3

We are certain that our employees want to learn new things every day and take responsibility for their own development. Every person has their own aspirations and goals. Whatever it is that drives them is also apparent in their preferred career development path, and we support them in fulfilling these goals in various ways. As part of the Sustainability Strategy 2019 to 2021, we intend to continue and optimize the established employee development programs and processes.

Compass Process

The core process in the area of employee development is the Compass process, which supports our employees with professional feedback and enables us to expand and consolidate our feedback culture in a standardized and harmonized way across the whole Nordex Group. It consists of three steps:

1. During the **Compass Dialog**, which takes place annually between January and March, our employees receive specific feedback on their performance over the preceding year. Following this, they work with their managers to define a realistic, personal development plan that meets the needs of the employee and the Company.
2. During the second quarter, the results of the Compass Dialogs are gathered in development meetings, which are referred to as **Compass Conferences**, and discussed among the management teams. This provides us with a cross-departmental overview of the talented and high-potential employees in the Nordex Group. Nominations for participation in the Upwind Management Trainee Program are also made during the Compass Conferences.

3. The **Compass Review Talks** take place in the third quarter, offering employees and managers an opportunity to review development plans and ensure that they are on the right track with the measures defined. We also introduced the Collaboration Review, a process aimed at further strengthening the collaboration between employees and managers.

Compass Dialogs are mandatory Group-wide. Compass Conferences and Compass Review Talks are mandatory for salaried employees and take place on a needs basis for industrial workers. To support Nordex employees in navigating their careers, we set up an online platform that provides access to all information and materials relating to the Compass process, for example Compass e-learning courses and guidelines. Furthermore, to foster and promote the Compass process, we developed an intranet campaign known as Compass Stories. Employees could share their own perceptions of the process, their experiences, and how they profited from Compass.

The People & Culture department tracks the completion of Compass Talks and supports employees and managers in the process. With this structured approach, we ensure that the wishes and expectations of our employees are taken into account.

In the reporting year, 65% of all possible Compass Dialogs took place, with managers holding discussions with a total of over 3,526 employees (2019: 53%; 2,600 employees). The increase in the number of dialogs conducted was a result of the importance we gave to the process. This was illustrated by the great commitment of our P&C department in supporting and encouraging our managers to conduct the Compass Dialogs, even while facing additional challenges from Covid-19. The People & Culture department facilitated 55 Compass Conferences in the reporting period (2019: 21). This increase was mainly driven by a new organizational structure following our Global Lead Function approach, which led to more



Further information about the program 'Upwind' can be found on **PAGE 56**

departments, i.e., more Compass Conferences. This will ensure our feedback quality and clear guidance for employee feedback.

The age structure of the employees participating in the Compass Dialogs largely reflects that of the Nordex Group, with 72% of the employees in the 30 to 50 age group, 15% under 30, and 13% over 50. Measured by gender distribution in the Company, there were no significant differences between the participation of women (2020: 17%, 2019: 15%) and men (2020: 83%, 2019: 85%).

We again took the opportunity to collect feedback on the Compass process in order to learn about people's experiences with the IT tool, process, and support. Based on this, we will further optimize the Compass process in 2021.

FURTHER TRAINING

↗ GRI 403-5, 404-1, 404-2

Technical Training Center

The Technical Training Center, with all of its technical training courses on Nordex technologies, is available both to the Group's own employees in Division Europe and to customers and subcontractors. In addition to test rigs, various large components are available for technology, service, and safety training to develop our employees' practical expertise, deepen their knowledge, and reinforce the high quality standards of the Nordex Group.

In 2020, more than 3,054 participants (2019: 3,400) attended Technical Training Center courses. The average training hours per participant was 16 hours (2019: 16). The majority of participants came from the Service department as well as Engineering and Commissioning.

We further expanded our efforts to decentralize our training courses and knowledge in order to strengthen the local training facilities. We continued to work on the digitalization of our learning formats and set a good example by digitalizing eight training courses this year, on top of the onboarding program.

Digital Learning Formats

One focal point in the reporting year was the expansion of e-learning courses on the platform we introduced in 2017. These courses can be conducted from anywhere at any given time. The courses are designed for all employees worldwide and are available in multiple languages. Some of them are produced internally, while others were purchased from external providers. In 2020, the focus was on the Preventing Bribery and Corruption (PBAC) course of the Compliance department, as well as the e-onboarding course.

Overall, the courses were successful and popular. 363 employees finished the e-onboarding course in 2020, resulting in a completion rate of 78%. The three main areas of focus were Security and Regulations, Turbine Technology, and Leadership. With 5,497 (2019: 2,277) e-learning courses completed and 9,036 (2,873) assigned in 2020, we achieved an overall completion rate of 61% (2019: 79%).

Management Development

Trust. Listen. Lead. –

Nordex Leadership Training

In 2020, despite the pandemic, we continued with the 'Trust. Listen. Lead.' training for new managers, albeit remotely and through a webinar.

In 2020, we held 16 'Trust. Listen. Lead.' sessions (2019: 18) in different countries such as Germany, Mexico and Spain. With a training rate of 70% (2019: 80%) of managers in our core markets, we consider this a good achievement given the Covid-19 situation. We are satisfied with the figure achieved and will continue to strive to meet our training rate objective of 80% for new managers, both new hires and employees promoted within the Company. In 2021, we will also continue our long-term efforts to train our people, and additional local training modules will be offered in different countries.

Furthermore, as part of a new initiative, we performed a survey across all managers in Nordex to see where leadership training and development within the Company needs improvement and to identify crucial leadership skills. Based on the results, we aim to foster self-confidence and excitement about our company. We will also include new leadership skills in order to close our existing gaps and be ready for future challenges.

Upwind – the Management Talent Program of the Nordex Group

With Upwind, every year we identify and develop high-performance employees with clear potential for a future managerial role with strategic impact. This global management talent program aims to even better integrate these talents into the company and seeks to increase the proportion of internally appointed managers.

In early 2020, we further refined the program by implementing a Reflection Center in the beginning which trains the participants in self-reflection and aims at providing feedback to their peers. Moreover, it challenges participants in different situations to discover their strengths and weaknesses, and potential areas for improvement. Furthermore, we adapted the content to ensure our future managers are well prepared for our complex and sometimes volatile industry. Additionally, we integrated e-learning modules into the program and, accelerated by the pandemic, we adapted the program successfully from in-person meetings to a complete virtual set-up.

We will continue this successful program to promote young talents in 2021, and will further develop it to meet the changing needs of the participants and the Company.

EMPLOYEE DIVERSITY

↗ GRI 401-3, 405/103, 405-1, 405-2, 406/103, 406-1

We view the diversity of our workforce as one of our company's assets. People of different genders and ages with diverse cultural backgrounds, different attitudes, and lifestyles enrich our company and contribute to the Nordex Group's success.

To broaden the Nordex Group's diversity, we aim to increase the number of young people joining the Company in light of the importance of having young talents sharing their ambition and fresh points of view. In Spain, we have the Young Talent Program in which university graduates join the Company on a specialized two-year program that rotates them through the different areas within the Engineering Global Lead Function. The feedback received from both sides is very inspiring and productive. Students have the opportunity to learn together with professionals and start developing their careers, and Nordex is expanding its access to promising young talents. As in the prior reporting period, in 2020 the scholarship program included 71 students, 20 of whom are now Nordex Group employees, and 60% of whom are women.

We have not yet reached our objectives with respect to gender equality. The proportion of women in the workforce in Germany is currently 17%. The noticeable shortage of skilled workers in technical professions is having a negative impact on the development of the proportion of women. The share of women in the first two management levels was 11% in the reporting year (2019:16%). To achieve improvements in this area, we pay particular attention to including women in our managerial promotion programs. In addition, external recruitment consultants are obliged to put forward suitable female candidates for each vacancy. We will be increasing our efforts to gain more qualified female managers in the future.

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Different Nationalities were represented at Nordex in 2020 (2019: 73)

Management Diversity

	2020	2019	2018
Management Board total	3	3	3
of whom female	0	0	0
of whom aged under 30	0	0	0
of whom aged 30-50	1	2	2
of whom aged over 50	2	1	1
Supervisory Board total	6	6	6
of whom female	1	1	1
of whom aged under 30	0	0	0
of whom aged 30-50	0	0	0
of whom aged over 50	6	6	6

↗ GRI 102-8

In order to further promote diversity within the Nordex Group, we initiated a new project. It will analyze the current situation and existing processes, find a best-in-class benchmark, and devise concrete actions to foster diversity as a top priority using a gap analysis. This project will be further developed next year and will be one of the main focuses of the Upwind group, supported by the top management.

The basic salary for women and men was at a relatively similar level across all the salary groups. In some salary groups, the basic salary for women was higher than that for men, and in others vice versa. These differences are not systematic, which means there is no gender-related connection between position level and salary difference. In the reporting period, no instances of discrimination were confirmed by the respective committees.



More information on the diversity concept approved by the Executive and Supervisory Boards is provided in the Corporate Governance Report, Section 5 in the 2020 Annual Report on **PAGE 73**

In keeping with our ambition to drive this further, we also carried out some successful projects which promote diversity within the Company. In order to increase the participation of women in the area of operations and technical positions within Nordex, we further fostered our partnership with the Turkish Women in Renewable and Energy Network (TWRE), with whom we organized a three-day introductory training course for young women, similar to last year's event. Young female engineering students and new graduates from various schools and cities gathered at the Nordex Academy Technical Training Center in Izmir. The participants received information on the Nordex Group's history, our turbine portfolio, and our wind power development activities.

Promoting diversity within our company – together with the Turkish Women in Renewable and Energy Network! Participants in the three-day introductory training



Inclusion

In the reporting period, the Nordex Group employed 54 severely disabled people in Germany (2019: 51) who had indicated their severely disabled status to their employer.

Employees with disabilities in Germany

	2020	2019	2018
Employees with disabilities	54	51	46
Administration	5	7	5
Engineering	4	4	3
Blade production and sourcing	22	20	19
Nacelle and tower sourcing	14	13	14
Project management	1	1	1
Service	8	6	4

[↗ GRI 102-8](#)

Family and Work

The Nordex Group attaches great importance to reconciling professional and private life. In addition to standard parental leave models, we offer our employees flexible working time models and the option of mobile working. In the reporting period, 152 (2019: 151) employees in Germany took parental leave. Due to the international legal

differences regarding parental leave, we do not consider it as useful to consolidate these figures at the group level. In 2020, due to Covid-19, the option for employees to work remotely was further strengthened. During the first phase of the pandemic, when schools and nurseries were closed, Nordex granted parents up to six days of special leave so that they could look after their children.

Employees on parental leave (Germany)

	2020	2019	2018
Employees total	152	151	147
of whom male	117	112	105
of whom female	35	39	42

[↗ GRI 401-3](#)

Employees by area and age structure

	2020	2019	2018
Total number of employees	8,527	6,880	5,676
of whom female	16%	16%	16%
aged under 30	22%	22%	20%
aged 30-50	67%	67%	69%
aged over 50	10%	10%	11%
Administration	856	793	648
of whom female	48%	43%	45%
aged under 30	19%	19%	15%
aged 30-50	67%	69%	73%
aged over 50	14%	11%	11%
Engineering	613	588	599
of whom female	21%	19%	18%
aged under 30	11%	11%	11%
aged 30-50	71%	74%	76%
aged over 50	19%	15%	13%
Blade production and sourcing	1,412	807	910
of whom female	17%	13%	12%
aged under 30	17%	13%	16%
aged 30-50	64%	65%	64%
aged over 50	19%	21%	20%
Nacelle and tower sourcing	1,991	1,902	1,309
of whom female	11%	13%	12%
aged under 30	24%	25%	21%
aged 30-50	64%	66%	68%
aged over 50	12%	9%	11%
Project management	953	515	280
of whom female	16%	20%	12%
aged under 30	20%	22%	12%
aged 30-50	70%	66%	72%
aged over 50	10%	12%	16%
Service	2,534	2,052	1,693
of whom female	8%	7%	7%
aged under 30	28%	28%	28%
aged 30-50	66%	67%	67%
aged over 50	6%	5%	5%
Sales	168	223	178
of whom female	23%	30%	20%
aged under 30	16%	22%	21%
aged 30-50	75%	72%	72%
aged over 50	9%	6%	7%

[GRI 102-8](#)

Differences to totals may arise from rounding off.

