

# Annual Report 2019



Fiscal year 2019 key facts<sup>1</sup>

98.7 GW installed	24,500 employees	€10.2 billion annual revenue
€8.3 billion market capitalization	11.5 GW order entry	€25.5 billion order book
€140 million net profit	€863 million net cash	Investment Grade status from top three rating agencies <hr/> Sustainable funding policy implemented

<sup>1</sup> End of September 2019

Portfolio covering all requirements



Onshore



Offshore



Service

# Leading wind technology for the energy transition

Siemens Gamesa plays a pivotal role in providing clean, efficient power that will shape the world's global energy transition. The company's leading technology enables both onshore and offshore wind energy to reach every corner of the globe.

## Content

02

Activity Report

40

Sustainability

62

Corporate Governance

70

Further Information

# Siemens Gamesa is a leading renewable energy company

The company plays an important role in the global energy transition providing green energy across the globe. At the heart of all its operations are its Mission and Vision.

## Mission

We make real what matters – clean energy for generations to come.

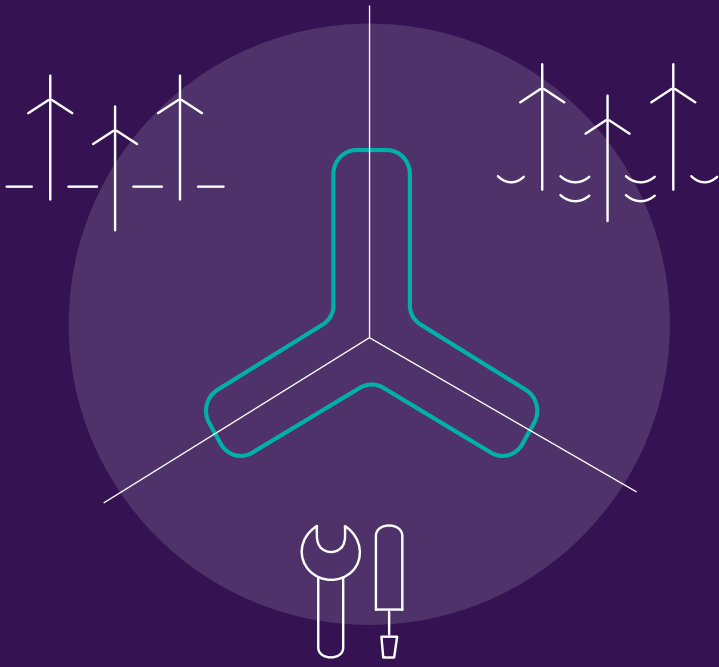
## Vision

To be the global leader in the renewable energy industry driving the transition towards a sustainable world.



SIEMENS Gamesa  
RENEWABLE ENERGY

# 3



The company's operations are centered on three segments where it is a market leader; Offshore, Onshore and Services. These divisions enable it to meet the requirements of any type or size of wind park, wherever in the world, land or sea. Its research and innovation capabilities allow the company to remain ahead of the field and adapt to provide the best solutions for its customers.

## Onshore

---

**84<sub>GW</sub>**  
installed  
since 1980

**Siemens Gamesa technology makes onshore wind one of the cheapest sources of energy**

Siemens Gamesa has installed close to 84GW of wind energy capacity since 1980. Onshore is the largest wind energy market and the company continues to advance to offer a flexible portfolio designed to meet all our customers' needs and reduce the cost of energy. Improved technology has made turbines and blades ever more efficient, and digitally operated to optimize performance.

## Offshore

---

**15<sub>GW</sub>**  
installed  
since 1991

**The company develops the most sophisticated turbines to remain number one in offshore wind**

The global capacity for offshore wind is surging, and Siemens Gamesa is positioned as the leading supplier. The company now has 15GW of installations and is confident this will grow going forward as more countries look to offshore as an energy source that is competitive with fossil fuels. Harsh sea conditions mean innovation and new technology are key to evolve in this market, and will surely give Siemens Gamesa an edge as new opportunities arise in new markets from the USA to Asia.

## Service

---

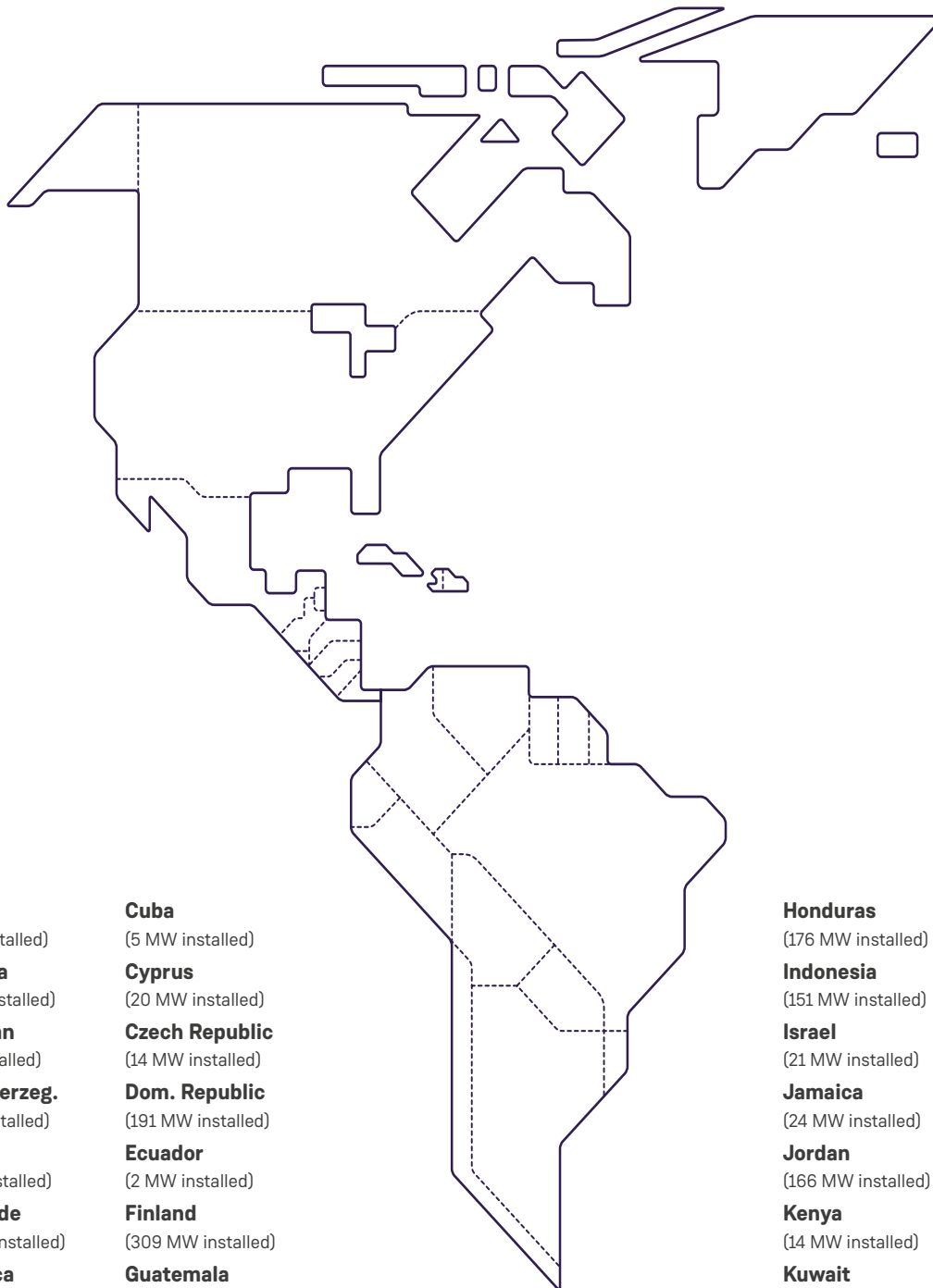
**60<sub>GW</sub>**  
maintained

**Service maintains and optimizes performance from any wind turbine**

With so many Siemens Gamesa turbines working to produce clean energy across the globe, there's naturally a strong market for the service and maintenance of these machines. Technological advancements mean that 85% of technical issues can be handled remotely within 10 minutes, reducing costs and optimizing performance. The company now has a service portfolio of 60GW. And its multibrand activities means it can service the turbines of any other company.

# Siemens Gamesa in the world

Siemens Gamesa operates in over 90 countries and regions around the world. This interactive map shows the principal centers where we have factories, sales offices, service offices and R&D centers. They are accompanied by a list of all the other countries and regions where we have installed wind energy capacity.



**Algeria**  
(10 MW installed)

**Argentina**  
(113 MW installed)

**Azerbaijan**  
(8 MW installed)

**Bosnia-Herzeg.**  
(87 MW installed)

**Bulgaria**  
(90 MW installed)

**Cape Verde**  
(0.05 MW installed)

**Costa Rica**  
(143 MW installed)

**Cuba**  
(5 MW installed)

**Cyprus**  
(20 MW installed)

**Czech Republic**  
(14 MW installed)

**Dom. Republic**  
(191 MW installed)

**Ecuador**  
(2 MW installed)

**Finland**  
(309 MW installed)

**Guatemala**  
(32 MW installed)

**Honduras**  
(176 MW installed)

**Indonesia**  
(151 MW installed)

**Israel**  
(21 MW installed)

**Jamaica**  
(24 MW installed)

**Jordan**  
(166 MW installed)

**Kenya**  
(14 MW installed)

**Kuwait**  
(10 MW installed)

**Latvia**  
(21 MW installed)

**Lithuania**  
(14 MW installed)

**Luxemburg**  
(24 MW installed)

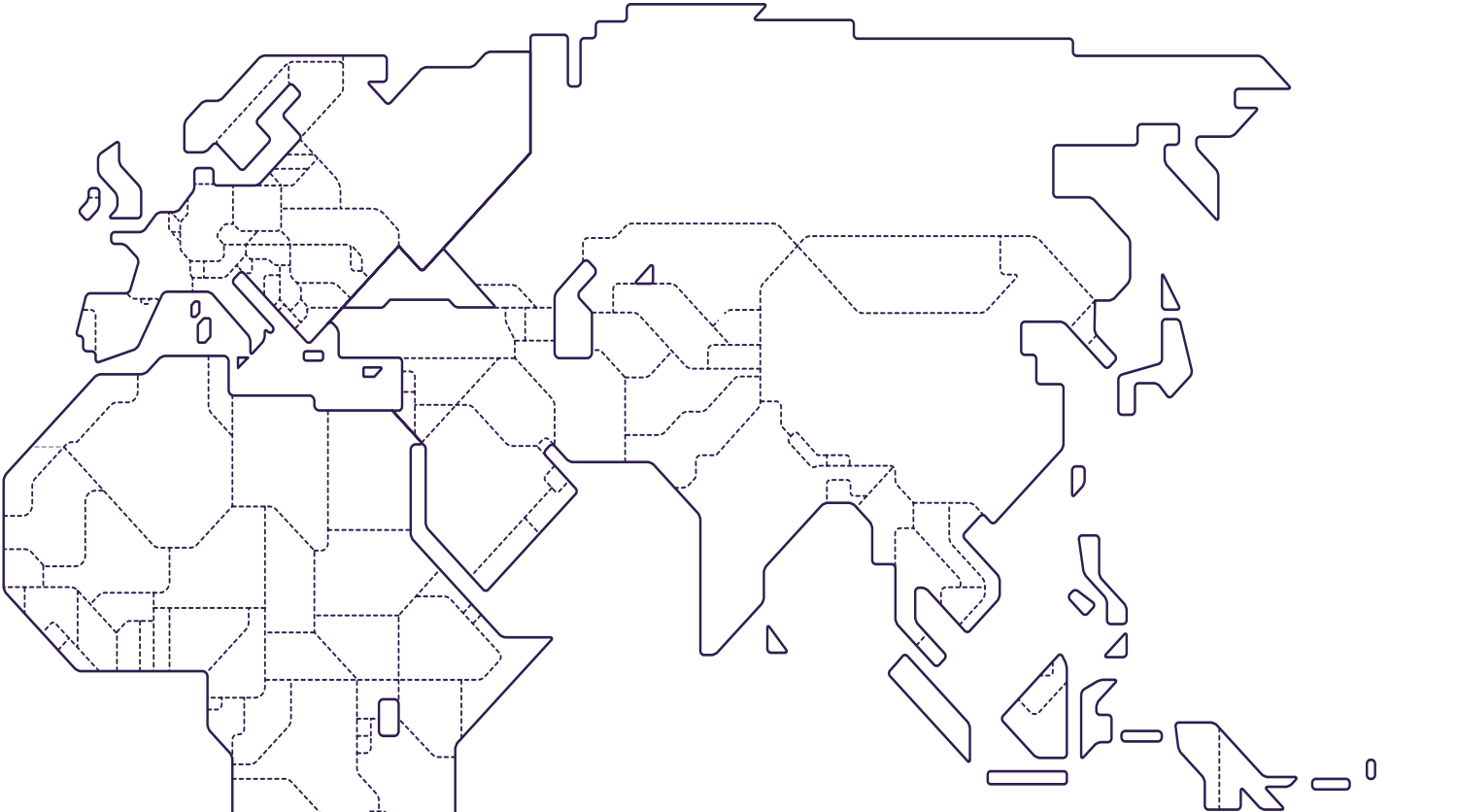
**Macedonia**  
(37 MW installed)

**Mauritania**  
(35 MW installed)

**Mauritius**  
(9 MW installed)

**New Zealand**  
(281 MW installed)





**Nicaragua**  
(44 MW installed)

**Pakistan**  
(50 MW installed)

**Peru**  
(124 MW installed)

**Portugal**  
(569 MW installed)

**Puerto Rico**  
(103 MW installed)

**Romania**  
(590 MW installed)

**Somalia**  
(0.22 MW installed)

**Switzerland**  
(0.15 MW installed)

**Tunisia**  
(242 MW installed)

**Uruguay**  
(390 MW installed)

**Venezuela**  
(71 MW installed)

# Letter from

Miguel Ángel López, Chairman



## Dear Stakeholder,

The wind industry faced tough headwinds in 2019 as the sector matures, consolidates and a competitive price environment remained. However, despite the confluence of pressures on the industry, our company stayed on track, met the guidance given to markets for financial year 2019, and continued to play an important part leading in the energy transition.

