



Vestas Wind Systems

Renewables, benefitting from the world's transition towards net-zero emissions

FIRST BOUGHT

April 2021.

WHAT IS IT?

One of the largest manufacturers, sellers and installers of onshore and offshore wind turbines and associated software technology.

WHY DO WE OWN IT?

Renewable energy as a share of global energy consumption must increase from 19% in 2019 to 40% by 2030 to meet the aims of the Paris Agreement.¹ A critical source of renewable energy is wind power, which is expected to achieve a compound annual growth rate (CAGR) of 17% between 2021 and 2030 and 9.1% between 2021 and 2050.² In our view, regulatory and policy support, the Russia-Ukraine war, and the desire for countries and regions to become less reliant on fossil fuels and more energy independent, are some of the factors that have the potential to drive secular demand for renewable energy solutions like Vestas' wind turbines and technology.

KEY POINTS FOR VESTAS

- The 10 largest wind turbine manufacturers represent over 75% of the total global installed capacity every year⁴
- Vestas' wind turbines are, on average, 85% recyclable, and it aims to be producing zero-waste wind turbines by 2040³
- Projected 35 – 40% CAGR from 2022 – 2025 in new offshore wind turbine installations, with expansion plans in Europe and new markets like the US, South Korea and broader Asia-Pacific³

CONSIDER THE RISKS

Investors should consider the risks that may impact their capital, before investing. The value of your investment may fluctuate from the time of the original investment. Please refer to the risks section enclosed. A decision to invest should take account of all the characteristics and objectives described in the prospectus and KIID/KID and/or offering documents. Please refer to the sustainability related disclosures for information on the commitments of the portfolio: www.wellington.com/en/legal/sfd.

¹European policies on climate and energy towards 2020, 2030 and 2050, European Parliament, January 2019. | ²World Energy Outlook 2022, International Energy Agency. | ³All information can be found on Vestas' website. | ⁴BloombergNEF, as of 31 December 2022.

COMPETITIVE ADVANTAGE – CLIMATE MITIGATION

As a global player in wind energy, Vestas³ benefits from scale, efficiencies and a leading market share relative to its peers. In 2023, Vestas entered a commercial sustainability partnership with Ørsted, one of the world's largest power producers. Through this partnership, Ørsted will procure low-carbon steel wind turbine towers and blades made from recycled materials from Vestas in all joint offshore wind projects. The deployment of offshore wind is accelerating and, relative to onshore wind, can generate greater amounts of electricity due to increased size as well as stronger and more reliable winds. Wind power development is crucial to enhancing energy security, advancing affordable energy for all, and curbing the climate crisis.

While Vestas' physical wind turbine business is an important and material driver of its results, a significant and growing portion of the company's revenue comes from its accompanying software and services, which, we believe, is high-margin, stable and long term.

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The Wellington Climate Strategy Fund is actively managed and seeks to deliver long-term total returns in excess of the MSCI All Country World Index while contributing to the environmental objective of climate risk mitigation (addressing the causes and minimising the possible impacts of climate change) and adaptation (aiming to reduce the negative effects of climate change or helping communities adapt to the impact of climate change), by investing in the equities of companies worldwide.

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