EMPLOYEE REPRESENTATION

↗ GRI 102-41, 402/103, 402-1, 407/103, 407-1

The Nordex Group attaches great importance to safeguarding the interests of its employees and working constructively in a spirit of mutual trust together with employee representatives. We take a constructive approach to discussions with employee representatives in all countries where we are present and promote collaboration based on mutual trust. While globally, not all countries have a local Works Council, in Germany, for example, employee interests are protected by collective bargaining agreements that usually involve Group-wide or local works agreements. In Germany, co-determination law covers approximately 98% of employees; this does not cover Company managers at the corporate level. In the rest of Europe, the European Works Council (known as the SE Forum) represents all employees. In individual countries such as France, Sweden, and Finland, local Works Council committees are also formed based on respective works agreements resulting from decisions made jointly with local employee representatives.

Co-determination topics are managed by the People & Culture department, together with the managers responsible. Compliance with co-determination law is an integral part of many processes within this department.

Germany: The Works Council in Germany has information, consultation, and co-determination rights in social, human resources, and economic matters, and otherwise represents the general interests of the workforce. Both the Works Councils and the employees are comprehensively informed about any significant operational changes by senior management and/or local management.

Communication takes place through Company meetings via the intranet and via telephone conferences.

If employees in Germany feel their salary scale grading is incorrect, they can lodge an appeal with an Arbitration Board that will check their grading and their complaint. The Arbitration Board comprises two employer's representatives and two members of the local Works Council. In 2020, eight complaints about salary scale grading were submitted via the formal procedure (2019: 19 complaints).

In the case of additional conflict issues, the Works Council in Germany and the People & Culture department have recourse to Conflict Resolution Officers as points of contact and mediators within our organization. There were five cases of discrimination in the reporting period. These were all solved in 2020.

Worldwide: We explicitly support the rights of our employees at all sites around the world, and provide all the representatives of country sites in Europe with the opportunity to exchange views and engage with senior management at least twice a year through the European Works Council. In the reporting period, there were no known cases of employees' rights of association or collective bargaining being breached or endangered at any Nordex Group business sites.

OUTLOOK 2021

To further professionalize our People & Culture work and offer employees standardized service throughout their time with the Nordex Group, we intend to further anchor, and optimize our People & Culture processes in the coming years, from hiring through to employee development. The Global Standards People & Culture department is responsible for improving existing standards, defining new ones, and implementing global standards for our strategic People & Culture topics (Training & Learning, Compensation & Benefits, Analytics & Controlling, Recruiting & Marketing, and Projects). This supports our common goals of being an attractive employer, improving operational excellence, and growing together as one People & Culture community.

In the coming years, digitalization will be one of the core topics for the People & Culture department. In 2021 we will finalize the implementation of the current modules in our new P&C Suite and finalize tasks in order to fully use all available functionalities. In addition, we intend to implement further modules and will harmonize and standardize human resources policies and processes worldwide.



Further information
can be found here:
www.nordex-online.com/en/company/memberships-initiatives

Becoming an even more attractive employer is also one of our objectives in 2021. This involves promoting our brand externally and communicating a clear employee value proposition to become the preferred option for candidates.

Furthermore, Nordex will focus on striving for even closer collaboration between the People & Culture department and other departments to better understand how P&C can support the business and provide services to further foster the Nordex Group's target of One Global Company.

Occupational Health and Safety

MANAGEMENT APPROACH

71 GRI 403/103, 403-1 – 403-7, 403-9

Our employees' health and safety in the workplace is of the greatest importance to us. This is a key element of our Sustainability Strategy. We work continuously and systematically to further develop the safety culture that we all live and breathe and to make our work environment safer. This process includes all of our own employees as well as those of our business partners, subcontractors, and suppliers. We involve all employees and the Works Council. We consult with them in order to incorporate the widest possible range of knowledge into our daily work. We also regularly communicate our performance in terms of quality, health, safety, and environmental protection within the Nordex Group via the intranet, as well as in employee information sessions and management meetings.

In 2020, Nordex's Division Europe received ISO 45001:2018 certification for its occupational health and safety management system. This was a significant milestone in the Company's health and safety efforts. ISO 45001 is the successor to BS OHSAS 18001. Division International was still certified according to OHSAS 18001 in 2020, and the transition to ISO 45001 certification is planned for 2021. The majority of Nordex sites are certified to these standards, and as the organization grows, additional locations will be added to the scope.

We offer programs and training courses worldwide that increase participants' safety awareness and qualifications. Our occupational health and safety organization supports management by providing professional advice on strategic topics in our business areas. It also assists with operational implementation at our sites and in specific projects. We aim to establish a culture of health and safety throughout the wind power industry, so our involvement extends beyond our own company to include industry-specific initiatives such as the international Working Group Wind Industry Safety Culture. We became a member of the Global Wind Organization (GWO) in April 2019 in order

to meet the highest standards and actively participate in continuous improvements. Furthermore, as a member of the WindEurope board and the SafetyOn committee, we are constantly contributing to the improvement of HSE performance in the global wind branch.

Organizations in each country establish occupational safety committees in accordance with locally applicable laws. In Germany, for example, there are Occupational Health and Safety Committees at our main sites in Hamburg and at the two production facilities in Rostock. In the UK and France, the local Nordex Group HSE is contributing to governmental environmental programs and actively adapting them to meet current needs. In Spain, the main focus in 2020 was on participation in the Asociación Empresarial Eólica (AEE) to reduce accident rates and exposure to chemicals and confined spaces, and to improve ergonomics as well as regulations and legislation.

These committees are chaired by the General Managers of each site; regular participants include the Works Doctor, the Occupational Safety specialist, and safety administrators, as well as representatives of the Works Council, the management, and the workforce as required.

Works Doctors are available in all countries in which Nordex operates. They offer occupational medical services as well as non-occupational health care. In Spain and Germany, for instance, Works Doctors are helping employees cope with the psychological stress caused by the Covid-19 pandemic.

CHALLENGES, RISKS, AND OPPORTUNITIES

Though the Company has made improvements and achieved a high standard of occupational health and safety, we continue to strive to reduce the number of incidents. Parallel to this, we want to harmonize the occupational health and safety organizations of Nordex and Acciona Windpower. In 2020, we started our Global project in the Nordex Group, which aims to harmonize and standardize all HSE processes. The project is carried out in three phases in which we 1) investigate processes which need to be aligned and standardized, 2) cluster priorities, and 3) operationally align and harmonize processes.

The issue of occupational safety is becoming more important not only to our employees and customers, but also to the general public. Damage to wind turbines and the potential consequences of this are being viewed increasingly critically and can harm the reputation of the Nordex Group. The safety of our employees, business partners, and the general public – which is ultimately driven by the safety of our processes, products, and services – therefore remains a top priority across the Nordex Group.

SUSTAINABILITY STRATEGY 2019 TO 2021

The Nordex Group pursues a long-term target of zero occupational accidents. We therefore regularly measure our performance against a range of parameters to continually document and review the effectiveness of the measures taken to improve our safety culture. Indicators that register unsafe behavior, 'near misses', and first aid incidents are clear statements on accident prevention. One of the most important parameters is the number of occupational accidents per million working hours: the LTIF (lost time injury frequency) rate. This key figure includes all work accidents that result in one or more working days lost. The denominator of this indicator is based on an estimation of worked hours of internal employees and subcontractors. This estimation considers site- and country-specific regulations regarding the weekly hours worked and inclusion of holidays, for example.

In our Sustainability Strategy 2019 to 2021, we defined an interim target for the entire Company which we once again adjusted in 2020. In the previous year, we redefined the target for 2021 to an LTIF below 4 per million working hours. However, we are now striving to reduce occupational accidents even more and achieve an LTIF below 3.5 by 2021. To realize this, we will further standardize our Nordex Group processes worldwide and establish programs to raise awareness of occupational accidents.

These efforts were reflected in an LTIF of 3.9 in 2020, proving that Nordex is on the right track. Thanks to our processes and requirements, as well as efforts by our employees and business partners, we successfully reduced our LTIF from 5.6 in 2018 to 4.6 in 2019, and then to 3.9 in the 2020 reporting period for the overall Group.

2020 PROJECTS

A specific database, which we developed further in 2020, records all incidents, near misses, and unsafe conditions reported at our sites. It also allows us to analyze incidents precisely and transparently so that we can develop preventive measures and apply them in the affected areas. These indicators enable us to gauge our performance and derive additional measures for improvement and accident prevention. We are continuously enhancing our database for incident reporting in accordance with global requirements. We have introduced interfaces to other tools, such as SAP, ServiceNow, Upwise, and databases across the Nordex Group, which have boosted user acceptance of all tools.

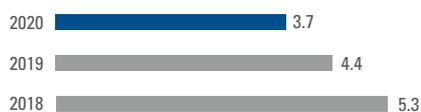
We are always adapting our tools and databases to comply with data protection regulations, some of which are regional. In 2020, we started a new project to make significant changes to our global Personal Protective Equipment (PPE) database for monitoring HSE-related and legally required training, certificates, PPE and job profiles.

Lost Time Injury Frequency (LTIF)

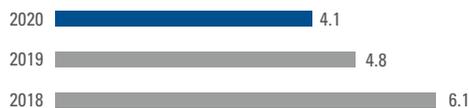
Nordex Group (incl. Service Provider)



Internal



External



Significant Occupational Accidents*

Region	Employees			Service Providers		
	2020	2019	2018	2020	2019	2018
Overall result	3	4	0	16	12	3
Africa	0	0	0	2	0	0
Asia	0	0	0	2	0	0
Germany	0	2	0	2	1	0
Europe (excluding Germany)	1	1	0	3	6	3
North America	1	0	0	1	3	0
South America	1	1	0	6	2	0

↑ GRI 403-9

* Significant accidents include accidents with severity 3 and 4.

The recorded accidents are rated by means of a classification system.

We differentiate between four rates of severity (SR):

- SG 1: No injury, or slight injury or health impact
- SG 2: Moderate injury or health impact
- SG 3: Severe injury or health impact
- SG 4: Fatal injury or extreme health impact

Most occupational accidents reported in 2020 were cuts or punctures, impacts from objects, sprains, strains, or hyperextensions. However, for 2020, we unfortunately have to report three fatalities: One in Brazil and two in Spain. They happened at two of our subcontractors and it shocked us all deeply and showed us how important continuous safety is. We have intensively investigated the incidents and are working hard to guarantee all employees the best possible occupational safety.

Safety Walk & Talks have been a key component of the Nordex Group's health and safety culture from the outset. Constructive dialog between managers and employees on how to carry out work as safely as possible supports the safety culture across the entire Nordex Group. To ensure focused discussions, we require all managers to complete the Safety First Leadership Training. Due to the Covid-19 pandemic, this training could not be rolled out in new countries. However, some trainings took place in Germany and new sessions were carried out in

Spain. In 2020, 51% (2019: 54%) of all managers worldwide participated in this training. Despite the pandemic, all managers have been asked to perform Safety Walk & Talks online during their meetings. Some of the topics that were suggested for discussion included ergonomics, especially for employees working remotely, as well as the psychological impact of the pandemic on individual employees.