Indeed, our performance was recognized by the three major credit rating agencies, which all awarded Siemens Gamesa investment grade status. This was a major milestone for securing competitive financing for the future. Based on our achievements and our current dividend policy we are able to propose to the Siemens Gamesa Annual General Meeting the payment of a dividend in the amount of €140,938,000 and €0.05173 per share.

While factors such as global trade issues and Brexit impacted the sector over 2019, Siemens Gamesa still delivered growth both organically by successfully meeting targets in its L3AD2020 strategic plan, and also inorganically through the acquisition of selected assets from Senvion.

In 2019, the company achieved a record order backlog of €25.5 billion, which will help to underpin future growth. This backlog growth is spread across the three business units and will enable the company to continue to grow capacity in Onshore, Offshore and Service. This strong order intake has continued into 2020. And while the start to fiscal year 2020 has not been easy from a profitability perspective, with adverse weather conditions in northern European markets impacting certain Onshore projects and requiring a change in profitability guidance, the continued strong commercial activity reported in February points to a bright future.

Operationally, 2019 saw the company install 9.3GW of capacity, which now in 2020 has helped push Siemens Gamesa over the 100GW mark of installation. This is a remarkable milestone for the company and has helped our customers avoid around 260 million tons of CO<sub>2</sub> emissions.

However, the world remains on high alert to the threat of climate change. We trust that governments will find the right solutions for the world to move with pace and resolve towards building a sustainable future.

*“In 2019, the company achieved a record order backlog of €25.5 billion, which will help to underpin future growth. This backlog growth is spread across the three business units and will enable the company to continue to grow capacity in Onshore, Offshore and Service.”*

Indeed, we will need to play an important role in accelerating the world's uptake of renewable sources in coming years to help the world meet its commitments. According to Bloomberg New Energy Finance, 50% of electricity supply will come from wind and solar by 2050. To reach those levels we will need to do even more. In fact, with regards to offshore wind capacity, Europe alone will need to install 400GW-450GW of offshore wind to deliver the EU Commission's net-zero emissions target by 2050.

I would also like to highlight our efforts to help make all of our operations more sustainable, and in particular our work in Corporate Social Responsibility (CSR). In 2019, Siemens Gamesa launched SGRE Impact. This program initiated eight action projects focused on sanitation, education, gender equality, health and climate action in the communities where the company operates and helped around 1,500 people from underprivileged backgrounds.

2020 brings a year of change for Siemens Gamesa. In February, Siemens AG acquired Iberdrola's 8% stake in the company and reiterated its intention to transfer its enlarged 67% holding to the new Siemens Energy company. The Board of Directors of Siemens Gamesa and I will continue to pursue the best interests of the company and consequently to uphold the interests of all shareholders in the company and the highest standards of governance, as we have done in 2019. I would like to thank my fellow Board members for their continued dedication and hard work in this regard.

Finally, I would like to offer my sincere thanks, to all our stakeholders, including our shareholders, for their support over the past year. And I would like to express my appreciation and gratitude to the great team of professionals who make up our company. Their drive and commitment will help to build the Siemens Gamesa that can truly lead the energy transition as this new decade begins.

Sincerely,



Miguel Ángel López  
Chairman, Siemens Gamesa Renewable Energy

# Interview

Markus Tacke, CEO

The CEO of Siemens Gamesa talks about performance, challenges and opportunities, and climate change

## **How satisfied are you with the company's performance over the last fiscal year?**

MT During fiscal year 2019, the energy market continued its transition towards an affordable, reliable and sustainable model in which renewable energy plays a fundamental role thanks to its growing competitiveness. Demand for wind power is rising, as prices are very competitive. Fiscal year 2019 was also characterized by high volatility, both political and macroeconomic, in both developed and developing countries, and by adverse conditions arising from global trade tensions and Brexit.

In a growing and complex market for wind power, Siemens Gamesa fulfilled its guidance in fiscal year 2019 with a solid execution and achieved a record in commercial activity.

So, overall I can say that I am satisfied with the performance of the company in 2019 and that I am privileged to be the CEO of Siemens Gamesa, a company that centers its activities around our customers, providing them with state-of-the-art technology to generate clean energy for the generations to come.

## **What are the biggest challenges and opportunities the company faces in 2020?**

MT 2020 will be a transition year in terms of profitability, which is reflected in our guidance for the year. However, we have strong visibility over fiscal year 2020 with a revenue coverage over 90%. We will still continue our investment in growth, particularly with regards to offshore in countries such as France and Taiwan as well as new technology in onshore. This is despite headwinds from political and regulatory uncertainty in some countries, and cost inflation along the supply chain. We have a highly resilient business model, are well diversified geographically, and have a strong balance sheet to overcome these headwinds.

## **The industry is changing and consolidating rapidly. How will Siemens Gamesa stay ahead going forward?**

MT The market is undergoing a key moment of consolidation that will lead both the offshore and onshore markets to be left with only a handful of global players. As a company we are a leader in this period, and our acquisition of selected Servion assets will strengthen our competitive positioning in the high margin Service business and improve our supply chain strategy. Our latest turbine technology for onshore and offshore will also help us stay ahead of the field. We will also maintain a sharp focus on the optimization of our operations and in investing in digitalization which will help to drive future margin growth.

*“We have a highly resilient business model, are well diversified geographically, and have a strong balance sheet to overcome these headwinds.”*

## **What is your personal ambition for the company in the new fiscal year?**

MT I am fully focused on steering the company through what will be a transitional year and laying the foundations for strong profitability in the future. We have the right technology and people in place to position us at the forefront of the industry.

I would also like to add that I am intent on driving a culture where workers are fully engaged with safety on and off the job. Safety is our number one priority and there is never enough work we can do in this regard to improve.



**The next decade is seen as the ‘decade of action’ by the United Nations to combat climate change. How must renewable energy evolve to do its part?**

MT The decade will indeed be critical to assure the world wins the race against climate change. Renewable energy must strive to make sure it can compete or is cheaper than fossil fuels, although we must also ensure that we have an industry that is sustainable across the value chain. In the case of wind, the fully loaded cost is competitive when compared with the marginal cost of fossil fuels in many countries, and that work must be extended so clean energy is available anywhere around the world.

*“The year 2019 marked a key moment in the emergence of a global youth movement demanding that more should be done to combat climate change. Their voice is being heard.”*

**The world’s youth are increasingly speaking out to urge more action is taken on climate change. What more can they do to help in the future?**

MT The year 2019 marked a key moment in the emergence of a global youth movement demanding that more should be done to combat climate change. Their voice is being heard. I would also say that an energy transition also needs brilliant minds, and brilliant engineers to propose solutions that can answer the challenges that face us. There’s a lack of STEM (Science, Technology, Engineering and Mathematics) students at a moment when the world really needs them. We have led a campaign at Siemens Gamesa in this regard called #IChooseScience, and I would urge more to study subjects that can really shape the world’s future.

# Organization

## Board of Directors

### **Chairman**

Miguel Ángel López (Proprietary)

### **Chief Executive Officer**

Dr. Markus Tacke (Executive)

### **Members**

Tim Oliver Holt (Proprietary)

Mariel von Schumann (Proprietary)

Gloria Hernández (Independent)

Michael Sen (Proprietary)

Harald von Heynitz (Independent)

Dr. Andreas Hoffmann (Proprietary)

Rudolf Krämmer (Independent)

Klaus Rosenfeld (Independent)

Vacant as of 23 February 2020

Vacant as of 23 February 2020

### **Secretary and Board Member**

Vacant as of 23 February 2020

Juan Antonio García acting as Deputy Secretary of the Board

### **Deputy Secretary of the Board**

Juan Antonio García (Non-member)

As of February 2020

# Management Team



**Chief Executive Officer**  
Dr. Markus Tacke



**Chief Financial Officer**  
David Mesonero



**Chief Operating Officer**  
Christoph Wollny



**General Secretary**  
Jürgen Bartl



**Onshore CEO**  
Alfonso Faubel



**Service CEO**  
Mark Albenze



**Offshore CEO**  
Andreas Nauen

# Highlights Fiscal Year 2019







## October 2018

### **Russia**

First order for wind farm in Russia, providing turbines for a 90 MW farm for Enel, and key growth market for Siemens Gamesa and the wind industry.

### **USA Offshore**

The SG 8.0-167 DD turbine model is adapted for the US offshore market, to make sure it meets seismic and hurricane conditions and the technicalities of the American electricity grid.

### **Employees make an impact**

Siemens Gamesa Impact kicked off, a staff program promoting social sustainability initiatives in the countries where the company operates. [ 2 ]

## November 2018

### **Onshore**

Onshore wind gets a boost with contracts totaling 263 MW in Sweden, Norway, Germany and Turkey.

### **Onshore life extension**

Agreement with a Spanish client to extend life of an entire operating fleet of 237.5 MW at six wind farms in Zaragoza and Teruel. Upgrades of 264 wind turbines with an average age of 15 years to extend them to 30 years.

## December 2018

### **R&D impulse in India**

New engineering center supporting global R&D in Bengaluru inaugurated. Employing 700 people, it is one of Siemens Gamesa's major R&D hubs alongside Spain and Denmark. [ 1 ]

### **Offshore R&D with EU**

Siemens Gamesa and Aalborg University lead one of the largest offshore wind energy R&D projects ever. The EU-funded R&D project aims to make offshore wind one of the most affordable energy sources. [ 3 ]

# 2019

## January 2019

### **Offshore winner**

Siemens Gamesa's SG 8.0-167 DD named Best Offshore Turbine for 2018 by trade publication Windpower Monthly.

### **Green financing**

Company signs first green guarantee line for €900 million. The transaction furthers Siemens Gamesa's focus on sustainability and combating climate change. [ 4 ]

### **10 MW Offshore turbine**

Company launches its largest turbine yet. The SG 10.0-193 DD offshore wind turbine has a 10 MW capacity and 193-meter diameter rotor.

### **India onshore**

Contract signed to supply 567 MW to ReNew Power through two wind projects in India with 270 turbines.



6

7

## February 2019

### Siemens Gamesa leads

Siemens Gamesa reaffirms its leading position in Spain with new contracts to supply 200 MW in 7 wind farms in Navarra, Valladolid, Zaragoza, Málaga and Cádiz.

### First for 10 MW turbine

Final negotiations to supply new 10 MW offshore wind turbines for Vattenfall's Hollandse Kust Zuid (HKZ) 1&2 farms, the world's first zero subsidy offshore wind farm. [ 7 ]

## March 2019

### Tree planting

Biodiversity & Business project launched, involving the planting of 20,000 native trees such as oak and birch in the Urdaibai Biosphere Reserve in Bizkaia, where the company has its headquarters.

### Offshore France

Siemens Gamesa selected by Eolien Maritime France as preferred supplier and service provider for close to 1 GW of offshore wind projects in France.

### Solar India

Largest solar deal signed in India for 250 MW from Spring Energy.

## April 2019

### Platform launch

New 5.X onshore platform launched at WindEurope2019, covering two turbine models: the SG 5.8-155 and the SG 5.8-170. The 170 model has the largest rotor in the industry.

## May 2019

### Siemens Gamesa is Investment Grade

Siemens Gamesa receives investment grade rating from the three principal credit rating agencies; Standard & Poor's (S&P), Moody's, and Fitch.

### Italy Service boost

Agreement with Glennmont Partners for the renewal of service contract for its Siemens Gamesa fleet of 236 wind turbines in the south of Italy.

### USA multi-brand progress

Expansion of our multi-brand service following contract with Pattern Energy for 218 MW in Texas. Multi-brand provides turbine service for every brand of turbine. [ 5 ]



## June 2019

### Thermal storage solutions

Electric Thermal Energy Storage System (ETES) pilot launched in city of Hamburg with partners Hamburg Energie GmbH and Hamburg University of Technology (TUHH). This volcanic rock storage solution can store large quantities of energy cost-effectively. [ 6 ]

### Offshore Japan

First offshore wind preferred supplier nomination in Japan, for a contract of up to 455 MW for Obayashi Corporation.

### Taiwan Offshore

Firm order received for Ørsted's 900 MW offshore wind power project in Taiwan.

## July 2019

### India leadership

Two new orders in India for 229 units of the SG 2.1-122 wind turbine, with a total capacity of 481 MW, to two wind power facilities.

### USA Repowering is rolling

Largest repowering order to date in North America MidAmerican Energy Company for the Rolling Hills 429.3 MW wind power project.

### USA East Coast

Siemens Gamesa conditionally awarded largest USA offshore wind power order to date: 1.7 GW from Ørsted and Eversource.

## August 2019

### Brazil growth

Camaçari plant extended for new converter manufacturing area making Siemens Gamesa the first manufacturer with the ability to source 100% of its converters in Brazil. [ 8 ]

## September 2019

### Blade testing

Construction of the world's largest wind turbine blade test stand in Aalborg, Denmark. The site will be capable of performing full-scale tests on the next generation of Siemens Gamesa blades.

### Sustainability leaders

For the fourth year in a row, and tenth time in total, Siemens Gamesa is confirmed as a member of the Dow Jones Sustainability Indices in 2019.

### Taiwan gets ready for Offshore

Launch ceremony in Taiwan for the company's first offshore nacelle assembly facility outside of Europe. Construction is due to begin in 2020 at the port of Taichung.

### A first in inland waters

Company to build largest wind power plant in the world in inland waters, the 380 MW Fryslân farm for Van Oord in the Netherlands.

# Share price performance

Fiscal year 2019 commenced with the energy market continuing its transition towards an affordable, reliable and sustainable model in which renewable energy plays a fundamental role thanks to its growing competitiveness. Demand for wind power facilities continued to rise, as prices remained very competitive.

But fiscal year 2019 was also characterized by strong competition, higher volatility, both political and macroeconomic, in developed and developing countries, and by adverse conditions arising from global trade tensions and Brexit.