To improve our turbine maintenance service performance, we launched a project in 2018 that also focuses on occupational safety. In the course of this project, we standardized various company processes. A three-stage program consisting of a health, safety, and environment (HSE) poster campaign; HSE stickers; and the 'Human Factor' HSE film have positively influenced safety awareness among our employees. In 2019, we rolled out this project from Division Europe to the entire Nordex Group. In 2020, we started to strengthen our safety culture by sharing experiences within

the teams and working together to develop solutions, practicing self-reflection, and focusing on near misses and unsafe actions. This optimally complements the risk assessments carried out in the field. Now that our teams have defined what it means to work safely, they are jointly exploring how to implement this. Area managers are acting as HSE coaches for their teams instead of merely as 'controllers'. All employees are involved; in the team discussions, people who would otherwise hold back are invited to contribute. The teams practice critical self-reflection in the interest of further development. We aim to go beyond what we have already achieved.

The HSE department is also responsible for conducting HSE reviews of our suppliers and subcontractors. We collaborate with our existing and potential subcontractors regarding HSE issues in order to enforce our HSE philosophy and assert its importance. We focus on LTI and near misses, which we investigate in a transparent way so that corrective measures can be deployed. Our subcontractors are required to comply with our HSE standards. Moreover, our Lessons Learnt/Knowledge Exchange projects assure a Group-wide learning curve for HSE experiences, especially in the

installation phase where the most severe incidents occur. This prevents us from repeating typical challenges, minimizes the number of dangerous situations for our employees and partners, and highlights areas for optimizing our safety training.

After implementing our Safety Stand Down (SSD) process in 2019, we harmonized the Safety Notifications process at a global level in 2020. The process covers five different types of communication [Safety Information Letter (SIL), Safety Notice SN, Safety Alert (SA), Safety Stand Down (SSD), Lessons Learnt (LL)] based on an incident's severity and type. This enables us to promptly notify all employees carrying out similar tasks and support them with suitable countermeasures after an incident has happened. With the aim of preventing future incidents, HSE and the Nordex Academy worked together on a new ASSI e-learning course which was launched on the Campus, our internal training platform. The new course covers the basics of HSE such as appropriate behavior in an emergency, correct PPE usage, handling hazardous materials, and performing tasks safely. We brought together our global HSE experts and our e-learning experts to ensure that the course offers an effective learning experience with well-curated

One year without accidents: Campaign weeks to prevent accidents as seen here at the Brazilian site Simões Filho contribute to safety



material and interactive exercises. The ASSI e-learning course is mandatory for all personnel visiting and working on turbines or constructions sites, including our subcontractors.

Furthermore, we standardized our first aid and firefighting training in 2020, and launched a GWO-compliant training course on working with machines and tools throughout the Group to strengthen and harmonize our safety standards.

HSE action days and campaigns

We had initially planned to hold a Sustainability & Health Day at our Hamburg office in 2020, just as we did in 2019. However, due to the Covid-19 pandemic, the event had to be cancelled. We are now planning to carry out the program we prepared for 2020 in 2021 instead.

Despite the circumstances, a number of action days and campaigns were carried out at other sites. For example, at our facility in Simões Filho, Brazil, we held an internal accident prevention week to provide information to employees and contractors about safety in cargo handling, electrical work, and lifting equipment, as well as work safety culture. Furthermore, we conducted a traffic education campaign at the tower production site in Lagoa do Barro, Brazil. At the nacelle production site in Rostock, we implemented an annual health action plan in 2020, which addressed the prevention and detection of musculoskeletal diseases and involved foot and gait analyses as well as static and dynamic posture analyses, among other things.



Ensuring highest safety standards through regular training: Employees worldwide receive training in Nordex HSE campaigns

OUTLOOK 2021

Improving the safety and health of our employees will remain our core objective in 2021. We are planning several campaigns to strengthen our employees' daily commitment to and awareness of safety and health, and to improve their own approach to these issues. We plan to establish a dedicated HSE topic each month based on input from our transparent HSE Case Management tool. In January 2021, for example, we will launch a campaign related to finger injuries combined with content from the Human Factor campaign we conducted in 2019. Additionally, we are planning to introduce new, globally applicable compliance management software in 2021 to replace our current GEORG Compliance Manager Software so that we are using a globally standardized tool that complies with regional requirements.

The Nordex Group will continue to standardize its processes worldwide and establish programs that highlight the issue of occupational accidents, raise employee awareness, and thus help to avoid risks and promote best practices. In the area of health protection, we will continue our successful concept of conducting different health campaigns, such as Sustainability and Health Days, and will roll them out to other sites. Cross-divisional collaboration will also shape the work of the Health, Safety, and Environment department. We are firmly focused on establishing standard processes for training measures in 2021. We aim to certify our Nordex Academy according to GWO requirements and standards, so we will adapt our strategy and processes to meet the country-specific regulations.

Covid-19

The whole Nordex Group, and in particular the P&C and HSEs departments, focused on supporting the business in the difficult situation triggered by the Covid-19 outbreak. Our main principle is Safety First, and we consider the health of our employees to be the top priority, so we have set up a Business Continuity Task Force (BCT). Its task is to respond to current developments quickly and comprehensively and to protect the health of our colleagues worldwide as best as possible, while at the same time ensuring the best possible continuity of our business activities. The task force consists of colleagues from different specialist functions, Global Functions, Divisions and countries working together to coordinate the actions within the Company to ensure our employees' health and wellbeing. The task force gathers information, evaluates the possible effects on employees and activities, and ensures that we develop coordinated measures if necessary.

Right at the start of the pandemic, Nordex acted immediately and allowed all of its office employees to work elsewhere. It helped that mobile work was already established at Nordex and that the technical requirements and regulations for it were already in place. Strong safety measures were put in place for people working at the production facilities to protect the workforce on site in the best possible way. Factory employees in high-risk groups were temporarily and unbureaucratically released from work and their salaries continued to be paid. During the first phase of the pandemic, when schools and nurseries were closed, Nordex granted parents up to six days of special leave so that they could look after their children. We ensured good connections and provided people with all the necessary material to have optimized conditions for working from home. It was important to give them support and advice on how to behave in this situation, and we advised and guided managers on how to manage remote teams.

We have expanded and globalized the task force within the Company, as the situation had a complex impact on all our business activities. We kept our colleagues continually informed while simultaneously analyzing and implementing changes in line with the evolving situation. In addition, the essentials of how to lead people and manage team dynamics do not change completely in a remote or hybrid situation. But maintaining peak performance and keeping the employees' engagement levels high when separated by kilometers, time zones and/or cultures is not always a simple task to tackle. Therefore, the role of P&C was to offer support, guidance, tips and tricks regarding the challenges that arose in the past year and the opportunities that lie ahead.

Corporate Security

MANAGEMENT APPROACH

Protecting our employees, our sites, the construction and servicing of wind farms, and our company's expertise and reputation is of fundamental importance to us. Supported by a global security, safety and crisis management organization, our Corporate Security department coordinates all of our activities aimed at protecting against crime, terrorism, and the effects of political unrest and natural disasters. This includes identifying and avoiding any safety and security risks when fulfilling orders, and protecting people and property at our sites throughout the world, as well as on trips abroad. Awareness and prevention are the focus of our risk-based and cross-disciplinary safety and security systems. This also includes preparatory measures and contact persons for emergency support and crisis management.

CHALLENGES, OPPORTUNITIES AND RISKS

The dynamics of geopolitical and local safety and security developments require us to continuously assess potential risks and adjust our safety and security measures for our sites, projects, and our employees' worldwide travel activities. We constantly review and adapt our safety and security measures to the changing safety and security environment of our various activities by implementing basic protection measures and appointing local and central safety and security officers. In view of the Covid-19 pandemic, safety measures for project execution and foreign travel were reviewed and adjusted where necessary to reflect a potentially more severe risk situation.

2020 PROJECTS

In the past year, risk analyses and safety and security measures were carried out for existing and new business activities, particularly in regions with increased risks. Where necessary, safety and security measures were adapted to new local risk situations. A safety and security program containing a specific action plan has been established for Mexico, which will be continued in updated form in 2021.

OUTLOOK 2021

We intend to further adjust and expand our internal safety and security organization in line with our growing business activities in 2021. This will also involve further standardizing and formalizing our safety and security regulations and measures. Additional safety and security programs will be established for countries exposed to increased safety and security risks.

RESPONSIBILITY ALONG THE SUPPLY CHAIN

The Nordex Supply Chain

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Global Sourcing

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To fulfill our responsibility throughout the supply chain, we have established standards that also apply to our collaboration with suppliers. Furthermore, we continually optimize our approach to monitoring this collaboration.



The Nordex Supply Chain

71 GRI 102-9, 204/103

MANAGEMENT APPROACH

As a manufacturer of wind turbines, we source products and services from numerous suppliers based in a wide range of countries and generate a significant share of value in our upstream production stages. Our Global Sourcing department ensures that the required products and services are sourced in the right quality, at the right time, and at the right cost. At Nordex, we are fully committed to the principle of sustainability. We therefore believe it is vital to ensure that our own environmental and social standards are maintained throughout our supply chain. The Nordex Group Code of Conduct for suppliers and subcontractors (the Supplier Code of Conduct) forms the basis for this, and we expect and require all of our subcontractors and suppliers to comply with it. Furthermore, the Principles of the UN Global Compact on Human Rights, Labor, Environment, and Anti-Corruption provide

fundamental guidance for our business activities. Given the Nordex Group's extensive supplier base, a core objective is to uphold our environmental and social standards in our overall sourcing process, as well as in our supplier management. The key materials, products, and services purchased by the Nordex Group are:

- › Direct materials: nacelle components, steel tower sets, concrete tower raw materials, rotor blade sets, and rotor blade raw materials
- › Indirect materials: tools, equipment, ancillaries
- › Services: transportation, cranes and installation

CHALLENGES, RISKS, AND OPPORTUNITIES

The main challenge for the Global Sourcing department is to secure material procurement for the timely production and construction of wind turbines by the Nordex Group – at the planned cost and at all required sites. The production and delivery reliability of our suppliers is a particular challenge here. Additional risks and challenges include the following:

- › The Covid-19 pandemic has been a major challenge in 2020 and will accompany us in 2021. It poses risks to all levels of the supply chain and is being managed intensively throughout the organization to minimize risks.
- › Fluctuating raw materials prices pose a risk to our suppliers and to the Nordex Group, which we counteract through hedging.
- › Fluctuating exchange rates are a risk in selected markets that we mitigate by hedging and efforts to increase local supplies.
- › Another ongoing major challenge is the development of new production capabilities in Brazil, China, India, and Mexico.
- › Since the size of wind energy turbines, especially blades and towers, is increasing, transporting them to sites is a challenge we are constantly addressing.

Our Risk Management department monitors all material risks throughout the Group. Global Sourcing continuously monitors risks related to the supply chain, due diligence, and audits, as well as fallback action planning. Cost of energy (COE) management is fundamental in overcoming these challenges. At the same time, it represents an opportunity to remain competitive in the demanding wind power market.

SUSTAINABILITY STRATEGY 2019 TO 2021

Given our extensive supplier base, we regularly review our supplier due diligence processes for optimization potential. As a result, setting standards for collaboration with our suppliers has been identified as a key component of our Sustainability Strategy 2019 to 2021. We are working on improving the supplier review process to ensure that we have the most competitive, sustainable, and reliable suppliers. Our objective is to fully implement the updated supplier review process at the beginning of 2021.

2020 PROJECTS

The Company received firm orders for a total of 1,331 wind turbines with an output of 6,020 MW in 2020, almost matching the high order intake of the previous year despite occasional delays caused by the Covid-19 pandemic (6.2 GW in 2019). Carefully controlled supply-chain practices are needed to ensure the timely and efficient fulfillment of orders. These practices encompassed the following sub-strategies:

- › The Covid-19 pandemic has been an unexpected challenge which we managed very carefully right from the beginning with all of our suppliers to ensure the continuity of our suppliers and installations globally in order to minimize the risks and impact on our business performance.
- › There were no major changes in our supplier base for major components compared to 2019, meaning that suppliers were able to enjoy the benefits of scale for efficient production.
- › We started comprehensive actions to build up a supply chain for our local production in India for up to 4 GW with the aim of delivering substantial volumes, leading to significant cost savings and supporting mid-term competitiveness to constantly reduce the cost of energy and increase the penetration of 'green energy'. This initiative should result in shorter transport distances from our factories to installation sites as well as a further reduction in the environmental impact.

- › In addition, we continued to expand the production capacity in our smart logistics approach for our existing suppliers in India and China to reduce outbound logistics costs and emissions thanks to denser packing.
- › We successfully implemented globally harmonized processes in the Global Sourcing department covering the complete life cycle of our products and enabling us to manage growth smoothly. This includes a new supplier due diligence approach covering all demands placed on our suppliers regarding finance, quality, compliance, and sustainability to meet all legal and business requirements. This is supported by the implementation of a revised qualification process for new suppliers which is valid in all areas starting from the end of 2020.

We continued our efforts in the reuse or omission of transport equipment for gearboxes and generators, which decreases the consumption of new raw materials, especially timber and steel.

NORDEX SUPPLIERS

↗ GRI 204-1

In the 2020 reporting year, the Nordex Group worked with around 8,000 suppliers (6,500 in 2019). There has again been an increase in sourcing expenditures of 5% to approximately EUR 3,485 million (EUR 3,312 million in 2019). The share of sourcing expenditures with suppliers with their head office or production sites in Europe remained on the same level at approximately 54% (56% in 2019). In this region, 30% (27% in 2019) of total sourcing expenditures were on products and services from German suppliers, while 8% (15% in 2019) were with Spanish suppliers. For other supply markets, we have a diversity reflected in the expenditures in Turkey, China, America, Asia, and Africa (see table below).

Supplier countries of origin in %

	2020	2019	2018
Germany	29.5	26.7	26.1
Europe (excluding Germany and Spain)	16.4	14.7	15.8
Africa	8.9	2.9	0.0
Turkey	8.7	6.8	6.5
China	8.6	11.4	7.4
Spain	7.9	14.7	18.9
America (excluding Brazil)	7.7	8.8	12.3
Brazil	7.3	7.6	4.7
Asia (excluding China)	5.1	6.3	8.2
Australia	0.0	0.1	0.0

Differences to totals may arise from rounding off.

Regarding the products and services the Nordex Group procures from suppliers, our sourcing activities were distributed as shown in the table across the following areas:

Sourcing activity in %

	2020	2019	2018
Nacelle	31	39	43
Services *	23	17	12
Tower	14	13	16
Rotor blades	13	18	12
Site Services	11	10	9
Others	8	3	8

* Services include indirect expenditures.

Global Sourcing

↗ GRI 308/103, 308-1, 308-2, 407-1, 408-1, 409-1, 412-3, 414/103, 414-1, 414-2

We organize our Sourcing department into three main areas of activity:

Components and Services

The Nordex Group has specialized teams for different components and services.

Centralized and Decentralized Sourcing

Nordex sources components and services from globally active suppliers, where the collaboration is partially regulated through framework agreements. The majority of the Company's annual sourcing activities are focused on two global Sourcing Centers in Germany and Spain, as well as regional Sourcing Centers in China, the USA, Brazil, and India, where we ramped up our activities during 2020 to support our activities locally.

Strategic and Operational Responsibility

The Strategic Sourcing department is responsible for supplier and material group management as well as for concluding framework agreements. The Operational Sourcing department handles day-to-day business such as placing purchase orders.

Moreover, the Sourcing department is involved in our cross-functional cost of energy (COE) program to reduce the cost of energy, and it closely collaborates with suppliers. All cost of energy (COE) initiatives are analyzed regarding their compliance with occupational health and safety aspects, as well as with the applicable environmental regulations, before being implemented.

Compliance with Values and Standards

It is very important to us that our suppliers comply with the values and standards set out in the Group's Code of Conduct for the entire duration of their business relationship with the Nordex Group.

Upholding human rights is especially important. We strictly prohibit any kind of child labor, forced labor, discrimination, harassment, or retaliation. We also actively promote equal opportunities for and the equal treatment of employees, as well as full compliance with laws and regulations on freedom of association and collective bargaining. We require the same attitude and action from our business partners and suppliers. To ensure this, we subject relevant suppliers to a regular assessment program involving visits and audits. Relevance is determined by defined criteria. Alongside regular audits, we perform special event-driven audits in cases of noticeable quality issues, relocations, or process changes, for example. The core aspects

we review as part of each audit include the upholding of human rights, statutory occupational health and safety standards, as well as the quality of products and processes. Our Finance department also continually monitors our main suppliers for credit risk, based on their supply volume and criticality to Nordex. The Finance and Sourcing departments may decide to take preventive measures against any potential negative impacts on the Nordex Group's business activities.

We audit new suppliers before we engage in a business relationship with them. The results are then used to classify each supplier based on clearly-defined indicators that also define the frequency of regular audits. If a potential supplier does not meet especially critical requirements – particularly if they are found to violate human rights, for instance, through using child labor, forced or compulsory labor, or if serious shortfalls in occupational health and safety are identified – we refrain entirely from working with the company.

Overall in 2020, we conducted 142 audits of Nordex-specific component suppliers as well as construction and service-related suppliers (2019: 188). This number was slightly lower compared to the years before because of the coronavirus pandemic and related travel restrictions. We managed this situation using local Nordex auditors and remote audits. Our processes require that we qualify new suppliers regarding their working practices, upholding of human rights, impact on society, and environmental aspects. As in the previous year, we are pleased to report that we registered no incidents that were subject to disclosure requirements. We received no formal complaints in relation to the Nordex supply chain, nor did we terminate any business relationships owing to human rights violations, corruption, unacceptable work practices, or negative impacts on society or the environment. The aspects of

compliance, environmental protection, and supply-chain responsibility are an integral part of the audits carried out.

In many instances, our main suppliers have specific expertise and long-standing experience, which is why we cooperate with them in many areas such as product development and process design. We also communicate regularly with our suppliers at annual international congresses.

OUTLOOK 2021

The Nordex Group has set itself the goal of further reducing its cost of energy in 2021. In order to improve our profitability and to be a sustainable company, we have set up a comprehensive company program, which will start to yield improvements from mid-2021. A significant contribution is expected from Global Sourcing. Optimizing the existing supply chain and establishing a competitive supplier network in the regions relevant to the Nordex Group will play a key role in achieving this goal. A critical aspect involves building up a local supply chain of up to 4 GW in India by using existing capacities and inducing current EU partners to ramp up their local capacities. Furthermore, our Global Sourcing department is working to implement additional IT systems in line with the demands of our main stakeholders. 2020 was a challenging year in terms of supply chain risks and production ramp-up, especially with the coronavirus pandemic, but Nordex was able to win projects totaling 6 GW. As a consequence, 2021 will involve managing supply risks caused by the coronavirus pandemic, as well as continuing, ramping up, and geographically diversifying production capabilities for nacelles (Brazil and India), rotor blades (India and Mexico), and steel towers, as well as other important subcomponents. Alongside these activities, we will focus on rolling out our updated supplier due diligence processes as set out in the Sustainability Strategy 2019 to 2021.

ENVIRONMENTAL MANAGEMENT

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Only if our processes are environmentally friendly and resource-efficient can we offer our customers sustainable wind turbines. We work constantly to avoid waste, reduce hazardous materials, and draw our purchased electricity from 100% renewable energy sources.



The Nordex Environmental Management System

↗ GRI 301/103, 302/103, 303/103, 304/103, 305/103, 306/103, 307/103

MANAGEMENT APPROACH

As a wind turbine manufacturer, the Nordex Group focuses on generating electricity from wind in an efficient, environmentally-friendly way. While making a major contribution to climate-friendly energy generation, we pay high attention to comprehensive environmental protection throughout the life cycle of our systems – from development, through sourcing, production, and operation including maintenance, to dismantling and recycling. Our overarching aim for the years to come is to further improve the environmental footprint of our wind turbines and our entire company.

Our Quality, Health, Safety, and Environment (QHSE) department is responsible for operational environmental protection. Nordex has implemented an integrated quality, occupational safety, health protection, and environmental management system which is certified according to the ISO 14001 standard across the entire Nordex Group, including all worldwide production

sites, wind farms under construction, wind farms under maintenance, and office sites. Our rotor blade production plant in Mexico, which opened in 2019, is currently in the phase of implementing the integrated management system and is expected to complete the certification process in mid-2021. This system helps the Nordex Group enhance our environmental protection performance and enables us to meet our compliance requirements and environmental objectives. We regularly conduct internal audits to review and optimize our processes with the aim of continuous improvement. The most important environmental indicators, such as energy consumption and waste generation, are reported to the Management Board and senior management on a quarterly basis. We also comparatively analyze similar production sites to identify potential room for improvement, share best practices, highlight proven processes, and implement efficient measures at other plants.

CHALLENGES, RISKS, AND OPPORTUNITIES

The Nordex Group collects and assesses environmental information on a regular basis. This analysis covers our production sites, wind farms under construction, wind farms under maintenance, and office sites. All of the Company's global activities, products, and services are evaluated to determine

whether they might have a negative environmental impact due to normal or abnormal conditions or potential emergencies.

Environmental impacts are assessed according to their environmental risk, which is determined based on the following criteria and their probability of occurrence:

- › Air pollution
- › Toxic/harmful to water
- › Soil contamination
- › Noise
- › Depletion of resources
- › Impact on habitats or species
- › Legal or regulatory requirements
- › Stakeholder pressure

We use the analysis results as a basis for improving our environmental protection measures. In the reporting period, 19 countries carried out a review (2019: 15). At Nordex, identifying the environmental aspects and impacts of our activities is an ongoing process as required by DIN ISO 14001:2015. Some of the most critical environmental aspects include the transportation, storage, and disposal of hazardous materials at our production sites under exceptional operating conditions or in emergencies. We continually reduce the risks here through effective preventive measures, well-educated and well-trained employees, and a variety of protection systems.

SUSTAINABILITY STRATEGY

2019 TO 2021

The material environmental aspects we identified in our Sustainability Strategy 2019 to 2021 are waste, hazardous materials, energy, greenhouse gas emissions, and life-cycle assessments (LCAs) of our wind turbines. By 2021, we want to reduce waste per installed capacity by 10% compared with the 2018 reporting year. In particular, we want to avoid hazardous materials wherever possible and minimize their hazard potential. Other goals include obtaining 100% of our purchased electricity from renewable energy sources and improving the overall environmental footprint of our wind turbines.