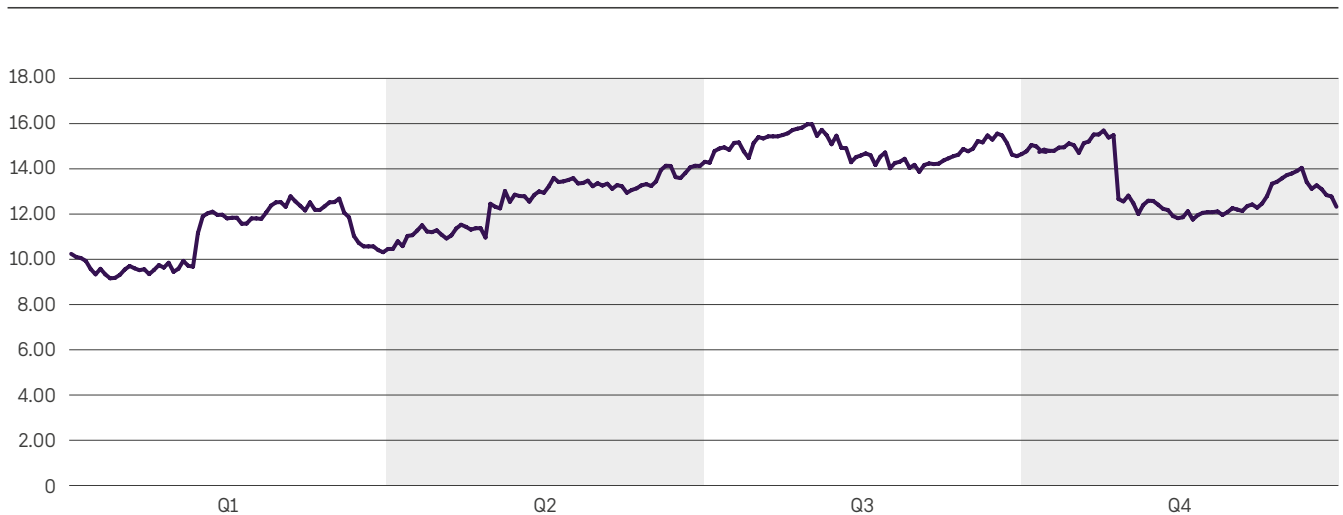
In this growing but also complex market for wind power, Siemens Gamesa Renewable Energy fulfilled its guidance in fiscal year 2019 after a solid execution and a growing level of activity that had been expected to be back-end loaded since the beginning of the year. Revenues in the year amounted to €10,227 million, while the EBIT margin before PPA and integration and restructuring costs was 7.1%.

The net cash position amounted to €863 million, €248 million above the previous year figure. Siemens Gamesa also reached a record commercial activity with €12.7 billion in signed orders and a record order backlog of €25.5 billion, 12% above the order backlog as of September 30, 2018.

The evolution of the share price in fiscal year 2019 reflected all these factors, the solid financial delivery and record commercial activity, the growing but competitive nature of the wind industry and the increasingly volatile world in which the company operates. Siemens Gamesa share closed the fiscal year 2019 at a price of €12.45, up 14% from the price at which the share closed in fiscal year 2018 of €10.9.

The share price reached its lowest level of €9.38 on October 11, largely driven by doubts about delays in the normalization of the Indian wind market, one of the main Onshore markets for the company. The share price reached its highest level of €15.99 on April 30 driven by a very strong commercial performance in the wind turbine segment during April.

**Fiscal year 2019 share price evolution (euros)**



# Financial Results and Guidance

The Group's financial performance in fiscal year 2019 was in line with the guidance, in a year in which Onshore activity was planned to be concentrated strongly in the fourth quarter, coupled with complex market conditions.

Group revenues amounted to €10,227 million, 12% more than in fiscal year 2018. Revenues amounted to €2,944 million in Q4 2019 12% more than in the previous year's quarter, driven by strong Onshore activity volumes, where revenues increased by 22% in line with the planned concentration of activity towards the end of the year.

EBIT before PPA and integration and restructuring costs increased by 5% year-on-year to €725 million, i.e. an EBIT margin before PPA and I&R costs of 7.1%, down 0.5 percentage points on the margin in fiscal year 2018. The EBIT margin was 8.5% in the fourth quarter, the highest since the company was created, due to favorable implementation of a sizeable level of activity and implementation of the transformation programme, which offset the impact in the quarter of lower prices in the Group's order book.

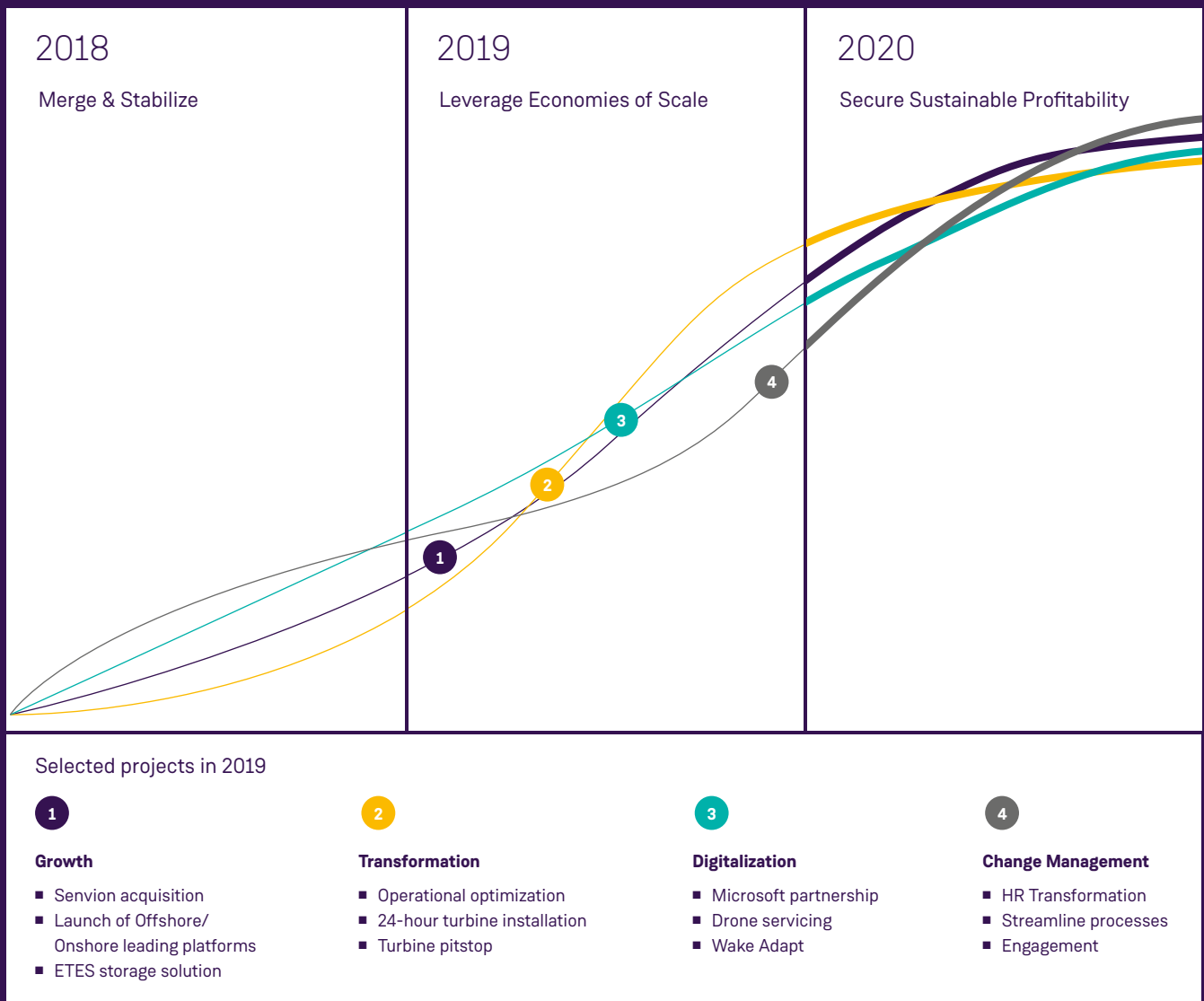
## Guidance for fiscal year 2020

Beyond the impact of an activity planning focused on the second half of the fiscal year, the lower prices offset by the transformation exercise, and the project mix, financial performance in Q1 2020 is impacted by a material and unplanned increase in costs, resulting from delays in the implementation of projects in Northern Europe. This impact is estimated at around €150 million and accounted for in Q1 2020, and reduces the annual performance expected by the company in EBIT before PPA and integration and restructuring cost margin level to a range between 4.5% and 6.0%. Revenue guidance remains intact (€10.2-€10.6 billion) driven by the strong commercial activity that resulted in an order book at the end of December 2019 covering 100% of the low end. Coverage on the mid-range achieved is 98%.

# L3AD2020 execution and progress

Siemens Gamesa launched its L3AD2020 strategic program in 2018 and has now successfully completed two of the three key stages of its development.

## L3AD2020 current status

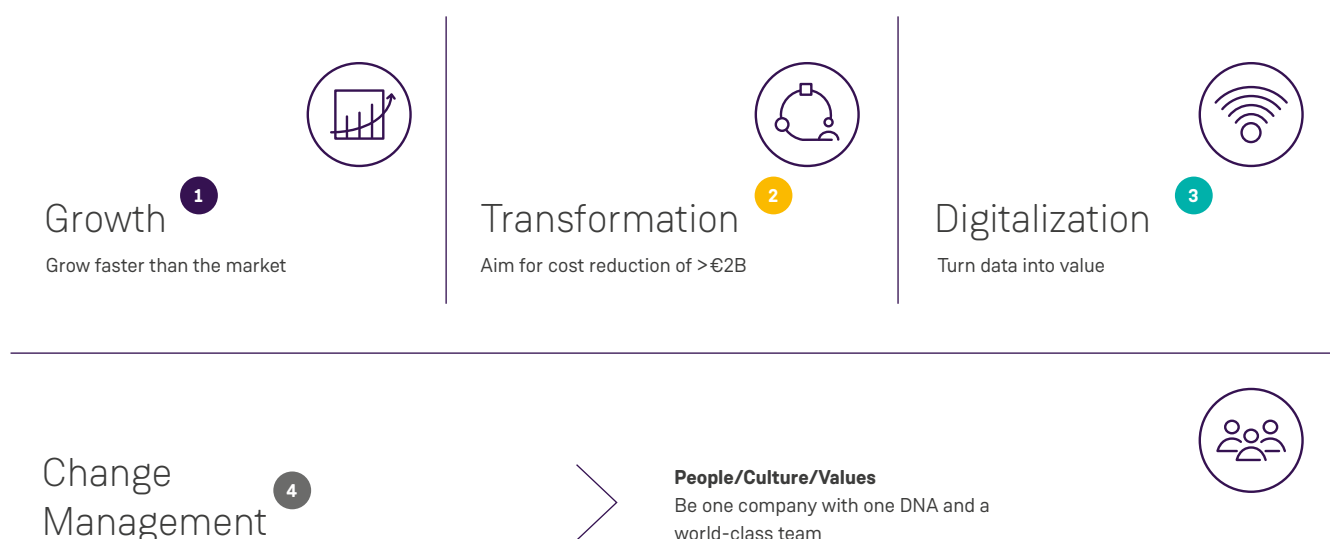


The company first completed the 'Merge and Stabilize' phase of L3AD2020, which covered the merger of Siemens Wind Power with Gamesa in 2017, and in fiscal year 2018 it completed the 'Leverage Economies of Scale', meeting all its objectives and focusing on leveraging the scale of the new company.

The last phase of the strategic program 'Secure Sustainable profitability' will run through fiscal year 2020. So far, the program is on track, and the company is ready for the challenge of completing the final stage, focusing on securing sustainable profitability.

L3AD2020 aims to position Siemens Gamesa at the forefront of the wind energy sector through a focus on four key levers: Growth, Transformation, Digitalization, and Change Management.

### L3AD2020 strategy structure



All four levers are imperative to help drive the business through its merger process in 2018 in order to become a benchmark player in the sector. This is even more essential in a period of rapid consolidation in the wind energy industry that is forecast to leave only the most financially robust companies standing. The strategy must make Siemens Gamesa as nimble and lean as possible to help it deliver leading technology and clean energy that meets the evolving needs of its customers around the globe.

Over fiscal year 2019, many initiatives were carried out within the four key modules of Growth, Transformation, Digitalization, and Change Management. Below we give an overview of each key module in the L3AD2020 program, and of some of the initiatives that have helped Siemens Gamesa become one company internally and that will drive the company's future growth, both in its key businesses and seeking opportunities outside its core areas. We will also look at projects that have helped the company's Transformation, and Digitalization initiatives that are shaping the business for tomorrow's challenges and making Siemens Gamesa a leader in wind technology.







## Growth

---

**The three business units Onshore, Offshore, and Service all saw solid growth in fiscal year 2019 and met their individual objectives for orders in a challenging environment for the sector.**

Strong competition and rapid consolidation among sector rivals mean Siemens Gamesa must continue to adapt to assure its growth path going forward. This has in part been assured by the acquisition of Senvion, of which we will turn to shortly, but is clearly a game-changer for the company.

Onshore had a solid year for orders in the United States, and solid growth was also seen late in the year in India, while a record year was also seen for orders in Chile. The company's aim for growth in Onshore is to outgrow the market in turbine sales and revenue.

Offshore is also a key growth story, and with strong prospects going forward. Siemens Gamesa is world leader in Offshore, with over 70% share of the total market volume installed so far. But offshore is set to expand exponentially across the globe, with new markets in the USA and Taiwan of particular focus to Siemens Gamesa. The company's aim in offshore is to increase annual orders through its leadership in the sector and to innovate in core and emerging markets.

The Service area also recorded strong order growth, with the area's order book accounting for 47% of the company's entire orders. The aim in Service is to continue with double digit growth over the following years.

# 70%

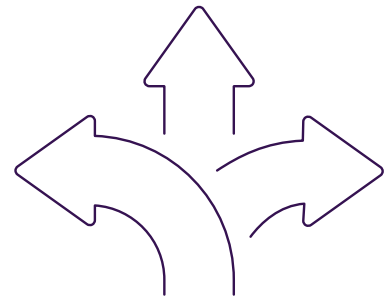
of total global offshore wind turbine capacity  
installed by Siemens Gamesa

## Growing beyond the core

Siemens Gamesa continuously strives to look for opportunities with synergies to grow outside its core businesses. These may include areas within renewable energies with clear growth perspectives, such as solar or hydrogen. But perhaps the greatest challenge of all for renewables is storage, which could ultimately consign concerns over the intermittency of renewable energy to the past if the right solutions are found.