REPORTING PERIOD AND SCOPE

↗ GRI 102-45, 102-46, 102-49

Compared to the 2019 report, no changes occurred within the environmental indicators covered by the 2020 report. The consumption key figures relate to the Nordex Group's active production sites in Brazil, Denmark, Germany, India, Mexico, and Spain, as well as to all office sites with 80 or more employees. In accordance with the materiality principle, we report on all sites that have a significant influence on the reporting data due to their size and business activities. Where information and data in the report relate to Group sites other than those stated above, this is highlighted accordingly.

› Definition: Environmental Aspect

As an ENVIRONMENTAL ASPECT, we understand all parts of our business activities that affect the environment – such as the consumption of natural resources and raw materials, and the emission of greenhouse gases (GHG). We always actively identify each aspect in detail, document it transparently, and develop specific and appropriate solutions to prevent negative environmental impacts as far as possible.

Scope of 2020 report in relation to consumption values

	Production Sites			
	Nacelle	Rotor blade	Tower	Offices
Brazil	●		● ●	●
Denmark		● *		
Germany	●	●		● ●
France				●
India	●			
Mexico		●		
Spain	● ●	●		● ● ●
USA				●

↗ GRI 102-46

* Rotor Blade Technology Center

In addition to the Company's own production sites, there are also supplier production sites where Nordex Group employees are assigned to oversee quality and production. In 2020 these included a blade production site in India, a rotor hub and drive train production site in China, and a nacelle production site in Argentina. Based on the same process model, work at various suppliers' concrete tower production operations continues at various production facilities in Argentina, India, Mexico, and South Africa. These sites are outside the scope of this report.

ENERGY

↗ GRI 302-1, 302-3, 302-4, 302-5

Using energy efficiently and sensibly, both in environmental and economic terms, is a core goal of the Nordex Group. We are committed to continuously improving our energy efficiency, which is why our German production sites and office buildings have been certified according to ISO 50001 since 2014. Our energy management system also enables us to document our efforts for environmental and climate protection.

In 2020, the overall energy consumption of the Nordex Group increased by 30% to around 112,689 MWh compared to the previous year (2019: 86,808 MWh). The main driver for this development was the significant increase in the number of nacelles, rotor blades, and towers produced at almost all production sites. In relative terms, however, energy consumption decreased. Regarding the ratio between energy demand and installed capacity, we recorded a decrease of approximately 27% to 20,634 kWh/MW (2019: 28,096 kWh/MW).

Relative to revenues, consumption fell by around 8% year-on-year to 24,231 kWh/EUR million (2019: 26,429 kWh/EUR million).

Lighting systems were modified at additional sites in 2020, leading to significant reductions in energy consumption. Energy-efficient LED lamps were installed at our concrete tower production site in Areia Branca, Brazil, to replace conventional light bulbs, and at our nacelle production site in Chennai, India, as an alternative to the previously used sodium vapor lamps. Furthermore, the facade of our nacelle production hall in Rostock was renovated, which involved improving the insulation to reduce the energy needed for heating.

At our Rostock site, we operate two combined heat and power (CHP) plants with power generation capacities of 387 kW and 70 kW, respectively. This provides the process heat required for rotor blade production in an efficient, eco-friendly way. Our natural gas-fueled CHP plant provides heat and electricity for production and additionally uses the thermal discharge from the power plant to heat the production halls.

Energy consumption in MWh

	2020	2019	2018
Total energy consumption (direct and indirect energy consumption)	112,689.3	86,807.9	69,399.1
Total direct energy consumption	65,870.8	50,230.0	44,904.8
Gas	29,735.4	23,859.9	23,342.6
Heating oil	1,411.7	1,831.0	1,788.6
Diesel & petrol	34,723.7	24,539.1	19,773.6
Total indirect energy consumption	46,818.5	36,577.9	24,494.3
Electricity	42,531.3	32,603.1	22,302.4
District heating	4,287.2	3,974.8	2,191.9
Total energy sold	0.0	0.0	0.0
Electricity sold	0.0	0.0	0.0

[↗ GRI 302-1](#)

Energy consumption – by installed capacity

	kWh / MW
2020	20,634
2019	28,096
2018	27,519

[↗ GRI 302-3, 302-5](#)

Energy consumption relative to revenues

	kWh / EUR million
2020	24,231
2019	26,429
2018	28,221

[↗ GRI 302-3, 302-5](#)

Purchased electricity

In our Sustainability Strategy 2019 to 2021, we set a target of obtaining 100% of our purchased electricity from renewables. In the reporting year, we converted our utility supply contracts at another site in Simões Filho, Brazil, thus increasing the share of renewable energies here to 100%. However, due to high production activity at the blade production site in Mexico, where we currently still obtain electricity from the local electricity mix, the overall share fell to 65.1% as at the end of 2020 (2019: 73.5%). The calculation was generally based on the specific electricity mix of each energy supplier. For sites where this information was not available, the share of renewable energies in the country-specific

electricity mix was used. At some of our leased sites where electricity consumption is included in the leasing contract, or at sites where local conditions restrict the availability of renewables, we are exploring other options to attain our goal. In order to achieve our target of 100% green electricity by the end of 2021, we are currently examining alternative electricity procurement options in the areas concerned.

EMISSIONS

➤ [GRI 305-1, 305-2, 305-3, 305-4, 305-5](#)

The major advantage of wind-generated electricity over fossil fuels in conventional power plants is that only a negligible amount of climate-damaging CO₂ emissions is produced. Our wind turbines therefore contribute to the elimination of several million tons of GHG emissions year after year. For instance, our latest wind turbine, the Delta4000, emits just 6.5g CO₂e per kilowatt-hour of electricity generated. By contrast, the electricity mix of the G20 countries currently produces 449g CO₂e/kWh. * This calculation is based on a life cycle analysis that was conducted in 2019 and covers all greenhouse gas emissions throughout the entire product life cycle – from production, through the operating phase, to recycling.

In keeping with the Nordex sustainability strategy, we take a holistic approach to environmental protection and make regular organizational and technical improvements to continually reduce environmentally harmful emissions. The Nordex Group's GHG emissions are classified as follows:

➤ **SCOPE 1** emissions are directly caused by Nordex. We calculate these based on the fuel consumption of trucks and commercial vehicles as well as the direct consumption of oil, gas, and diesel fuel to generate energy, taking into account the standard factors published by the UK's Department for Environment, Food & Rural Affairs (DEFRA). To calculate our Scope 1 emissions, we include CO₂ as well as other greenhouse gases as CO₂ equivalents (CO₂e).

➤ **SCOPE 2** covers emissions produced by the consumption of purchased electricity. These indirect emissions were calculated based on consumption data for electricity and district heating. To calculate the emissions resulting from electricity purchases, we took the specific emission factors of the energy suppliers into account. In a few cases where this information was not available, country-specific information was used. Nordex only procures district heating at one production site and the associated warehouse in Rostock. The district heating utility, Stadtwerke Rostock, provided us with the specific emissions factor.

➤ **SCOPE 3** includes emissions produced by third parties during the provision of services. Scope 3 disclosures made in this report for 2020 relate exclusively to business travel (rental cars, rail and air travel) and are based on information supplied by our service providers. If they provide no direct CO₂ data, the calculation is based on the distances covered, taking into account the standard factors published by DEFRA.

The Scope 3 emissions reported here relate only to business travel. Information on our extensive corporate carbon footprint analysis, including all relevant Scope 3 emissions of the Nordex Group for the reporting year 2019, can be found in the Sustainability Management chapter on p. 16f. of this report. The 2020 analysis of the entire value chain has not yet been finalized.



Further information regarding the life cycle assessment can be found in the Product Responsibility section **PAGE 33ff.**

* The life cycle analysis was externally audited by DEKRA; it was not part of the audit by PwC.

Greenhouse gas emissions in t

	2020	2019	2018
Scope 1 (CO ₂ e)	14,074	10,666	9,672
Scope 2 (CO ₂)	8,508	5,345	1,908
Scope 3 * (CO ₂)	3,007	5,753	4,465

↗ GRI 305-1, 305-2, 305-3

* The Scope 3 emissions reported here relate only to business travel. More detailed information on the overall Group footprint is provided on p. 16 f.

Greenhouse gas emissions by installed capacity

Emissions (Scope 1+2) / by installed capacity	Kg CO ₂ / MW
2020	4,135
2019	5,182
2018	4,591

↗ GRI 305-4

A significant increase in production output, as described in the Energy chapter of this report, caused Scope 1 emissions across the Group to rise to 14,074 t CO₂e in 2020 (2019: 10,666 t CO₂e), an increase of approximately 32% versus the previous year.

This was accompanied by an increase of 59% in indirect Scope 2 emissions to 8,508 t CO₂ in the reporting year (2019: 5,345 t CO₂), mainly due to the high amount of electricity purchased from the Mexican electricity mix. However, in relation to installed capacity, Scope 1 and Scope 2 emissions decreased by around 20% to 4,135 kg CO₂/MW (2019: 5,182 kg CO₂/MW).

Relative to revenues, around 4,856 kg CO₂/EUR million were emitted in 2020, which is a slight decrease of 0.4% compared to the previous year (4,874 kg CO₂/EUR million).

Greenhouse gas emissions relative to revenues

Emissions (Scope 1+2) / revenues	Kg CO ₂ / EUR million
2020	4,856
2019	4,874
2018	4,709

↗ GRI 305-4

Furthermore, Scope 3 emissions from business trips massively decreased by a total of 48% year-on-year to 3,007 t CO₂ in the reporting period (2019: 5,753 t CO₂). This development was primarily driven by the global travel restrictions due to the Covid-19 pandemic and the respective internal guidelines and travel recommendations and restrictions.

WASTE

➤ GRI 306-1, 306-2

In terms of our environmental footprint, the relevance of the waste we produce depends mainly on the volume and type of waste, as well as the disposal methods we employ. We primarily differentiate between hazardous and non-hazardous waste, and our target for 2021 is to reduce waste relative to installed capacity by 10% compared to 2018.

Overall, however, output increased at almost all of our production sites, causing the waste volume to grow by 41% to around 27,599 t in 2020 versus the previous year (2019: 19,603 t). Concrete residues from our concrete tower production sites remain a major source of waste. Much of this concrete waste is subsequently crushed by an external company and used as concrete aggregate for curb manufacturing in road construction, for example. Excluding the recyclable concrete waste at the tower production sites, we recorded an increase in waste volume of 32% (14,515 t) compared to 2019 (10,959 t).

Despite the increase in absolute waste generation, relative waste generation decreased in comparison to 2019. Accordingly, the volume of waste per installed capacity (per MW) fell by around 20% to 5,053 kg/MW (2019: 6,345 kg/MW).

Our waste relative to revenues also slightly decreased to 5,934 kg/EUR million –0.6% less than the previous year (2019: 5,968 kg/EUR million).

These relative reduction trends show us that our efforts to reduce waste are having an impact, which gives us additional incentive to initiate further reduction measures. In the reporting year, we carried out a large number of site-specific measures to reduce the volume of waste. Many large parts delivered to the Nordex nacelle factories are transported on wooden pallets, which leads to considerable wood waste, especially if the pallets do not have standard dimensions. We are therefore trying to find ways to reuse or recycle these pallets. The nacelle production site in Rostock is developing a plan for reusing large pallets and recycling smaller ones for the production of pellets, for instance. And the production facility in Chennai, India, now uses euro pallets that are returned to the supplier for further use in transportation.

Our blade production sites focused on reducing hazardous waste in the reporting year. For instance, our facilities in Lumbier, Spain, and Matamoros, Mexico, switched to larger containers and cans as well as washable, reusable rags. Additionally, our blade production site in Rostock collaborated with partners to identify uses for carbon and glass fiber offcuts so this non-hazardous waste can be recycled for use in the automotive sector.

We understand that effective waste management requires not only measurable waste reduction activities, but also clear guidelines and communication. Our employees in the various facilities attend regular training sessions to learn about waste classification to ensure they can sort waste correctly. The nacelle production site in Rostock is also planning to create HSE videos and other content addressing the issue of waste.

Waste production in t

	2020	2019	2018
Total waste	27,599	19,603	10,504
Hazardous waste	1,741	1,190	751
Non-hazardous waste	25,858	18,413	9,753

[↗ GRI 306-2](#)

Waste production – by installed capacity

	kg / MW
2020	5,053
2019	6,345
2018	4,165

[↗ GRI 306-4](#)

Waste production relative to revenues

	kg / EUR million
2020	5,934
2019	5,968
2018	4,271

[↗ GRI 306-4](#)

DISMANTLING AND RECYCLING OF WIND TURBINES

While progress in wind turbine technology is making electricity generation ever more efficient and is delivering higher energy yields, the dismantling of first generation turbines will become increasingly important in the years to come. This necessitates environmentally friendly and economically sustainable disposal, and wherever possible, recycling. In the reporting year, the Nordex Group proceeded with the dismantling and recycling of older wind turbines. The main challenge here is to disassemble and separate the individual components and materials. While this is generally the responsibility of the turbine owner, Nordex believes that it should play an active role here given that it is the manufacturer. This is why Nordex has been involved in a WindEurope working group, which had been set up to develop an industry standard for dismantling wind turbines. In 2020, its work was completed and guidelines were published. The document was also submitted to the International Electrotechnical Commission (IEC) with the aim of establishing an international standard.



More information about WindEurope can be found here: www.windeurope.org/data-and-analysis/product/decommissioning-of-on-shore-wind-turbines.

Internal analyses and sector-internal calculations show that currently around 85% to 95% of materials used in a wind turbine are recyclable. To enhance recyclability further, we are focusing particularly on the composite materials used in rotor blades. Alongside existing methods such as material and thermal recycling in the cement industry, the wind power sector is investigating alternative methods in collaboration with WindEurope, the European Chemical Industry Council (CEFIC) and the Electronic Components Industry Association (ECIA).

The results of the life cycle assessment carried out in the previous year show that the material and thermal recycling of wind turbines delivers a positive climate scorecard result in the 'dismantling and recycling' end-of-life phase. The positive value recovered from dismantled and recycled materials exceeds the negative climate impacts of dismantling activities (machinery and transport) and of the recycling technologies used in these processes. For further details please see the description of the life cycle assessment on pages 13ff of the 2019 report.

HAZARDOUS MATERIALS MANAGEMENT

Hazardous substances can be employed in a wide variety of ways, particularly in the operational departments, to ensure high quality and reduce the need for potentially extensive maintenance. However, to avoid negative effects on people, the environment, and shared natural resources, we must guarantee that these substances are used and transported in a legally compliant way at all times. During the development process in our production plants and our material specification activities, we use an evaluation process to check whether the hazardous materials we plan to purchase are compatible with our Company guidelines. This analysis and the standardized approval processes defined in both Division Europe and Division International enable us to eliminate potentially critical material and avoid possible challenges at an early stage in the process. They also lay the foundation for handling hazardous materials safely. In line with our Sustainability Strategy, we continuously look for ways to eliminate hazardous materials, and we actively push to reduce the total number of these materials used and to lower their hazard levels. We particularly focus on materials at water hazard level 3, such as isolated topcoats in rotor blade production. As defined by the Water Resources Act, water hazard classes describe the hazard potential of materials in relation to groundwater. Materials are divided into three classes ranging from 1 (slightly hazardous to water) to 3 (highly hazardous to water). Due to the additional inclusion of hazardous substances, the number of active hazardous substances listed in the register of Division Europe at the end of 2020 rose to 799 (2019: 752), 33 of which are in water hazard class 3 (2019: 23).

In accordance with legal requirements, we regularly check whether material substitutions are possible to reduce the overall number of hazardous materials as well as their respective water hazard class, thus reducing the extent of any environmental damage. Such substitutions can make it easier to develop occupational safety, environmental, and health protection measures, while also simplifying logistics processes and reducing operating expenditure and administrative effort.

We employ a range of measures at our production sites to protect our employees, partners, and the environment against hazardous materials. For example, our special ground seals and collection sumps actively reduce the risk of hazardous materials coming into contact with the environment. Furthermore, we have established an emergency system and spill kits for the safe handling of hazardous materials, which are so far available at our production sites and service points managed by Division Europe.

We pay extremely close attention to handling hazardous materials in an environmentally friendly way and to safely transporting these materials to project sites and regional service points. As a result, training courses for the handling, disposal, storage, and transportation of hazardous materials are becoming increasingly important.

2020 PROJECTS

In the reporting year we comprehensively overhauled the cleaning substances used in the Service department. Two new cleaners have replaced over 20 previous substances. They offer the same level of performance but have a significantly lower level of hazard risk. We are evaluating the possibility of using these cleaners in other areas of the Company as well, such as production or project management. In parallel, we are initiating additional projects with the supplier of the new cleaners to test the potential for further hazardous substance substitutions.

We once again stepped up our application of the Black and Grey Lists. Though there are differences between the two divisions, the Black and Grey Lists are now being applied globally in all blade production facilities of the Nordex Group as well. In Division Europe, twelve hazardous substances were excluded and substituted on the basis of the Black and Grey Lists, particularly in the Service department. Additionally, several substitutions were initiated in the blade production facility in Rostock and more will be made in 2021.

OUTLOOK 2021

In the interest of managing hazardous substances in a more sustainable way in the Nordex Group, we will standardize our hazardous materials processes for the whole Group in 2021 by applying the Black and Grey Lists globally. Following the success in the service sector, the blade production facility in Rostock is assessing the extent to which it can reduce and improve its own portfolio of cleaners. Substitution tests for anti-corrosion agents will also be initiated. We will continue to strengthen our collaboration with suppliers who pay close attention to optimizing their use of hazardous materials in order to lower the safety risks and do less harm to the environment.

WATER

↗ GRI 303-1, 303-3, 303-4

We use water at our nacelle and rotor blade production sites, as well as in our administration activities, for cleaning and cooling processes amongst other applications. Most of the cooling water we require is circulated through our central cooling water supply system. With regard to the overall scope of this report, rainwater covered around 1% (2019: 3%) of our water requirements in the reporting year. Since most of our production activities do not require water for manufacturing purposes, our water consumption remains relatively low. We thus do not consider water consumption as material. However, we are aware of how excessive water consumption can impact local communities in areas facing high water stress. In the reporting year, an initial analysis showed that 31% of our total water consumption took place in areas with high or extremely high water stress. We will therefore focus on these areas when we implement water-saving measures.

Overall, our absolute water consumption in the reporting year increased compared to the previous year by around 4% to approx. 86,993 m³ (2019: 83,547 m³). This was mainly driven by changes at two of our blade production sites: in Mexico, we experienced significant production growth as well as an influx of personnel, while in Rostock, the adiabatic cooling system that was installed in late 2019 began to fully operate, resulting in increased water evaporation. Furthermore, the production of concrete segments at the two Nordex Group sites in Brazil requires a great deal of water. However, due to the Covid-19 pandemic, the majority of our employees worked from home, resulting in reduced water consumption in the office locations. Moreover, we lowered our water consumption for irrigation purposes. Therefore, despite higher absolute water consumption, we achieved a decrease in relative water consumption. Water consumption per installed capacity dropped by around 41% year-on-year to 15.9m³/MW (2019: 27.0 MW). Relative to revenues, water demand increased by 26% to 18.7m³/EUR million (2019: 25.4m³/EUR million).

In the reporting year, we continued to implement water efficiency measures at our sites in order to further reduce water consumption. As noted above, we introduced mechanisms to reduce the water consumed for irrigating the green areas at our blade production site in Lumbier, Spain, and our nacelle production site in Chennai, India. While rain sensors were installed in Lumbier, conventional garden hoses were replaced by sprinkler systems in Chennai.

We currently only use rainwater at our headquarters in Hamburg for sanitary purposes. However, in 2020, we started to investigate the use of similar mechanisms for the nacelle production site in Rostock.

Water consumption by source and wastewater discharge in m³

	2020	2019	2018
Water consumption total	86,993	83,547	56,318
Municipal water supply	65,622	54,120	39,713
Surface water	777	2,192	2,205
Groundwater	20,594	27,235	14,400
Wastewater discharge total	56,289	50,258	39,467
Non-hazardous wastewater	56,289	50,258	39,467
Hazardous wastewater	0	0	0

[↗ GRI 303-1, 303-3, 303-4](#)

Water consumption – by installed capacity

	m ³ /MW
2020	15.9
2019	27.0
2018	22.3

Water consumption relative to revenues

	m ³ /EUR million
2020	18.7
2019	25.4
2018	22.9

ENVIRONMENTAL INCIDENTS

To fulfill its environmental responsibilities, the Nordex Group documents all actual and potential environmental incidents. Near-miss incidents are also reported and analyzed in detail so that we can take preventive measures and minimize environmental risks. We then grade the recorded incidents based on their environmental impact. We differentiate between four rates of severity (SR):

- › SR 1: No or low environmental impact
- › SR 2: Moderate environmental impact
- › SR 3: High environmental impact
- › SR 4: Massive environmental impact

Significant environmental incidents include all incidents in severity categories 3 and 4. In the reporting year, the Nordex Group recorded 3 (2019: 0) significant environmental incidents, all of which were in severity category 3. Two incidents were reported by the Mexican organization, and one incident occurred in Brazil. All necessary measures were immediately launched, and the incidents were analyzed in detail in order to prevent similar incidents in the future at our sites worldwide.

RESPONSIBILITY FOR SOCIETY

Our Commitment to Society

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We engage for education in the communities at all our Company sites, as this is vitally important for the further development of society. This way we contribute to realizing the UN Sustainable Development Goals.



Our Commitment to Society

7 GRI 413/103, 413-1, 415/103

Nordex is a dynamic company that is active in over 40 countries. Taking on corporate social responsibility at a local level is part of the way we see and understand ourselves. We believe that contributing to regional development and engaging with our local communities as a corporate citizen is an integral aspect of our sustainability strategy.

Alongside our company's economic objectives, we are committed to the principles of using global resources responsibly, protecting the climate and ensuring people can enjoy prosperous and fulfilling lives as set out in the United Nations 2030 Agenda for Sustainable Development. Sharing and transferring knowledge are key to achieving these goals. This is why at the Nordex Group we focus our social engagement activities on promoting public and private institutions for training and continued professional development that are active in the areas of renewables and climate protection, and on supporting social and humanitarian aid projects and institutions. Nordex has established a Group-wide donations policy to manage activities in this context.

We are actively involved in a range of local initiatives as part of our projects and at our sites. We provide selected examples of this engagement in the following sections.

SUPPORT FOR UNIVERSITIES

Nordex is engaged in a partnership with the Hamburg University of Applied Sciences (HAW Hamburg). At the Energy Campus Hamburg run by the HAW Competence Center for Renewable Energies and Energy Efficiency, research is being carried out on topics which may, for instance, eventually be applied in the optimization of wind turbines. To ensure the course delivers hands-on training and that research is conducted under realistic conditions, a wind farm with five Nordex turbines was put into operation right next to the Energy Campus in 2017. A lithium-ion battery storage unit was set up in this wind farm in the fall of 2018 as part of the cooperation between Nordex, HAW and Vattenfall Innovation Europe under the NEW 4.0 (Norddeutsche EnergieWende 4.0) research project.