Siemens Gamesa's know-how on these technologies in combination with the core business, allows the company to offer already hybrid solar/wind/storage solutions within its portfolio. Commercial efforts are currently mainly focused on the Asia Pacific region with some orders already in place. These hybrid plants are called to play a key role by combining the strengths of renewable energies such as wind and solar with

storage solutions capable of meeting demand whenever it is required. The rise of such solutions provides a huge opportunity to offer access to clean energy across the world, especially where access to a robust electricity grid may be more difficult.



Growth

## Senvion – a Service growth story

In October 2019, Siemens Gamesa agreed to acquire rival Senvion GmbH and Senvion Industria, covering Senvion's European onshore wind turbine service business and intellectual property (IP), as well as its wind turbine blade manufacturing facility in Vagos, Portugal.

The acquisition of Senvion's European onshore wind turbine service business and IP will strengthen Siemens Gamesa's competitive position in a high-margin business, enhance the company's multi-brand strategy and expand the fleet under maintenance by 15% (from 60 GW to 69 GW).

# 69<sub>GW</sub>

The acquisition of Senvion's European onshore wind turbine service business and IP will enhance the company's multi-brand strategy and expand the fleet under maintenance by 15% (from 60 GW to 69 GW).

For Siemens Gamesa, the selected profitable European assets acquired from Senvion will allow it to improve its market position in key European countries such as Germany, France and Italy.

In addition, the acquisition of the Vagos plant will contribute to expanding Siemens Gamesa's global reach and strengthen its supply chain. This acquisition will reduce the dependency on suppliers sourcing from Asia (Make vs. Buy strategy), mitigate global trade volatility dynamics, and optimize the total landed costs for projects in Europe.

In summary, the acquisition represents a unique growth opportunity and helps to balance Siemens Gamesa's business mix, diversify its geographical exposure and optimize its supply chain in Europe.



## Harnessing the power of volcanic rock

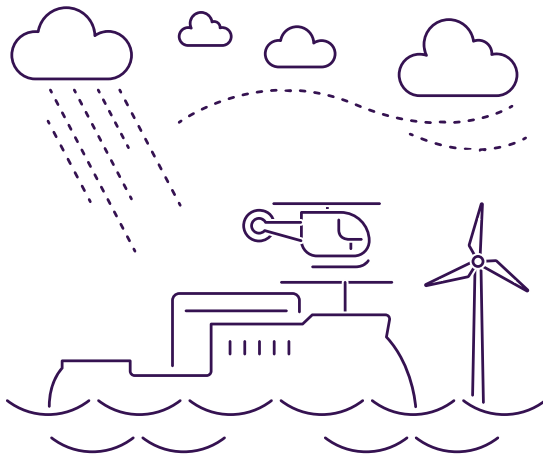
Siemens Gamesa has also launched ETES (Electric Thermal Energy Storage) solution at a pilot plant in Hamburg in collaboration with Germany's Federal Ministry of Economics and Energy; Hamburg Energie GmbH and the Technical University of Hamburg.

Unlike many storage technologies currently available that have limited capacities or are too expensive to use in large storage facilities, this technology provides a cost-effective storage solution. This helps to reduce construction and operating costs of larger storage capacities to a fraction of the usual level for battery storage.

The plant holds around 1,000 tons of volcanic rock and is heated to a temperature of more than 800 degrees Celsius by a flow of hot air. The heat can be stored almost loss-free for up to a week in the storage facility and stores up to 130 MWh. Thanks to its flexibility, it could provide a second life for power plants, minimizing the negative effects of plant closure with the furnace being replaced by ETES, while steam cycle and operation processes remain in place. The company plans to develop this pilot before seeking investment partners to make it commercially viable.

## Offshore benchmark

Within Offshore, Siemens Gamesa launched the 10-193 turbine model, which has a 10 MW turbine, with a rotor diameter of 193 meters. This is one of the most powerful turbines on the market and helps to produce up to 30% more energy each than its predecessors. Indeed, a Flex version of this turbine has also recently been introduced, which under certain site conditions has a capacity of 11 MW.



The Offshore market has already begun to embrace this new technology. Energy supplier Vattenfall signed a deal in November 2019 for Siemens Gamesa to supply 140 of these new turbines to the enormous subsidy-free Hollandse Kust Zuid wind farm in the Netherlands. By using fewer, more powerful turbines, installation, operation and maintenance costs are reduced, and in turn the company can decrease the Levelized Cost of Energy for offshore wind. In addition, fewer, more powerful turbines enable Siemens Gamesa to significantly reduce the environmental impact of installation and operation of the wind farm.

## Technology driven growth

As a leading technology company, it is fundamental that Siemens Gamesa adapts to an evolving market. The wind industry is witnessing a rapid rise in the scale and power of turbines, which will ultimately help to drive down the cost of energy. This year the company launched two turbines that have the capacity to become benchmark products in the onshore and offshore markets.



Growth

## Onshore drive

Within the Onshore business, the new 5X platform will also likely have a great impact on the market. The two turbines in this platform, 5.8-155 and 5.8-170, are the most powerful turbines in Siemens Gamesa's onshore portfolio with a rotor diameter of 155 and 170 meters. Both have a 5.8 MW capacity and improve Annual Energy Production (AEP) by 20% and 37% respectively. In fact, these numbers can be driven higher to around 6.6MW under a Flex version of the turbine, increasing the AEP even higher.

Apart from being a powerful turbine, the new platform also has a very flexible design, from its production through to construction and service and is aimed at markets worldwide for use in low, medium and high wind sites.

This new turbine represents a fresh approach to wind power as it integrates advanced control technologies and strategies to optimize efficiency based on site conditions. The platform also offers flexible power ratings depending on noise requirements, ambient temperature and electrical performance.

In December 2019, the first order for this platform was taken, for a 231 MW wind park in Sweden to be constructed in 2021. The new rotors turning at this farm will signal a new era for onshore wind turbines and will be the first in what promises to make the platform a global benchmark.

# 231<sub>MW</sub>

Wind park in Sweden to be constructed in 2021

**Start of a new era**

Siemens Gamesa launches a new era for wind power with a deal to supply the most powerful geared onshore wind turbine ever, the SG 5.8-155 wind turbine.







## Transformation

---

**The company has made great progress in its transformation module, and is on schedule to overachieve on its €2 billion cost reduction target by 2020.** All business areas have contributed to these efforts finding synergies, reducing single source spending and making productivity enhancements at operations. These efforts will continue in fiscal year 2020, with a focus on optimization of operations such as lowering the blade production cycle.

€2 billion  
cost reduction by 2020



## Supplier focus

Siemens Gamesa is committed to a strong supplier strategy with clear objectives for 2020. A key focus point is to provide the market with the most competitive products by focusing on sourcing with favorable purchase price terms for supplies. A key question is ‘How can Siemens Gamesa use its scale and size to further generate favorable price changes for direct and indirect materials and services?’. This may include demand bundling, exploitation of market potential, more intense global sourcing, change of suppliers and a process analysis or re-design of suppliers. The company has implemented instruments such as second source introductions, e-auctions, e-bidding and sealed bids in order to achieve this.



Transformation

## Turbine pitstop

An example of the work carried out is the servicing of offshore wind turbines. The logistics of servicing these large machines is paramount for Siemens Gamesa, to assure both safety and a fast execution at wind farms. To service wind turbines far offshore, special vessels have been developed called Service Operation Vessels (SOVs), which are able to host a large crew of maintenance specialists, including required tools and parts, for weeks offshore. These vessels are typically equipped with a gangway allowing the teams to ‘walk-to-work’ in a safe environment. In order to minimize the lost production for customers as well as utilize these assets most effectively, Siemens Gamesa introduced pit-stop-services and a ‘service train’ concept. Siemens Gamesa deploys one common vessel across multiple wind farms with multiple customers and has been able to reduce the downtime associated with scheduled service by up to 50%. Most importantly, the campaign was carried out without a single safety incident.

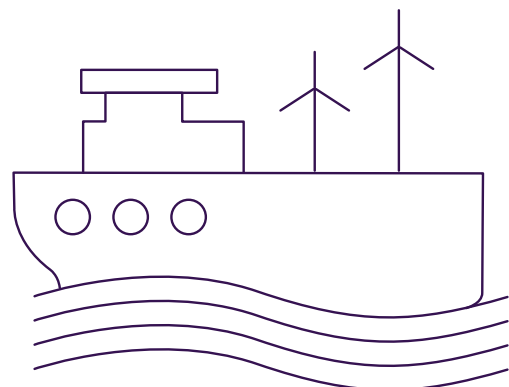
## 24-hour turbine installation

In addition to a strict servicing commitment, the company also introduced its ‘24ONE99’ program aimed at securing a safe and reliable installation and start-up of each offshore wind turbine within 24 hours. This in turn ensures that turbines can be up and running and providing clean energy as quickly as possible.

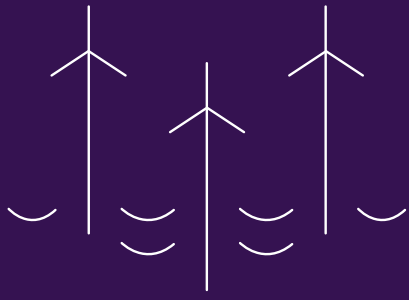
In order to do this, a streamlined implementation model is in place covering workflow, teams, equipment and marine operations to meet the target of 24-hours lead time for the D7 offshore turbine. All turbines are also tested at quayside before they are shipped to reduce any potential problem before they arrive at the wind farm.

Programs such as these ensure the highest quality and safety through standardized and optimized operations at sea, and will help maintain the company’s leadership in offshore.

Project execution in particular was flawless, impressive in a year of record installation for the Offshore business. And on the Service side, the business was also successful in reducing times between turbine visits.







## Operational optimization

The year also saw great progress made in operational excellence programs across the three business units. These were focused on manufacturing, project execution and field service.







## Digitalization

---

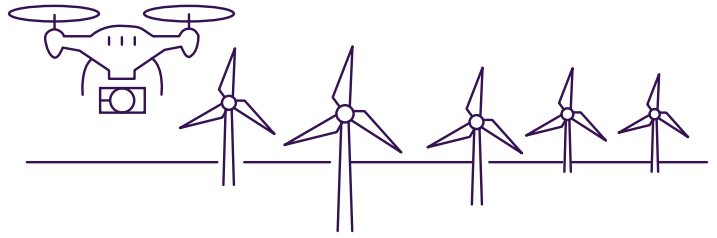
**The wind industry has developed rapidly over the last decade to become a true leader in the energy transition.** But much development still lies ahead, and at the heart of that is digitalization. Siemens Gamesa continues to lead in this regard, and it will be key to reinforce the company's competitive position in years to come and enhance profitability. The company's digital actions cover both its internal and external operations, to ensure that it optimizes its manufacturing processes, turbine productivity, wind farm commissioning and services.

In 2019, Siemens Gamesa bolstered its team with the objective of leading a digital transformation in the sector. The team has over 150 people covering a Digital Ventures Lab established to search for new developments, and global remote diagnostic centers which convert Big Data into value for customers.

> 150 people

are working in Digital Ventures Lab to turn  
Big Data into value for customers

## Partnering with Microsoft



The company also extended a data partnership with Microsoft in 2019. This covers a digital solution, which was developed with Microsoft to improve the inspection and maintenance of blade performance. In the past, this involved engineers scaling the blades, often at sea, and with rotor diameters of up to 200 meters, to take photos of damaged areas. Now, Siemens Gamesa uses drones to cover the process, which capture high-resolution images quickly, while the solution analyzes images for potential blade damage, all resulting in safer, faster and more accurate inspections. The solution is now being further improved by migration to Microsoft Azure and incorporating it with the Azure Artificial Intelligence platform to process image recognition.

The drones inspected close to 2,000 turbines in 2019 and capture about 400 images of a turbine's three blades in 20 minutes. The images form an overview of blade conditions and needed repairs, but manually sorting through and stitching the photos together used to be a laborious task, with one project involving over 100,000 photos. Now, the integration of Azure AI services speeds up the process, with image recognition stitching images together to produce an accurate model of a single blade in 34 seconds.

Siemens Gamesa compiles a growing data base from around 29,000 turbines worldwide. These send data from over 400 sensors in every turbine back to our remote diagnostic centers. In turn, this data can help to avoid turbines being out of production, foresee potential maintenance requirements, and indeed extend the service lifetime of a turbine. This all helps to resolve 85% of the problems that are alerted within 10 minutes. In 2019, several initiatives were carried out in the company's digitalization process.

## Track and Trace

An internal example of where the company has improved is through a 'Track and Trace' initiative for its tools and equipment at its plants. In order to avoid delays to the production process, it is essential that workers can easily find the specialist equipment they need quickly at the plant and see its availability. These may range from scissor lifts, drillers, or diagnostic tools such as endoscopes. To help its workers, 400 vital tools have been equipped with a localization chip at the company's Aalborg plant in Denmark. This means that any factory worker can easily search for a specific tool through their PC or a mobile app, optimizing workers' time and helping to maintain steady production.



Digitalization

## Wake Adapt

The 'wake effect' at an offshore wind park happens when wind reaches the first in a row of wind turbines and subsequently disrupts the airflow to other turbines downstream in the park, which can impede optimal production. This phenomenon has been well documented in the industry over past years. And Siemens Gamesa has again turned to digital solutions to produce Wake Adapt, a solution that can remotely adjust the heading of a wind turbine, shifting the

direction of the wind to ensure that all turbines are operating to their maximum capacity. Wake Adapt can increase the annual energy production of an offshore windfarm by up to 1% which is a significant advantage in a competitive landscape. The new solution can also be retro-fitted to Siemens Gamesa Direct Drive and geared G4 offshore wind turbines.



## Blade casting automation

Manufacturing a blade for a wind turbine is a complex process. Siemens Gamesa produces blades that are up to 97 meters long, and the trend in the industry is to produce larger, more efficient turbines and blades capable of producing more clean energy at a lower price. Blades that are capable of producing this energy under any circumstance, independent of geography, extreme weather conditions or on land or sea, must be produced to very exacting requirements, and using very specialized materials.

In the case of Siemens Gamesa's Offshore business an 'integral blade' approach is used to produce a blade from a single cast, which reduces any weakness there may be from any joints in a blade, creating a flexible and low-weight design blade. This process in one large

mould of over 80 meters takes many hours and until now there was only limited insight into how well the process was going.

But over the last year the new blade casting automation was launched, which helps ensure the company produces each blade to exactly the same precision and quality demanded by clients.

This solution uses an IoT (Internet of Things) connection of sensors along the casting mould and a quality inspection system feeding data to a cloud service. This means that data can be analyzed to identify the most critical process stages, send warnings to operators, and improve the understanding of the process parameters related to the quality of the casted blade.





# Change Management

---

**Change Management at Siemens Gamesa is one of the four strategic levers enabling the implementation of the L3AD2020 vision, pioneering new ways of working, and promoting a common culture in which employees can express their values, beliefs, practices, ideas, and goals.**

With 25 global change initiatives the company is shaping a Culture of Trust based on empowerment, continuous learning and diversity.

Our unique Siemens Gamesa DNA is built on six core values which guide its daily work and are the foundation for the company's culture. These values are:

- **Result Orientation:** Results are important, delivered in a timely manner and at appropriate cost in everything we do.
- **Impactful Leadership:** Inspiring our people and exemplifying the trust and empowerment culture and common values.
- **Customer Focus:** Think from a customers' perspective about how we can excel in delivery. This matters for both internal and external customers.
- **Ownership Attitude:** People are motivated and engaged and see themselves as drivers of business success.
- **Innovativeness:** New solutions for customers and ourselves.
- **Valuing People:** Valuing the importance of the individual, recognizing their development on a merit based standard.

One of these global initiatives is a new Diversity strategy consisting of eight programs focused on gender, inclusion, culture and work-life balance. Siemens Gamesa won the 2019 award for the most flexible company (out of 900 companies in contention) presented by the Spanish Ministry of Health, Consumer Affairs and Social Services. In 2020, Siemens Gamesa has also been included in the GEI Bloomberg, a Gender-Equality Index tracking the financial performance of public companies committed to supporting gender equality through policy development, representation, and transparency – the company is one of 325 companies committed to more equal and inclusive workplaces. This recognition will help us to attract and retain the best talent to help us lead the energy transition.

One other change initiative already contributing to our new way of working is the Flexagility program. This program, which includes Digital Office, New Office Standards and a Working from Home policy, eliminates geographical and organizational borders improving global collaboration and fueling innovation.

# Human Resources Transformation

By transforming Human Resources (HR), we will implement a new HR service delivery model that will allow Siemens Gamesa to focus on its most pressing talent needs and sustain growth. The HR transformation will allow us to implement:

- One way of doing HR – one employee experience, one candidate experience, global processes with legal compliance
- Value-add HR focus – outsource transactional tasks to internally focus on processes that deliver strategic value. Reduce our operating costs and increase service quality
- Scalability – enable a model that can scale up and down
- Digitized HR – data-driven insights and intuitive self service

Through this transformation we will touch all 3 pillars of our operating model to deliver a modern HR experience:

## People

HR associates will be located where the best talent capabilities reside and where the business needs are. Our employees will have a consistent HR contact point via standard delivery channels and inquiries will

be filtered through specialized teams. Business requirements will inform and focus Human Resource's capabilities to support the most pressing talent and growth needs.

## Processes

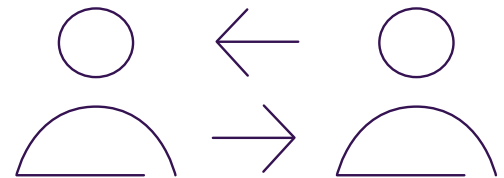
We will maximize standardization of processes and differentiate where this is a legal requirement or unique customer touch point. We are leveraging a few carefully selected vendors to manage our transactional and repetitive processes.

## Systems

We will utilize a common set of tools to drive efficiency and deliver a connected HR experience. Employees will have access to self-service where it makes sense to reduce manual effort.



Change Management



3 pillars

Siemens Gamesa's HR transformation is based on three pillars: People, Processes and Systems

76%

of employees took part in the survey, which will help the company understand their concerns and establish action plans to work on areas where it can improve





## Employee engagement

To help understand the needs of employees better, the company launched the first Global Siemens Gamesa Employee Engagement Survey, covering career development, diversity, compensation and benefits, safety culture, as well as opinions on leadership.

An impressive 76% of employees took part in the survey, 86% said they are willing to put in a great deal of effort beyond what is normally expected to help the

organization succeed. A total of 70% of the respondents feel free to be themselves at the company without worrying about how they will be accepted.

To address our challenges, such as stabilizing employee experience, a company-wide action plan, covering 1,050 action items has been launched. In this process both leaders and their teams are exploring the meaning of results and best opportunities for improvement.

# Sustainability

(Summary)<sup>1</sup>

41

---

A Commitment to Sustainability

41

---

Sustainable Development Goals

43

---

Sustainability and Corporate Approach

45

---

Responsibility through Stakeholder Engagement

46

---

CSR Collaborations

48

---

Recognition of Sustainability Performance

49

---

Commitment to our People

52

---

Green Development

55

---

Responsible and Sustainable Supply Chain

56

---

Community Engagement

<sup>1</sup> This is a condensed version of the 2019 Consolidated Non-Financial Statement. To view the complete text, please visit our website.

# Sustainability at Siemens Gamesa

## A Commitment to Sustainability

The discourse about the role corporations should play in advancing and addressing social and global challenges has changed dramatically, and there is no turning back. The expectation now is that companies will need to increase their investment and activism on the issues that matter to their employees, customers, and communities.

Many areas may impact our footprint, from overall environmental protection to the well-being of employees. Meanwhile, responsible investment is gaining traction in today's socially conscious environment.

Being active in the areas of Corporate Social Responsibility (CSR) is in the long-term interest of all our stakeholders from shareholders and customers to employees and wider society. For our company, it provides important benefits in risk management, cost savings, access to capital, customer relationships, human resources management, and in our ability to innovate. As importantly, it enables us to make a meaningful contribution to society.

By addressing CSR aspects that are relevant to stakeholders, we improve our long-term positioning and competitive advantage.

As a leader of the renewable energy industry, and as a company that has a track record in 90 countries, our CSR ambitions must match our business ambitions. This means making CSR an integral part of our business strategy.

If the communities where we work do not have access to quality education and decent jobs, they will not thrive—and neither will Siemens Gamesa. If those communities have greater opportunities, and a workplace where race, gender, and religion is not an obstacle, they—and Siemens Gamesa—will thrive.

The year 2019 was the second hottest year on record for our planet, just shy of the record set in 2016, while ocean heat content was the highest in recorded history. Those are worrying records for humankind and every other living thing on Earth facing up to a man-made catastrophe.

In the hallways of the COP25 organized in Madrid, 'climate emergency' had replaced 'climate change.' If we do not manage to take steps to curb global warming, the efforts to chart a more prosperous future could be in vain, because climate change is the biggest threat to that very future.

## Sustainable Development Goals (SDGs)

On January 1, 2016, the 17 United Nation Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development—adopted by world leaders in September 2015 at United Nations Summit—officially came into force to address global challenges we face today in mobilizing efforts to end all forms of poverty, fight inequalities, and tackle climate change, while ensuring that no one is left behind.

This blueprint of interconnected SDGs reflects a new understanding that development everywhere must integrate economic growth, social well-being, and environmental protection.

This kind of Herculean effort does not come without a strong collaboration between public institutions and private sector. As a business, we have a self-interest in driving this agenda forward and to contribute to reaching the SDGs related targets.

Siemens Gamesa has an impact on most of the SDGs in four important ways: i) through our products and services, ii) by responsibly operating our business, iii) through our expertise and thought leadership, and iv) through our corporate citizenship activities and community engagement programs. However, the impact we have on the SDGs varies significantly.

### High Impact Sustainable Development Goals

In fiscal year 2018, we identified and prioritized which of the SDGs were most relevant to our company and in which we can best apply our skills and specialist knowledge to have a real and lasting impact.

Our high impact SDGs are strongly correlated to our products and services, and the manner in which we produce them. They also represent the highest projected value-at-risk for Siemens Gamesa and the countries in which these SDGs present a higher risk our operations, often in combination with thought leadership initiatives in collaboration with partners around the world.

#### **Goal 7 – Affordable Clean Energy**

Our mission is to make real what matters for generations to come: clean energy.

We are committed to innovation, pushing the boundaries to accelerate the energy transition in the interest of society.

Our proven track record ensures that we will play a central role in broadening access to affordable and reliable energy services and making this a reality by 2030.

By doing so, we help achieve many other SDGs including the eradication of poverty through advances in health, education, and clean water supply, and the mitigation of climate risks.

Often, the barriers to a full-scale transition to renewable energy lie not just with technology, but with the challenge of securing long-term affordable finance.

#### **Goal 13 – Climate Action**

With our products and services, we help to improve energy efficiency and reduce CO<sub>2</sub> emissions.

But Siemens Gamesa is also committed to action when it comes to reducing its own environmental footprint.

The company has set the target of becoming CO<sub>2</sub>-neutral in all its operations by 2025.

Several motivating factors encouraged this decision such as the growing climate awareness by management and employees, and the anticipation of future climate regulations and carbon prices.

**Goal 5 – Gender Equality**

Talent does not know gender. Siemens Gamesa has a Diversity and Inclusion Policy in place, the principles of which apply to all geographic regions.

It aims to ensure equality and inclusion and avoid any kind of discrimination based on race, gender, civil status, ideology, political opinions, nationality, religion or any other personal, physical or social characteristic. We believe that by employing a diverse workforce, we not only break down barriers of discrimination and provide opportunities, we also make Siemens Gamesa more innovative, creative and committed to society.

So our main impact on SDG 5 is by managing our own workforce. The share of female employees is 19% of the total workforce. Our goal is to increase the presence of women in all sectors, but especially in engineering. Not enough women become engineers – and not enough of our engineers are women.

**Goal 8 – Decent work and Economic growth**

Siemens Gamesa is committed to promoting inclusive, and sustainable economic growth. We help improve people's welfare by driving the decoupling of economic growth from energy usage as a thought leader around the world.

We generate full and productive employment and decent work through our global operations contributing to GDP development in many countries, while protecting labor rights and promoting a safe and secure working environment for all our employees.

Since the merger, one of the key elements of our success has been the identification and dedication to a new set of common values. Our over 24,400 employees are our single most important asset worldwide and their passion and dedication are vital to our success.

**Goal 16 – Peace, Justice and Strong Institutions**

There is no sustainable development without peace, justice, inclusiveness and the rule of law by accountable institutions at all levels.

We contribute to SDG 16 by anchoring integrity and compliance throughout our company and by driving Siemens Gamesa's integrity initiatives with external stakeholders. Our company is committed to implementing the UN Global Compact's requirements and all other relevant regulations in our supply chain and disseminating them through collaborations with external organizations and institutions.



## Sustainability and Corporate Approach

Our Corporate Social Responsibility (CSR) vision addresses business accountability to a wide range of stakeholders, including shareholders and investors, at a time in which heightened expectations are being placed on corporations and members of their top management.

There are many areas that may impact our business footprint such as the overall environmental protection and the well-being of employees, along with the community and civil society in general, both now and in the future.

The success of our business is based on a sustainable operating environment, in which access to a skilled workforce, a stable community, and healthy environment are ensured on a day-to-day basis.

No company will be immune to the consequences of climate change. No company will thrive without addressing and finding new solutions for critical societal issues.

The Board of Directors is acutely aware of the responsibilities of Siemens Gamesa towards society. It is committed to ensuring that its activity is carried out in accordance with a set of values, principles, criteria and attitudes aimed at achieving the sustained creation of value for shareholders, employees, customers and society.

For that reason, Siemens Gamesa conducted a specialized CSR analysis in fiscal year 2018 and identified different strategic lines and actions to work on in the coming years.

The roadmap we designed, the CSR Strategy 2018-2020, sets targets under five sustainability pillars:

**Pillar 1: Integrity and transparency**

Ensuring ethical and business integrity, generating trust by our stakeholders through transparency and honesty. Engaging people creating a common culture and values. Key commitments include:

- By 2019, a framework of policies and procedures to guarantee business integrity to be established.
- By 2019, approval of the Siemens Gamesa Global Labor Agreement based on the International Labor Standards of the ILO.
- 2018-2020, compensation linked to continued presence on the FTSE4Good Index, the Dow Jones Sustainability Index and Ethibel Sustainability Index.
- Report annually important and verified CSR key performance indicators (KPIs) for stakeholders.

**Pillar 2: Commitment to people**

Engaging people creating a common culture and values based on safety, diversity, trust and transparency, identifying and retaining talent. Key commitments include:

- By 2020, assessment of the values of the company based on the employee’s perspective.
- By 2020, 70% of employees with individual performance development.
- By 2020, Diversity & Inclusion Program implemented across the company.
- By 2020, reach 3.36 Total Recordable Injury Rate target.

**Pillar 3: Green development**

Generating sustainable and green development based on innovative circular wind solutions and being an active player in promoting a low carbon economy.

- By 2020, more than 250Mt CO<sub>2eq</sub> (metric tons of carbon dioxide equivalent) annual savings for customers.
- By 2025, carbon neutrality.
- By 2020, renewable origin certification available for all newly installed turbines.
- By 2020, position Siemens Gamesa in the low carbon economy advocacy and promotion.

**Pillar 4: Responsible supply chain**

Sharing the responsibility of making things well and creating a commitment to society alongside the supply chain.

- By 2020, acceptance of the Supplier Code of Conduct by our main suppliers accounting for 80% of annual purchasing volume.
- By 2020, 100% of critical suppliers to be assessed and/or audited against the compliance of Supplier Code of Conduct.
- By 2020, investment in a ‘symbiotic’ collaboration regarding improvements with suppliers.

**Pillar 5: Community engagement**

Contributing to community development through our expertise, generating engagement and positive impact in society.

- By 2020, implementing relevant community engagement projects generating positive impacts.
- By 2020, investing in agreements about technology development with universities and other training centers to attract and select talent.

## Responsibility Through Stakeholder Engagement

We understand that stakeholder engagement is a continuous process. Siemens Gamesa aspires to be a significant driving force for progress in the communities in which we operate, by boosting industrial activity through investments, purchasing from local suppliers, and by contributing economic resources to public administrations.