The Energy Campus is also involved in NEW 4.0. Comprising business, scientific and political actors, this unique initiative aims to ensure a sustainable energy supply in the North German federal states of Hamburg and Schleswig-Holstein to strengthen the future viability of the entire region. This initiative brings together around 60 regional and international partners, including the Nordex Group, to form a well-networked innovation alliance that pools the partners' technical expertise in implementing the Energiewende, Germany's ongoing transition to renewable energy sources. The alliance is supported by the governments of both German federal states. Two approaches are being pursued to master the core challenges facing this project: increasing electricity export to other regions via an efficient energy infrastructure and innovative grid technologies, and using as much of the excess energy produced in the region as possible. In doing so, NEW 4.0 systematically creates the prerequisites for supplying Hamburg and Schleswig-Holstein with safe, reliable and renewable electricity from 2025 onwards, meeting up to 70% of these federal states' needs. At the same time, the electricity generated is to be used increasingly to supply heat and for industrial processes formerly powered by fossil fuels.

The NEW 4.0 project was successfully completed at the end of 2020. Nordex was involved in NEW 4.0 because it wanted to develop and demonstrate system services throughout the project's term that increase the stability of the power grid through decentralized, renewable energy generation. Our focus was also on ensuring that wind farms can be integrated into the smart energy markets of the future that meet the increasing demand for information and data exchange. We were able to demonstrate how the latest Nordex operational management generation combines wind farm controllers with external storage and Nordex wind turbines to form a hybrid power plant based on the Internet of Things (IoT). This enables forward-looking market mechanisms and system services to be supported. In the area of system services, we managed to optimize the short-term provision of power reserves at wind farm level, which is seen as an important building block for a further increase

in the global share of distributed generation units and can be regarded as a current focus topic for many grid operators. We will use these research findings to further optimize the operation of our wind turbines.

SOUTH AFRICA PROJECT

In South Africa, Nordex accompanied its market entry with its Nordex Education Trust. This foundation has a 20% stake in Nordex Energy South Africa (NESA) and supports disadvantaged population groups as well as projects in the fields of school education, sports, culture, and community work by providing scholarships and grants for study, research, and training. In this way, over the last few years we have been able to support numerous non-governmental organizations, schools, and universities as well as sports and cultural associations, thus establishing robust partnerships in all communities where Nordex operates. Five beneficiaries graduated in early 2020, mostly in engineering, and one obtained honors. One of the beneficiaries was granted an internship by NESA at Dorper Wind Farm and is proud to be part of the Nordex team. In 2020, the foundation again funded five beneficiaries from Molteno near Dorper Wind Farm.

Additionally, NESA launched its Socio-Economic Development Project (SED) in 2017. In alignment with four major topic areas – youth development, promotion of women, early childhood education, and the support of disabled persons – the SED aims to help young entrepreneurs develop in all subject areas and supports the beneficiaries in achieving economic self-sustainability. Through regular direct communication with the communities, Nordex assesses their most urgent needs and targets the SED program, respectively. Hence, along with our Broad-Based Black Economic Empowerment strategy, we are contributing locally to the development of both socio-economic and business skills and competencies in this region through our involvement in various development initiatives promoted by the Nordex Education Trust and the SED.

In 2020, Nordex celebrated its eighth year of involvement in South Africa. Our activities there target the further education of people to improve their development opportunities and thus their life prospects. In this effort, the Nordex Education Trust, which focuses on the education of engineering students, and the SED Project, which is open to all fields of study, concentrate on supporting individuals from the local communities where Nordex wind turbines operate.

NESA continues to respond to the plight of disadvantaged communities. In the reporting period, the SED funded two further projects in Roggeveld,

- (i) the refurbishment and conversion of a tennis court into a social development office and
- (ii) the establishment of a quarantine center which will later be used as a center for abused women and children.

In another program, NESA awarded 24 grants for Enterprise and Supplier Development (ESD), whereby twelve EMEs and twelve QSEs benefited from the program.

In the years to come we will continue to build on the successes of our support programs and collaborations in South Africa. We intend to make an active contribution to new and existing scientific educational projects, and to provide even greater support to people with disabilities by assisting institutions and special training programs. Together with the communities, we plan to evaluate, reassess, and adjust our activities within the framework of the SED Project in 2021.

INDUSTRY INITIATIVE RenewAfrica

Africa is the continent experiencing the fastest growth worldwide. As the continent's population and economy expand, so does its demand for energy. While Africa has great potential for renewable energies, projects often fall through due to financial risks or lack of support in the project preparation phase. Africa needs energy in order to grow, and renewable energies are the fastest, most sustainable and cost-efficient way of ensuring access to this energy.

RenewAfrica is an initiative launched by the RES4Africa Foundation with the support of 26 stakeholders in the financial, industrial and development sectors – including the Nordex Group. The initiative aims to expand renewable energies on a large scale in Africa and promote sustainable development on the continent. To achieve this goal, RenewAfrica is calling for concerted action on the part of the EU and its member states.



Gaining valuable professional experience directly on site – Participants in the SED scholarship program in Roggeveld, South Africa

What is more, the benefits of a clean energy supply extend beyond the energy sector itself, as access to clean energy will strengthen industrial activities and enhance services in Africa's urban areas while supporting agriculture and rural development in rural areas.

PAKISTAN PROJECT

In 2011, the Nordex Group began collaborating with the wind farm developer Fauji Fertilizer Company Energy Limited (FFCEL) to set up a wind farm in Jhimpir, Pakistan. In the course of the project, FFCEL launched a comprehensive corporate citizenship program with the goal of providing sustainable support for the local community and its development. The program includes projects for education, health, environmental protection, and local infrastructure.

Nordex helped FFCEL implement the FFCEL Technical Training Center (TTC), a self-supporting flagship project which is registered with and accredited by the local government authorities. In 2019, the TTC was accredited for the Basic Technical Training and Basic Safety Training programs of the Global Wind Organisation (GWO).

Since 2017, young people from the immediate vicinity of the FFCEL site have received the GWO Basic Technical Training. This two-year training program imparts specialist knowledge about routine servicing tasks as well as scheduled and unscheduled maintenance measures. Nordex provides technical support here and has arranged on-site training led by qualified Nordex employees. Twelve trainees from the first intake successfully completed the program in November 2019. The certificate qualifies them to work locally as well as internationally on various types of wind turbines. As a result, the majority of the participants are now employed in the wind power industry. The second trainee intake started in January 2020 with ten participants. In addition to free training, they receive monthly grants and free accommodation. Their theoretical training has been completed, but the young people are still participating in various scheduled and unscheduled maintenance activities for on-the-job training.

The GWO Best Safety Training program was inaugurated in March 2020. Since then, a number of personnel have received training at the FFCEL GWO facility. In 2020, 37 people received the non-GWO WTG Climbing and Rescue Training and 35 participated in the GWO Basic Safety Training. In addition, FFCEL officers have successfully earned Train the Trainer certification from MIRA Rope Access Turkey, a company that provides courses and certifications for working at height. The FFCEL officers are now qualified to conduct in-house wind turbine climbing and rescue training, so they are no longer dependent on foreign experts.



Strong performance in all weather and site conditions: Our Nordex wind turbine in windy São Miguel do Gostoso, Brazil

GRI INDEX

7 GRI 102-55

GRI Standard	Brief description	Page	Note
GRI 101: Reporting Principles 2016			
GRI 102: General Disclosures 2016			
Organizational profile			
GRI 102-1	Name of the organization	Imprint	Nordex SE
GRI 102-2	Activities, brands, products, and services	2, 10 ff.	
GRI 102-3	Location of headquarters	Imprint	Hamburg
GRI 102-4	Location of operations	10 f.	
GRI 102-5	Ownership and legal form	11	For further information please see the Nordex Annual Report 2020, p. 24
GRI 102-6	Markets served	11	
GRI 102-7	Scale of the organization	12	
GRI 102-8	Information on employees and other workers	10, 51 ff.	
GRI 102-9	Supply chain	71 ff.	
GRI 102-10	Significant changes to the organization and its supply chain	-	There were no material changes in the size, structure, or ownership of the Nordex Group nor in the supply chain in the period under review.
GRI 102-11	Precautionary Principle or approach	31	See also Annual Report 2020, p. 51, 'Principles of the risk management system'
GRI 102-12	External initiatives	24	
GRI 102-13	Membership of associations	29	
Strategy			
GRI 102-14	Statement from senior decision-maker	5 f.	
Ethics and Integrity			
GRI 102-16	Values, principles, standards, and norms of behaviour	24, 46 f.	
GRI 102-17	Mechanisms for advice and concerns about ethics	24 ff.	
GRI 102-18	Governance structure	13, 46 f.	

Stakeholder engagement

GRI 102-40	List of stakeholder groups	18 f.	
GRI 102-41	Collective bargaining agreements	61	
GRI 102-42	Identifying and selecting stakeholders	18 f.	
GRI 102-43	Approach to stakeholder engagement	18 f.	
GRI 102-44	Key topics and concerns raised	18 f.	

Reporting practice

GRI 102-45	Entities included in the consolidated financial statements	8, 78 f.	For further information please see the Nordex Annual Report 2020, p. 98f
GRI 102-46	Defining report content and topic Boundaries	8, 78 f.	
GRI 102-47	List of material topics	18 f.	
GRI 102-48	Restatements of information	-	No changes from the previous year.
GRI 102-49	Changes in reporting	8, 78	
GRI 102-50	Reporting period	8	
GRI 102-51	Date of most recent report	-	The last Sustainability Report was published in March 2020 and covered the 2019 financial year.
GRI 102-52	Reporting cycle	8	The Nordex Sustainability Report is published annually.
GRI 102-53	Contact point for questions regarding the report	Imprint, 105	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	8, 94	This Sustainability Report was prepared according to the Core option.
GRI 102-55	GRI content index	94 ff.	
GRI 102-56	External assurance	101 f.	

Material topics**Economic performance****GRI 201: Economic Performance 2016**

GRI 103: Management approach		10	
GRI 201-1	Direct economic value generated and distributed	12	This indicator is not reported on an individual market basis.
GRI 201-2	Financial implications and other risks and opportunities due to climate change	31	
GRI 201-4	Financial assistance received from government	30	

Procurement Practices

GRI 204: Procurement Practices

GRI 103: Management approach		71 ff.	
GRI 204-1	Proportion of spending on local suppliers	73 ff.	

Anti-corruption

GRI 205: Anti-corruption 2016

GRI 103: Management approach		25 f.	
GRI 205-1	Operations assessed for risks related to corruption	25 ff.	
GRI 205-2	Communication and training about anti-corruption policies and procedures	25 ff.	
GRI 205-3	Confirmed incidents of corruption and actions taken	25 ff.	

Anti-competitive Behavior

GRI 206: Anti-competitive Behavior 2016

GRI 103: Management approach		28	
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	28	

Materials

GRI 301: Materials 2016

GRI 103: Management approach		77 f.	
GRI 301-1	Materials used by weight or volume	-	Informationen regarding the life cycle assessment can be found on www.nordex-online.com/de/sustainability

Energy

GRI 302: Energy 2016

GRI 103: Management approach		77 f.	
GRI 302-1	Energy consumption within the organization	79 ff.	
GRI 302-3	Energy intensity	80	
GRI 302-4	Reduction of energy consumption	79 ff.	
GRI 302-5	Reductions in energy requirements of products and services	79 ff.	