At Siemens Gamesa we believe it is critical to understand our stakeholders' expectations, from shareholders, to managers, employees, customers and suppliers.

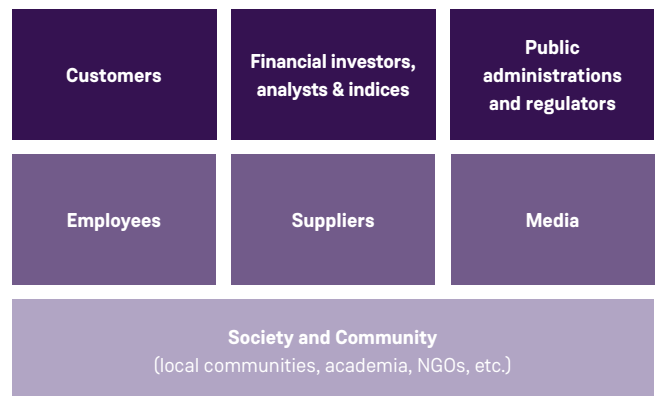
In a context of growing social and environmental concerns, CSR topics are increasingly important to internal and external stakeholder groups. This entails unprecedented responsibilities for all of us at a time where sustainability issues have become more important to society, and business as usual is no longer an option.

This approach will help us to thrive by identifying opportunities and developing solutions to mitigate risks, while creating lasting strategic, value-driven, and impactful change for our stakeholders.

In order to achieve our corporate and social pledge, the company has to establish effective communication channels with these groups. Our goal is to identify the most relevant topics and provide a reasonable response to their expectations, if possible.

These channels have their own specific features regarding format, responsibilities, intensity of the relationship and frequency of use, ranging from permanently available means of engagement, like mailboxes and portals, to annual or multi-annual means, such as surveys. They also include other non-periodic means which configure a relationship which the company views as proximity to its stakeholders.

**Siemens Gamesa stakeholders**



## CSR Collaborations

Collaboration is the key to greater social and environmental impact. The world needs greater ambition to reach targets which would effectively eradicate extreme poverty, curb global warming, end discrimination, and improve education worldwide.

Siemens Gamesa has proudly taken its place with other members of the global community who share our commitment to responsible business through corporate and social responsibility.

Our company is a valued member of the world's most prestigious CSR and sustainability indices. We voluntarily endorsed several codes of ethical principles and good practices, and Siemens Gamesa's responsibility performance has been widely recognized by the financial community.

These collaborations include:

### United Nations Global Compact

Siemens Gamesa endorsed the principles of the United Nations Global Compact and reaffirms its commitment to and support for the promotion of the ten principles of labor rights, human rights, environmental protection, and the fight against corruption on an annual basis.

The UN Global Compact is a voluntary initiative to carry out those ten principles in business activities around the world. To reflect their commitment, corporations are expected to adopt sustainable and socially responsible policies and report their implementation. This initiative also catalyzes actions in support of broader UN goals such as the Sustainable Development Goals (SDGs).

The company publishes a Communication on Progress Report (COP) each year, which reviews compliance with such principles. This document is made publicly available on the United Nations Global Compact website.

### Global Reporting Initiative (GRI)

Siemens Gamesa has been involved in the Global Reporting Initiative (GRI) community since 2016, first as an organizational stakeholder and currently as a community member and GRI core supporter.

GRI is a non-governmental organization which aims at high transparency and comparability for corporate social responsibility reporting.

The GRI Initiative is one of the international standards that currently shape the broader international agreement on responsible behavior of a multinational company.

GRI was founded on the belief that disclosing corporate social responsibility information inspires accountability and encourages organizations to seize new opportunities.

Siemens Gamesa shares that belief. Furthermore, the company actively participates in GRI's Corporate Leadership Group on Reporting on the solutions to common challenges and ultimately shape the future of reporting.



## Paris Pledge for Action

In 2015, a total of 195 nations recognized the need to take action to fight climate change. They agreed to a long-term goal of keeping the increase in global average temperature to well below 2°C and to invest in a low carbon sustainable future.

The Paris Agreement reached at COP 21 is the first-ever universal, legally binding global climate change agreement, bringing businesses and governments together to take action.

Siemens Gamesa endorsed the Paris Pledge for Action and pledged that the aspirations established by this historic agreement will be attained or surpassed.

In December 2019, Siemens Gamesa reaffirmed its commitment to the Paris Agreement during COP 25. As part of the 'Business Ambition for 1.5°C — Our Only Future' campaign, new signatories have pledged to set climate targets that align with limiting global temperature rise to 1.5°C above pre-industrial levels and reaching net-zero emissions by no later than 2050.

The pledge was signed by 177 companies at climate change talks in Madrid. They collectively represent over 5.8 million employees, spanning 36 sectors and with headquarters in 36 countries.

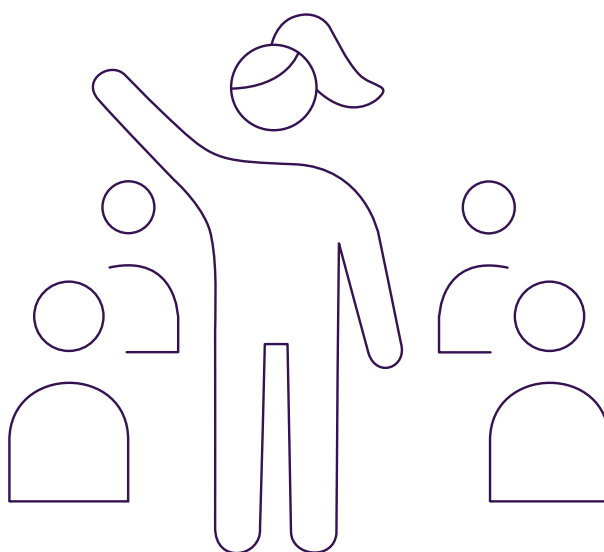
## Caring for Climate

Siemens Gamesa is also a proud member of 'Caring for Climate: The business leadership platform'. This is a UN Global Compact Initiative launched in 2007 to involve businesses and governments in taking action and making progress in fighting climate change.

It is a non-profit voluntary initiative based on advancing the role of business in addressing climate related issues. Its goal is to involve businesses and governments in acting on climate change, energy efficiency, reduction of emissions of greenhouse gases (GHGs), and positive collaboration with other public and private institutions.

## Women's Empowerment Principles

Siemens Gamesa is a member of the United Nations initiative Women's Empowerment Principles (WEPs): a community of companies committed to making a difference for women in the workplace, marketplace and society, accelerating the global momentum toward gender equality in the workplace.



The 'Principles of Empowerment of Women' are promoted by UN Women/UN Global Compact.

Siemens Gamesa believes that empowering women to participate fully in economic life helps to build stronger economies, establishes a more stable and just society, furthers sustainability and human rights, and improves quality of life for everyone. We proudly endorse the Principles of Empowerment of Women.

### Science Based Targets

Science Based Targets (SBTi) is a joint international initiative of the Carbon Disclosure Project, the UN Global Compact, the World Resources Institute, the World Wildlife Fund for Nature and the We Mean Business coalition.

It aims to reduce carbon emissions in a measurable manner and sufficient to avoid exceeding 2°C of global warming as established in the Paris Climate Agreement.

Siemens Gamesa voluntarily joined this initiative on September 12, 2018. Under this initiative, Siemens Gamesa commits to developing a measurable, science-based emissions reduction target within the next two years, which will be independently validated by SBTi's team of technical experts.

*“Siemens Gamesa is actively working to reduce CO<sub>2</sub> and is a member of the Carbon Disclosure Project, the UN Global Compact, the World Resources Institute, the World Wildlife Fund for Nature and the We Mean Business coalition.”*

## Recognition of Sustainability Performance

Siemens Gamesa's sustainability performance is monitored continuously and has been externally confirmed by the most renowned and relevant sustainability indexes and ratings.

We are pleased to be recognized for our continuous work, our actions, and our strategy to mitigate climate change. We take seriously our responsibility toward achieving sustainability goals through our operations worldwide, and within the company.

### Dow Jones Sustainability Index

In 2019, Siemens Gamesa became a constituent member of the Dow Jones Sustainability Index (DJSI Europe) for the tenth time since 2006.

Launched in 1999, the Dow Jones Sustainability Index represents the gold standard for corporate sustainability and is the first global index to track the leading sustainability-driven companies based on RobecoSAM's analysis of financially material Environmental, Social, and Governance (ESG) factors.

Siemens Gamesa is the only Spanish company included within the machinery and electrical equipment category (IEQ), which comprises a total of 115 companies from all over the world.

Moreover, Siemens Gamesa scored particularly well in the areas of codes of business conduct, product stewardship, innovation management, strategy for emerging markets and supply chain management.

These results place Siemens Gamesa as a global sustainability leader in the eyes of stakeholders, financial analysts, and the public at large.

## FTSE4Good

Siemens Gamesa is also included in the Financial Times Stock Exchange (FTSE)'s FTSE4Good series, which is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

## Global Challenges Index (GCX)

The company is also among the 50 securities included in the Global Challenges Index (GCX) for promoting sustainable development through products and services, as it was last year too.

## Ethibel Excellence Europe Index

Finally, Siemens Gamesa is part of the Ethibel Excellence Europe Index, which includes companies in the Russell Global Index that demonstrate outstanding performances in terms of corporate social responsibility.

## Commitment to our people

At Siemens Gamesa, we believe that a company cannot achieve success without the talent, the sense of ownership, and the achievement of the people who work in it.

This goal can only be achieved by empowering people in their daily work, creating a shared-value environment where social and skills development needs are met while driving business innovation.

We aim to be an employer of choice by pursuing improvements in people's quality of life, and by empowering and motivating all employees with an exciting culture, life-long learning, and development possibilities.



## Culture of Trust

Without trust, we cannot expect people to feel they can design and lead the future. Our Culture of Trust program is based on the pillars of trust, empowerment, diversity, and continuous learning. Our goal is to create a non-blaming environment in which people have a mandate to act within their area of responsibility.

The Culture of Trust program has become a mature movement across the organization supported by both global and local initiatives. In 2019, over 50 projects were initiated by local Culture Change Makers from different countries.

## FlexAgility - A New Way of Working

As identified in the L3AD2020 program's Change Management, Siemens Gamesa has the goal of becoming a company where everyone feels a sense of empowerment and ownership. One contributing factor was to implement state-of-the-art IT and innovative office concepts that would open a space for creativity, collaboration, and personal responsibility.

This new way of working at Siemens Gamesa is called FlexAgility.

To achieve this agility, we have created uniform open, digital, and flexible office standard guidelines.

The main changes include spaces to be shared by all employees without physical separation, all of which are supported by the necessary IT tools. We have also introduced a progressive work from home policy, which gives people the chance to work at home whenever it makes people more efficient and enhances a better work-life-balance.

## Employment

Siemens Gamesa aims to be an employer of choice by empowering and motivating all employees with a high-performance culture, life-long learning, and development possibilities.

Siemens Gamesa's employment model is based on respect for and compliance with universal standards in both human rights and labor legislation.

Our labor policies and practices are underpinned by endorsement of the most stringent international labor standards (including the International Labor Organization and United Nations conventions) and materialize in the promotion of employee rights, particularly the right to freedom of association and collective bargaining, going beyond local requirements in this respect.

These commitments also find expression in work-life balance measures designed and implemented by Siemens Gamesa as a function of the diversity of its workforce and jobs.

Notable among these measures are its flexi-time schemes, continuous and shorter working day arrangements, vacation packages, and the provision of end-to-end assistance to personnel posted abroad.

We offer professional development opportunities in the form of training and job experience, in a multicultural and multinational environment, which are the cornerstones on which we base our talent management cycle.

Siemens Gamesa also embeds cultural diversity, a commitment to combating discrimination, and support for equal opportunities into management of its human capital.

## Learning and Training

Siemens Gamesa believes in continuous learning. Our organization uses the sharing of knowledge and personal development to drive cultural change, create opportunities for everyone, and attract and retain talent.

Learning is planned on a strategic level with the overall goal to build long-term capability and support short-term performance to add value for Siemens Gamesa, our customers and our most important resource, our employees.

In 2019, a total of 16,885 employees, or 68% of the workforce, received received training with a cumulative number of training hours of 904,529, compared to 619,257 hours in 2018.

Aside from formal training, we encourage our employees and managers to develop on-the-job training by adopting the individual learning and development model 70-20-10. The model is a strategic workplace learning framework aimed at enhancing effectiveness by supporting the three types of learning: experience (70), social (20), and formal (10).

In addition to individual development plans, Siemens Gamesa also has other programs for developing talent. We have a network of internal trainers that allow us to develop our own training courses on Siemens Gamesa's key knowledge and deliver them to our employees.

# 16,885 employees

received training with a cumulative number of 904,529 training hours

## Diversity and Equal Opportunity

Only by being inclusive and open will we become the leader in renewable energy. Embracing diversity will lead us to become truly innovative and to find great solutions to the challenges we need to overcome.

Siemens Gamesa has a Diversity and Inclusion Policy in place, the principles of which apply to all geographic regions. It aims to ensure equality and inclusion and avoid any kind of discrimination based on race, gender, civil status, ideology, political opinions, nationality, religion, or any other personal, physical or social characteristic.

The Diversity Committee oversees its fulfillment in a working environment that fosters dignity and respect for all. One example of the group's diverse workforce is that it employs people from over 100 nationalities across the world.

### Harassment and Discrimination

Siemens Gamesa is committed to its policy of zero tolerance towards any form of violence, harassment, verbal abuse, abuse of authority at work, unlawful discrimination, or any other conduct that creates an intimidating environment or is offensive to the rights of employees. It expects relations between people at its places of work to be business-like and free from any bias, prejudice or harassment. A breach of this protocol is not necessarily a violation of the law, but it may, however, result in disciplinary action, including justified dismissal.

### Gender Diversity

Siemens Gamesa is a member of the United Nations initiative Women's Empowerment Principles: a community of companies committed to making a difference for women in the workplace, marketplace and community, accelerating the global momentum toward gender equality in the workplace.

Our commitment to equality extends beyond gender. But, in this specific aspect, our goal is extremely clear: We need to achieve gender equality within our company. We want to lead by example.

With regards to gender diversity on the Board of Directors is concerned, Siemens Gamesa is close to the target of having 30% women on the Board by 2020. As of September 2019, our company has 3 women on its Board of Directors, representing 23% of its members.

The share of female employees represents 19% of the total workforce. By region, women represent 21% in Europe, Middle East and Africa, 21% in the Americas and 10% in Asia and Australia.



## Occupational Health & Safety

Working safely is a precondition for all the work we do. We will only become the global industrial leader we intend to be if we are also the leader in health and safety.

Occupational health & safety is an integral part of our company culture and an essential part of our Business Code of Conduct. Beyond specific market requirements, we are guided at all times by the criteria of excellence and continuous improvement.

At our production facilities and across our project sites, we continuously drive improvements related to health and safety and these are continuously monitored through our internal systems.

Furthermore, we work across our value chain on industry-driven initiatives and participate in networks that focus on health and safety in the wind industry to raise awareness and adopt best practices, which typically include customers and suppliers, industry associations, research institutes or similar.

The company works hard to instill a strong safety and zero-harm culture across the entire business, for employees, suppliers and customers alike, as well as society at large.

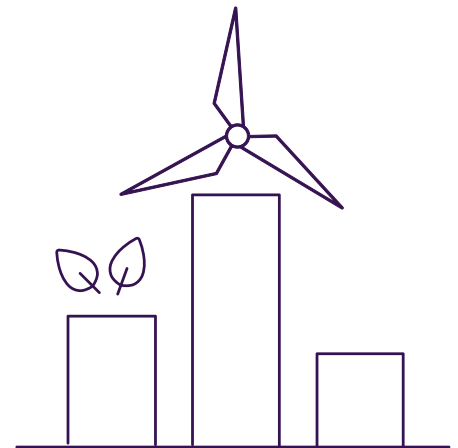
'Safety is my choice' is Siemens Gamesa's umbrella initiative, which was launched globally in 2018. It aims to focus on individual behaviours by reminding employees of their own role and responsibility in safety as a key for success.

The company has an occupational health and safety management system in place that is certified according to the international OHSAS 18001 2007 standard and covered 113 locations in 2019. It provides a framework to identify, control and decrease the risks associated with health and safety.

In fiscal year 2019, the number of Lost Time Incidents (LTI) in Siemens Gamesa amounted to a total of 91 compared with 99 in 2018.

As a result, the overall employee Lost Time Frequency Rate (LTFR) reached 1.91 compared with 2.10 in 2018 at the end of the period. The LTFR is calculated per 1,000,000-working hours and includes all accidents that result at least in one lost day of work, so called lost-time incidents. As for contractors, LTFR rate was 1.33 compared with 2.23 in 2018. The combined rate for employees and contractors in fiscal year 2019 was 1.67 compared with 2.14 in 2018.

The company acts proactively to analyse the root causes of accidents and is equipped with management indicators which show the attainment level of this working philosophy in day-to-day management. This includes, for example, the performance of safety inspections (15,770), safety observations (52,310) and health & safety audits (112) at the end of the reporting period.



## Green Development

Environmental protection is fundamental to the culture of Siemens Gamesa. As a provider of clean, reliable and affordable wind power, we are committed to fostering the responsible and sustainable use of resources and to leading the fight against climate change by reducing the environmental impact of our company's activities.

Environmental excellence is an essential pillar in achieving the UN's 17 Sustainable Development Goals (SDGs) and meeting the requirements set out in the Paris Agreement for climate change.

We thereby seek and support environmental improvements throughout our value chain to ensure appropriate improvements are realized in all life cycle stages of our products and services. All employees and business partners are expected to adopt a pro-environmental mindset, applying environmental best practices.

Siemens Gamesa continuously drives environmental improvements to our internal operations at our factories and across our project sites. However, we recognize that our internal efforts to reduce our environmental impacts are only strengthened when combined with other collaborative initiatives with our business partners such as customers, suppliers, authorities and political figures, industry associations, research institutes, or similar.

The following quote, taken from our policy, clearly articulates our core philosophy: ‘United we will shape the renewables sector and its entire value chain, leveraging our industrial, technological and innovative capabilities to contribute to a cleaner and more sustainable environment for generations to come.’

## Climate Change Policy

Siemens Gamesa recognizes that climate change is a global issue requiring urgent and collective action by governments, businesses and citizens alike. We are committed to action and will continue making important contributions to the global economy’s decarbonization.

Aware that climate change is a fundamental threat to markets and sustainable development, Siemens Gamesa has adopted a company-wide Climate Change Policy.

The policy enforces Siemens Gamesa’s intent to continue developing renewable energy technologies and promoting their uptake to achieve a global low-carbon energy generation model that not only reduces environmental impacts but also ensures a sustainable future for generations to come.

This policy was drawn up to contribute to Principle 4 of the Global Corporate Social Responsibility Policy: ‘Contribute to sustainable development by reducing the environmental impact of Siemens Gamesa’s activities and generating new solutions through innovation.’

With regards to climate change, Siemens Gamesa is committed to nine principles:

### Key principles in the fight against climate change

<b>Principle 1</b>	Support the global greenhouse gas emission reduction goals established in the Paris Climate Agreement and any international agreement that may replace it.
<b>Principle 2</b>	Support the United Nations Sustainable Development Goals (SDGs) to take urgent action to combat climate change and its impacts.
<b>Principle 3</b>	Foster and implement management systems that make it possible to fight climate change.
<b>Principle 4</b>	Pursue innovative advances in product design that help provide sustainable solutions to current climate challenges and achieve the gradual greenhouse gas emission reduction goals.
<b>Principle 5</b>	Advocate a global emissions market that makes it possible to generate the resources needed to finance clean energy projects, both in industrialised countries and in emerging and developing economies.
<b>Principle 6</b>	Support a culture for an efficient and responsible use of energy and resources, as well as behavior favoring such responsible use.
<b>Principle 7</b>	Develop training and awareness-raising activities for staff and external stakeholders throughout the value chain and for society in general concerning the environment and the fight against climate change.
<b>Principle 8</b>	Transparently report significant results and activities with respect to the fight against climate change.
<b>Principle 9</b>	Promote industry alliances and partnerships with multiple interested parties to take advantage of the resources of the Siemens Gamesa Group, with a view to solving climate problems and generating social value.

## Environmental targets and performance

The company has established a broad range of targets oriented to achieve its commitment to fight climate change and to protect the environment. These targets are to be accomplished by 2025. They include:

- 10% increase in energy efficiency
- 10% increase in waste efficiency
- 10% reduction in waste to landfill
- 10% reduction in hazardous waste

## Environmental successes

At Siemens Gamesa, we take pride in our consistent efforts to improve our environmental performance in relation to our internal operations. We have a centralized tool where we track our improvements. In 2019, several improvements were proposed and for those implemented, the following environmental savings were achieved:

- 17,942 GJ in energy savings
- 1,851 tons in waste savings
- 19,231 m<sup>3</sup> in water savings

### **Other environmental successes in 2019 included:**

- In Spring of 2019, Siemens Gamesa's cleaning service provider in Denmark changed all cleaning products used on site to biodegradable products. The purpose for changing products was to minimize the use of environmental substances in our workplace while creating a better and safer work environment for our employees.
- Siemens Gamesa's provider for canteen services in Denmark also started a national campaign for food waste. A new uniform price model was introduced in canteens which enabled food waste to be significantly reduced. A new process for separating food waste was also implemented in order to measure the effectiveness. Average food waste from plates decreased from 7 kg per day to 3.5 kg.
- In the nacelle factory in Brande, Denmark, a polystyrene compactor was introduced to reduce packaging waste volumes in the factory. This had significant benefits in terms of manual handling as well as the frequency of collections by waste handlers: the original 65 collections were reduced to 3. This reduction also meant savings of roughly €5,500 and 4,100 kg CO<sub>2</sub>, which was calculated based on fiscal year 2019 amounts of polystyrene.
- In the same nacelle factory, solar film windows were installed on the south side of the main building in addition to a ventilation system being upgraded. The result of these upgrades is both an annual energy savings of 2,968,850 kWh from a mix of electricity and natural gas as well as 552,359 kg of CO<sub>2</sub> emissions annually.



## Responsible and Sustainable Supply Chain

Siemens Gamesa has a strong history of supplier excellence, built up over the years in addition to strong legacies that have consistently created positive value.

In fiscal year 2019, our second full year as a merged company, we purchased almost €8.2 billion worth of goods from approximately 17,900 tier-1 suppliers.

The principles followed by our supply chain support several key activities that have consistently created positive value with our suppliers and stakeholders. These include:

- Development of the local supply base adding highly technologically prepared competitors while contributing to local wealth creation.
- Improvement through development plans with suppliers to achieve world-class component design to reduce costs.
- Creating opportunities for qualified suppliers to export to other regions based on their competitiveness.

But, at all times, our message to suppliers is that they must share our goal of behaving in an ethical, law-abiding manner.

### Sustainability principles

In 2018, Siemens Gamesa released a specific policy governing supplier's relations and contracting, which provides a group-wide framework for the management and control of procurement activities.

The Code of Conduct for Suppliers and Third-Party Intermediaries establishes standards to ensure that working conditions in the company supply chain are safe, that workers are treated with respect and dignity, and that business operations with suppliers are ethical, social and environmentally responsible.

We ensure the impartiality and objectivity of our supplier selection processes, and establish the channels and mechanisms needed to ensure that our supplier conduct is ethical. To this end, Siemens Gamesa is committed to taking action if any supplier violates the values and principles set forth in our Code of Conduct.

### A responsible and sustainable Supply Chain Management Strategy

The processes and tools available at Siemens Gamesa provide strategic buyers with levers, risk indicators, and transparency to support making the best sourcing decisions. Risk screening is based on financial analyses and commodity reports provided by external consulting companies, which feed indicators into our internal supplier comparison tool.

Sustainability self-assessments are applied to strategic suppliers or suppliers located in high-risk countries. The answers provided are screened, and suppliers who fail to meet the requirements are either immediately blocked from further business with Siemens Gamesa or may be conditionally approved if the issues are not critical.

An External Sustainability Audit is executed by different third-party providers and is the most powerful detection module. Monitoring may include re-audits or follow-up audits by our external partners.

The suppliers identified as having high sustainability risk to Siemens Gamesa in fiscal year 2019 accounted for 13% of the year's total purchasing volume (approximately €1.1 billion).

## Community Engagement

Siemens Gamesa is deeply rooted in the societies in which it operates by contributing to their sustainable development. We are committed to achieving harmony between our corporate values and the expectations societies has of us.

By fostering economic and social development in the communities in which we operate, we create wealth and prosperity for the population, and those in return create the economic wealth bringing the talent that will improve our commercial activities.

Our organization forms part of a social fabric which can strengthen our own capacities or, on the contrary, condition and limit our development and competitiveness.

Community engagement is one of the five pillars of Siemens Gamesa's CSR strategy 2018-2020, which emphasizes the importance of contributing to the communities in a non-business capacity, offering expertise to community members and engaging with them to positively impact society.

Siemens Gamesa collaborates with a variety of stakeholders, such as institutions, administrations, and organizations in civil society and actively sponsors social action initiatives world-wide.

To achieve this, a new Social Action Policy was approved by the Board of Directors in September 2018. The primary objectives of this Policy are the following:

- Stimulate the business and sustainability.
- Improve the company's recognition and reputation.
- Increase satisfaction among employees and partners.
- Contribute to the improvement of the communities in which Siemens Gamesa does business.

UN Sustainable Development Goals play a crucial role in Siemens Gamesa's community approach; any social action initiative or community engagement must help advance one or more.

Consequently, Siemens Gamesa determined that the goal of social action initiatives in communities and all non-business activities must be:

- The generation of well-being for people, paying special attention to the most vulnerable groups (in line with UN Sustainable Development Goals 1 to 6).
- Access to energy from sources of renewable origin, driving technological development and the promotion of knowledge in this area (in line with UN Sustainable Development Goals 7 and 13).

## Community Action Programs

### Siemens Gamesa impact 2018/2019

In fiscal year 2018, the global social action initiative ‘Siemens Gamesa impact’ was launched. ‘Siemens Gamesa impact’ encourages employees worldwide to become more engaged. They can apply for funding for projects that will bring positive change to communities in locations where the company operates.

Siemens Gamesa employees worldwide were invited to propose social action projects for Siemens Gamesa impact 2018/2019. The projects had to fall within at least one of the initiative’s project categories. These are based on the UN Global Compact’s Sustainable Development Goals (SDG):

- SDG 1: No Poverty
- SDG 2: Zero Hunger
- SDG 3: Good Health and Well-Being
- SDG 4: Quality Education
- SDG 5: Gender Equality
- SDG 6: Clean Water and Sanitation
- SDG 7: Affordable and Clean Energy
- SDG 13: Climate Action

One hundred and thirty-six employees from 14 countries submitted 192 potential projects in 39 countries. All project proposals were carefully reviewed and a selection committee, consisting of members of Siemens Gamesa’s executive committee and chaired by the initiative’s patron and CEO Markus Tacke, chose eight projects in seven countries by the end of September 2019.

### SDG 01: No Poverty

#### Brazil: Sustainable Honey Production in Northeast Brazil

Since the launch of the Sustainable Honey Production project in December 2018, our local partner Giral Desenvolvimento de Projetos has provided systematic technical support to six communities of honey producers in the State of Rio Grande do Norte. The equipment that would enable them to increase their production was delivered to the communities in May 2019. The project was finalized in July with a marketing workshop also led by our local partner. About 90 producers benefited from the project directly and more than 360 people indirectly.