Water

GRI 303: Water 2018

GRI 103: Management approach		77 f.	
GRI 303-1	Interactions with water as a shared resource	86 f.	The water consumption is not a material topic for Nordex Group.
GRI 303-3	Water withdrawal	86 f.	
GRI 303-4	Water discharge	86 f.	

Biodiversity**GRI 304: Biodiversity 2016**

GRI 103: Management approach		77 f.
GRI 304-2	Significant impacts of activities, products, and services on biodiversity	36 ff.

Emissions**GRI 305: Emissions 2016**

GRI 103: Management approach		77 f.
GRI 305-1	Direct (Scope 1) GHG emissions	16 f., 81 f.
GRI 305-2	Energy indirect (Scope 2) GHG emissions	16 f., 81 f.
GRI 305-3	Other indirect (Scope 3) GHG emissions	16 f., 81 f.
GRI 305-4	GHG emissions intensity	81 f.
GRI 305-5	Reduction of GHG emissions	81 f.

Effluents and Waste**GRI 306: Effluents and Waste 2016**

GRI 103: Management approach		77 f.
GRI 306-1	Waste generation and significant waste-related impacts	82 f.
GRI 306-2	Management of significant waste-related impacts	82 f.

Environmental Compliance**GRI 307: Environmental Compliance 2016**

GRI 103: Management approach		77	
GRI 307-1	Non-compliance with environmental laws and regulations	-	Nordex was not aware of any significant fines in the period under review

Supplier Environmental Assessment**GRI 308: Supplier Environmental Assessment 2016**

GRI 103: Management approach		
GRI 308-1	New suppliers that were screened using environmental criteria	74 f.
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	75

Employment
GRI 401: Employment 2016

GRI 103: Management approach		45
401-1	New employee hires and employee turnover	53
401-3	Parental leave	59

Labor/Management Relations
GRI 402: Labor/Management Relations 2016

GRI 103: Management approach		61
GRI 402-1	Minimum notice periods regarding operational changes	61

Occupational Health and Safety
GRI 403: Occupational Health and Safety 2018

GRI 103: Management approach		62 f.
403-1	Occupational health and safety management	62 ff.
403-2	Hazard identification, risk assessment, and incident investigation	62 ff.
GRI 403-3	Occupational health services	62 f.
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	62 ff.
GRI 403-5	Worker training on occupational health and safety	55, 62 ff.
GRI 403-6	Promotion of worker health	62 ff.
GRI 403-7	Prevention and mitigation of occupational health and safety	62 ff.
GRI 403-9	Work-related injuries	65

Training and Education
GRI 404: Training and Education 2016

GRI 103: Management approach		54
GRI 404-1	Average hours of training per year per employee	55
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	55 f.
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	54 f.

Diversity and Equal Opportunity**GRI 405: Diversity and Equal Opportunity 2016**

GRI 103: Management approach		57 f.	
GRI 405-1	Diversity of governance bodies and employees	57 ff.	For further information on the controlling bodies please also refer to the Nordex 2020 Annual Report, p. 142 f.: 'Nordex SE corporate governance bodies'.
GRI 405-2	Ratio of basic salary and remuneration of women to men	58	

Non-discrimination**GRI 406: Non-discrimination 2016**

GRI 103: Management approach		57 ff.	
GRI 406-1	Incidents of discrimination and corrective actions taken	61	

Freedom of Association and Collective Bargaining**GRI 407: Freedom of Association and Collective Bargaining 2016**

GRI 103: Management approach		61	
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	61, 74	

Child Labor**GRI 408: Child Labor**

GRI 103: Management approach		27 f., 74 f.	
GRI 408-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	27 f., 74 f.	Nordex was not aware of any risks relating to child labor in the period under review.

Forced or Compulsory Labor**GRI 409: Forced or Compulsory Labor**

GRI 103: Management approach		27 f., 74 f.	
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	27 f., 74 f.	Nordex was not aware of any risks relating to forced labor in the period under review.

Human Rights Assessment**GRI 412: Human Rights Assessment 2016**

GRI 103: Management approach		27 f., 74 f.	
GRI 412-2	Employee training on human rights policies or procedures	27 f.	
GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	27 f., 74 f.	

Local Communities

GRI 413: Local Communities 2016

GRI 103: Management approach		33, 89	
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	33 ff., 89 ff.	

Supplier Social Assessment

GRI 414: Supplier Social Assessment 2016

GRI 103: Management approach		74	
GRI 414-1	New suppliers that were screened using social criteria	74	
GRI 414-2	Negative social impacts in the supply chain and actions taken	74	

Public Policy

GRI 415: Public Policy 2016

GRI 103: Management approach		89	
GRI 415-1	Political contributions	-	The Nordex Group-wide Donations Guideline precludes donations to political parties.

Customer Health and Safety

GRI 416: Customer Health and Safety 2016

GRI 103: Management approach		33, 37 f.	
GRI 416-1	Assessment of the health and safety impacts of product and service categories	39 ff.	

Socioeconomic Compliance

GRI 419: Socio-economic Compliance 2016

GRI 103: Management approach		24 f.	
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	24	Nordex was not aware of any significant fines in the period under review.

AUDIT OPINION

[GRI 102-56](#)

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting *

To Nordex SE, Hamburg

We have performed a limited assurance engagement on the separate non-financial group report pursuant to § (Article) 315b Abs. (paragraph) 3 HGB ('Handelsgesetzbuch': 'German Commercial Code') of Nordex SE, Hamburg, (hereinafter the 'Company') for the period from 1 January to 31 December 2020 (hereinafter the 'Non-financial Report').

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT FIRM

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ('Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer': 'BS WP/vBP') as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the information in the Non-financial Report based on the assurance engagement we have performed.

* PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial group report and issued an independent practitioner's report in the German language which is authoritative. The following text is a translation of the independent practitioner's report.

Within the scope of our engagement, we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement, the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- › Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- › Inquiries of the Company's management and personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- › Identification of the likely risks of material misstatement of the Non-financial Report
- › Analytical evaluation of selected disclosures in the Non-financial Report
- › Comparison of selected disclosures with corresponding data in the consolidated financial statement and in the combined group management report of the Nordex Group and management report of Nordex SE
- › Evaluation of the presentation of the non-financial information

ASSURANCE CONCLUSION

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

INTENDED USE OF THE ASSURANCE REPORT

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt am Main, 19 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke ppa. Meike Beenken

Wirtschaftsprüfer

(German public auditor)

GLOSSARY

BLACK AND GREY LISTS Corporate guidelines that define criteria for operating materials and hazardous substances not to be used within the Nordex Group to improve occupational health and safety and environmental protection.

CARBON DIOXIDE EQUIVALENT EMISSIONS (CO₂E) A measurement unit that describes the contribution of all greenhouse gas (GHG) emissions to the greenhouse effect. To support comparison of their climate impacts, emissions of other GHGs such as methane or nitrous oxide are presented in CO₂-equivalent units.

COE (COST OF ENERGY) Describes the cost of converting a form of energy (e.g. wind) into electrical energy. It is also referred to as COE.

CORPORATE CARBON FOOTPRINT Includes all greenhouse gas emissions that are directly and indirectly caused by a company along the whole value chain.

E-LEARNING E-learning denotes online learning formats.

EMPLOYEES We define employees as people employed directly at Nordex, excluding interns, students, and apprentices.

ENGINEERING Research and Development Company area.

GEARBOX The gearbox is located between the slow-rotating rotor shaft and the fast-rotating generator shaft. By using a gearbox, the generator shaft rotates up to one hundred times faster than the rotor shaft.

GENERATOR A wind turbine's generator converts mechanical energy into electrical energy.

HYBRID TOWER Extremely high tower construction made from combined steel and concrete segments.

INSTALLED CAPACITY This describes the maximum total output of all power plants (here wind turbines) installed in one area.

INVERTER Wind turbines are typically operated using variable rotor rotation speeds. An inverter adjusts the electricity supplied by the generator, with its variable frequencies and voltages, to the network frequency, phase length, and voltage required by the electrical network so that constant, grid-compliant electrical energy can be supplied to the network.

ISO 14001 Internationally recognized environmental management standard.

ISO 14040 Internationally recognized standard that describes the principles and framework for life cycle assessment.

ISO 14044 Internationally recognized standard that describes requirements and guidelines for life cycle assessment.

ISO 45001 Internationally recognized occupational health and safety standard. It is the successor to the OHSAS 18001.

ISO 50001 Internationally recognized energy management standard.

KILOWATT Power is defined as energy per time unit and is measured in Watts. One kilowatt (kW) equals 1,000 Watts.

KILOWATT HOUR A kilowatt hour (kWh) is the amount of energy measured in kilowatts (kW) that is generated or consumed within one hour.

LIFE CYCLE ANALYSIS (LCA) A method used to evaluate the environmental impact of a product through its complete life cycle.

LOST TIME INJURY FREQUENCY The lost time injury frequency (LTIF) indicates the number of occupational accidents per million working hours that cause one or more days' absence from work.

MEGAWATT One megawatt (MW) equals 1,000 kilowatts.

MEGAWATT HOUR One megawatt hour (MWh) equals 1,000 kilowatt hours.

NACELLE The key components to convert wind power into electrical energy (drivetrain, generator, part of the electrical system, backup systems, etc.) are installed in the nacelle. The nacelle is mounted on the tower. The rotor, including the rotor blades, is attached to the rotor shaft in the nacelle.

NOMINAL OUTPUT The nominal output is a system's maximum generated electrical power specified by its manufacturer.

OHSAS 18001 Internationally recognized occupational health and safety standard.

ONSHORE WIND TURBINE Wind power systems installed on land.

PROJECT MANAGEMENT Once handed over by Sales, the Project Management Department assumes responsibility for a project until it is handed over to the customer, as well as internally to the Service Department.

REPOWERING Refers to the replacement of wind turbines that are either about to reach or have already reached the end of their planned design life with more efficient turbines.

SERVICE Nordex Service comprises a number of activities – from remote monitoring, preventive maintenance, on-site repairs and retrofitting additions, to the complete modernization of wind energy systems.

STAKEHOLDER Stakeholders are both internal (e. g. employees) and external (e. g. customers, competitors, and the community) parties with an interest or concern in our activities and a relationship with our Company.

WIND FARM Wind farms comprise multiple, jointly-operated wind turbines.

LIST OF ABBREVIATIONS

AktG	Stock Corporation Act	HGB	German Commercial Law
ASSI	Annual Safety Site Instruction	HSE	Health, safety, and environment
AWP	Acciona Windpower (Corporación Acciona Windpower S.L.)	IPP	Independent power producer
CO₂	Carbon dioxide	IT	Information technology
CO₂e	Carbon dioxide equivalent	kg	Kilogram
COE	Cost of energy	kt	Kilotonne
CPI	Corruption Perceptions Index	kW	Kilowatt
CSR	Corporate social responsibility	kWh	Kilowatt hour
CSR-RUG	CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz)	LTIF	Lost time injury frequency
DEFRA	UK's Department for Environment, Food & Rural Affairs	MW	Megawatt
EBIT	Earnings before interest and taxes	NESA	Nordex Energy South Africa
ECA	Export Credit Agency	NEW 4.0	North German Energy Transition 4.0
EIB	European Investment Bank	OECD	Organisation for Economic Cooperation and Development
FFCEL	Fauji Fertilizer Company Energy Limited	R&D	Research & Development
GRI	Global Reporting Initiative	SDGs	Sustainable Development Goals
GW	Gigawatt	SED	Socio-Economic Development
GWO	Global Wind Organisation	t	1 metric tonne (1,000kg)
HAW	Hamburg University of Applied Sciences	TTC	Technical Training Center
		UN	United Nations

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