### SDG 05: Gender Equality

#### Denmark: Robot league for girls

Siemens Gamesa partnered in a large public event with the FabLab Spinderihallerne in Vejle with the goal of getting children and teenagers involved in coding and robotics all based on the ‘Shitty Robots’ concept from YouTube star Simone Giertz. For that purpose, FabLab Spinderihallerne held different robotics workshops for local primary and high schools, and for teachers as well as interested teenagers from across Denmark in early 2019. The children were introduced to basic coding, 3D printing, and robotics and had the task of building a robot that fulfills a day-to-day task. The project ended with a big public event at which the 186 children and teenagers presented over 60 robots to Siemens Gamesa volunteers, who had mentored them, teachers, families, and friends. Of the entire group of participants, over two-thirds were girls. [ 1 ]



### **SDG 06: Clean Water and Sanitation**

#### **India: Positive Change - Building sanitary facilities**

Siemens Gamesa partnered with the organization Bal Vikas India to offer adequate access to sanitary facilities to families in an underprivileged community in Ankleshwar with the goal of improving their health and well-being, especially during the monsoon season. The families were chosen by Bal Vikas based on criteria such as the need for improved sanitation due to the number of family members, their age, and if members of the family are disabled. By the end of 2018, we had achieved our goal of 11 families with over 60 people benefitting directly and more than twice as many indirectly. [ 2 ]



### **SDG 03: Good Health and Well-Being**

#### **India: Siemens Gamesa Soccer League**

The Siemens Gamesa Soccer League aims to bring social change to some of the most deserving communities in the vicinity of Siemens Gamesa wind farms across India. The program focuses on marginalized and at-risk youth and uses football as a vehicle. Together with our local partner Team Everest, 1,800 children and teenagers benefitted from the football program directly and 6,500 indirectly in 2019. They received more than 3,000 hours of coaching in football and life skills. Another benefit of the program was the training and development of 170 community leaders to become community coaches.

### **SDG 06: Clean Water and Sanitation**

#### **Morocco: Providing water access**

Together with the local partner Association des Parents d'Eleves de L'Ecole Secteure Scolaire Daya, Siemens Gamesa installed water pipe connections and lavatories in two local schools in the vicinity of the company's blade plant in Tangier. Following the construction activities, the focus shifted to educating parents and local villagers and raising their awareness on the importance of proper sanitation, water use, and resource efficiency with training about day-to-day health habits. This training also demonstrated to the parents that their children can now learn in a safe school environment. The inauguration in early October 2019 celebrated the completion of the project and the great involvement of the Siemens Gamesa volunteer team.

### **SDG 13: Climate Action**

#### **Spain: Business and biodiversity to a forest**

Thanks to Siemens Gamesa's contribution, the Basque organization Fundación Lurguia was able to acquire five hectares of land for forest restoration in the Urdaibai Biosphere Reserve aimed at creating the largest oak forest of the reserve by changing the land use from a wood plantation of rapid-growth species, mainly pines and eucalyptus, to forest of autochthonous species. In addition to the land acquisition, 1,200 trees and shrubs were planted on two hectares of the land. Many of these trees were planted by 59 employees, 171 of their family members and friends during two volunteering days in early 2019.

### **SDG 03: Good Health and Well-Being**

#### **Thailand: Green Island**

Our local partner PlayOnside built a community house and football field for refugee and migrant children in a community that lives on a garbage dump in the outskirts of the Thai border town of Mae Sot. For the community building, only recycled or reused materials were used, and the construction was built by locals who received a fair wage. The facilities were inaugurated with a football tournament in Siemens Gamesa's honour in March 2019. Since then, football training sessions and life skills workshops have been taking place

on a regular basis. During the summer break, PlayOnside organized a summer school to improve the Thai and English language skills as well as the capacity for critical thinking of the children living in the community. The long-term goal of the project is to provide access to education to underprivileged children regardless of their ethnicity, gender, religion or socio-economic status and thereby increase their chances of a better future.

#### **SDG 04: Quality Education**

##### **United Kingdom: How does wind energy work?**

Siemens Gamesa's local partner Lab Rascals organized ten wind energy workshops in low income primary schools in the vicinity of the company's blade factory in Hull. The goal is to raise the aspirations of students towards STEM subjects. The workshops were designed to help increase the children's problem-solving and teamwork skills through hands-on experience. The children aged 9-10 had to build a LEGO wind turbine and use it to charge a battery that would then power a LEGO car. In order to test whether wind speed, wind angles, number of blades etc. make a difference to the energy generated over time, the children also had to use basic mathematics. Siemens Gamesa employees volunteered to help during the workshops, together with 10 teachers, which benefitted over 300 children. [ 3 ]



#### **SDG 07: Affordable and Clean Energy**

##### **Bangladesh: Solar streetlights to improve the safety of 9,000 refugees**

Siemens Gamesa partners with the Spanish committee of the UNHCR to install 30 solar streetlights in Rohingya refugee settlements in Bangladesh in 2019. The new solar streetlights will provide lighting in settlements identified through community consultations. Altogether, UNHCR will install 1,000 solar streetlights in these camps to improve security conditions for 9,000 refugees and especially women and girls, while promoting sustainable initiatives that care for the environment.

#### **SDG 06: Clean Water and Sanitation**

##### **Taiwan: Beach cleanup in central Taiwan**

Our partner organization RE-THINK will organize a beach cleanup event for Siemens Gamesa employees at one of the worst hit beaches in the county. Changhua county, where more than 70% of Taiwan's confirmed offshore wind pipeline will be built, has been identified as having the highest beach pollution rates of the Island. Beach pollution is a serious and widespread issue in Taiwan, endangering wilderness in littoral areas.

#### **Siemens Gamesa impact 2019-2020**

In the second edition of the initiative, 98 employees from 17 countries submitted 132 projects in 36 countries. The selection committee chose nine projects in nine countries to be funded and implemented by end of fiscal year 2020.

#### **SDG 03: Good Health and Well-Being**

##### **China: Wind people running for children with leukemia**

China Wind Energy Association has been working with the New Sunshine Charity Foundation to raise money for the treatment of children with leukemia. Each year, they organize a running activity and ask wind energy-related businesses to contribute by matching ng 200 RMB per person for each employee runner participating. This year, Siemens Gamesa will encourage local employees to join the run. They will also have the opportunity to visit a treatment center in Beijing.

**SDG 05: Gender Equality**

**Thailand: Girls Empowerment Program**

Siemens Gamesa will continue its collaboration with PlayOnside in Mae Sot. The new project will further improve and expand gender equality in the community. Girls Empowerment Program is a three-tier program focusing on facilitation, mentorship and leadership. To promote girls' participation, young local female leaders and mentorship are pivotal. When the female teachers play football, the girls look up to them and want to play. Apart from the Girls Mentorship Program, the organization plans to build additional sanitary facilities in the vicinity of football fields. They will also invest in transporting girls to and from football practice, because it is not safe for migrant girls to walk around Mae Sot alone after sunset. [ 4 ]



**SDG 04: Quality Education**

**USA: Elliott Test Kitchen (Test Kitchen Education Foundation)**

Nearly 65% of Fort Madison (Iowa) school students qualify for free/reduced lunch programs due to low incomes. The ties between income and academic achievement are deeply rooted. Siemens Gamesa supports The Test Kitchen Education Foundation in its goal to lift students from these circumstances by teaching students to cook healthy meals while applying STEM concepts, and by providing access to committed and caring adult mentors and educators to improve students' study skills and core education levels.

**SDG 04: Quality Education**

**Mexico: Fab Lab Ed (Fundación AXCEL A.C.)**

For a year, 112 middle schoolers at high risk of dropping out of school attend once a week, accompanied by their teachers (8), the Technology Hub and Fab Lab Juárez to be trained in electronics, robotics, programming and digital fabrication, as well as vocational orientation and information on educational options in their city. The participants will develop skills that go beyond technical learning; acquiring abilities, experiences and knowledge, as a result, a boost in their self-confidence.

**SDG 04: Quality Education**

**Germany: A future through the sport that you love (I-Punkt Skateland e.V.)**

I-Punkt Skateland is a non-profit organization only a few minutes from the Hamburg offices that provides children with a protected setting where they can come together and skate. Many are from disadvantaged families. The project involves 5-15 students or early school leavers from disadvantaged families in renovating the skating facilities with an experienced carpenter school and pedagogical guidance.

**SDG 13: Climate Action**

**Spain: Save the Ocean (Fundación Ecomar)**

The project contributes to cleaning the oceans by organizing 8 cleaning events of seashores or inland coasts in Spain and Portugal with the help of children from the area and Siemens Gamesa employees. This could lead to the removal of 1.5 tons of waste and more than 10km of clean coast.

**SDG 06: Clean Water and Sanitation**

**Tanzania: Dolphin village – water and sanitation (Elimu e.V.)**

The project aims to construct rainwater collection systems to make the best use of the rainy season and to secure clean and safe water for an orphanage and its surrounding village. Furthermore, constructing sanitary facilities for the surrounding village to prevent diseases related to unsanitary conditions. Also, villagers and orphans will be trained in the use of water and a sanitation system.

## Local Social Action Initiatives

Siemens Gamesa encourages local teams to organize social action initiatives in their own communities and employees worldwide have shown an increased interest in volunteering for a good cause. These local social action initiatives are chosen and implemented based on the company's Social Action Policy. Social action initiatives have also gained increasing traction when developing and implementing wind farm projects together with customers.

The following projects are a selection of many more projects that have been implemented worldwide.

### **SDG 01: No Poverty**

#### **Brazil: Manioc Production Chain and Community Center**

Siemens Gamesa partnered with customer CPFL-Renováveis supporting a community in Patos, in the municipality of Itarema, expanding their production infrastructure of manioc products and at the same time strengthening their selling prospects. The project included renovating the 'Flour House', in which most of the production takes place, expanding a community center as well as the acquisition and installation of new equipment. A continuous evaluation of the adequacy of the processes is taking place and an evaluation system monitoring the evolution of the project was put in place. Overall the project benefits 120 people directly and more than 2,000 indirectly.

### **SDG 01: No Poverty**

#### **Mexico: Tejiendo el Viento (Weaving the Wind)**

Initiated in 2016, Tejiendo el Viento is a pioneering business with a social approach: it empowers artisan women and helps them to preserve their ancestral traditions by selling goods and products consistent with the current dynamic and cosmopolitan market. The importance of the project became even more apparent, when a massive earthquake devastated the

region in September 2017. Siemens Gamesa supports Tejiendo el Viento by providing seed capital and acting as a customer by buying corporate gifts and employee giveaways from the initiative. The first group of seven indigenous artisans came together in early 2018. In 2019 Tejiendo el Viento was officially launched with 140 artisan women from 12 different communities in five municipalities in the region.

### **SDG 04: Quality Education**

#### **United Kingdom: Hull Street Race**

Siemens Gamesa was among the leading forces behind the Hull Street Race, the United Kingdom's first closed road electric car event. The company sponsored two of the school teams and employees helped students design and build their cars. Overall 700 students, aged from nine to 24, raced around Hull city centre and were watched by thousands of spectators. The event was staged on a specially created city centre circuit by Greenpower Education Trust, a charity that inspires young people to study STEM subjects to create the engineers of the future.

### **SDG 04: Quality Education**

#### **India: From scrap wood to school furniture**

Siemens Gamesa supported a project that trains indigenous people, living in the vicinity of the manufacturing plant in Mamandur outside of Chennai, in carpentry who then convert wood scraps into school furniture. This fosters the education of rural students that otherwise have little access to proper educational infrastructure and comfort in classrooms. The project was launched in 2012 and has since trained and employed more than 130 people. Some 510,000 kilograms of scrap wood were turned into 2,550 sets of benches and desks in 2019 and were donated to 90 schools near Siemens Gamesa's wind farm sites across India.

# Corporate Governance

(Summary)<sup>1</sup>

63

---

Board  
of Directors

67

---

Risk control and  
management

<sup>1</sup> This is a condensed version of the 2019 Annual Corporate Governance Report. To view the complete text, please visit our website.



# Corporate Governance

Transparency and public accessibility are the starting points in our governance philosophy. The Siemens Gamesa website ([www.siemensgamesa.com](http://www.siemensgamesa.com)) contains all the content that we are required by law to publish, as well as a great deal of other information that might be of interest, particularly to shareholders and investors.

Mandatory content can be accessed through the homepage of the Company's website. Access is located at the top of the webpage, under the title 'Investors and shareholders', which contains a drop-down index with all the content that needs to be included in the listed companies' websites pursuant to current legislation. That content includes the annual corporate governance report, the annual report on remuneration of the members of the Board of Directors and other informative instruments of the listed companies.

## Board of Directors

The Board of Directors is the Company's highest decision-making and administrative body, without prejudice to the powers of the shareholders acting at a General Meeting of investors and shareholders and with no more limits than those established by law or the Corporate Governance Rules. The Board of Directors focuses its activity on administering, managing and representing the Company. It also has a general duty of supervision, the establishment and promotion of general strategies and policies, and the consideration of matters of particular importance for the Company and the Siemens Gamesa Group.

The Board of Directors carries out its duties with unity of purpose and independence, guided by the corporate interest, which is understood as the common interest of its shareholders in the creation of value of the Company, which is carried out through the sustainable, efficient and competitive exploitation of its corporate purpose, taking into account other legitimate public or private interests that converge in its business activities.

## Committees

In accordance with the provisions of law, the Board of Directors shall be supported by non-executive committees which shall perform advisory duties in their respective areas of competence. The Company's committees are:

### Audit, Compliance and Related Party Transactions Committee

This Committee is entrusted with, among other things, the duties of proposing the appointment, re-election or replacement of the statutory auditors, as well as oversee:

- (a) the independence and effectiveness of Internal Auditing;
- (b) the process of preparing and monitoring the requisite financial information,
- (c) the effectiveness of the Company's internal control system and risk management systems, including those related to tax,
- (d) the review and effectiveness of both the Corporate Governance Standards and the Ethics and Compliance Division,
- (e) compliance with corporate social responsibility, and
- (f) operations or transactions that might represent conflicts of interest.

### Appointments and Remuneration Committee

The primary function of this Committee is to oversee the composition, function and remunerations of the Company's Board of Directors and Top Management.

## Diversity in the Board of Directors

During fiscal year 2019, Siemens Gamesa has amended its Regulations in order to improve internal processes regarding the promotion of diversity and the selection of female directors. Thus, the Regulations of the Appointments and Remuneration Committee provides that the Committee will ensure that, when filling vacancies or appointing new directors, the selection procedures: (i) do not suffer from implicit bias that might involve any discrimination and, in particular, that might hinder the selection of female directors, and (ii) favor the diversity of the members of the Board of Directors, particularly as regards gender, professional experience, competencies, personal skills and sector knowledge, international experience or geographical origin. Furthermore, the Regulations of the Appointments and Remuneration Committee provides that one of its functions is to set a representation target for the gender that is least represented on the Board of Directors and prepare guidelines on how to achieve it.

For the same purpose as above, there has also been an amendment of the 'Director Selection Policy', which provides that the selection of directors must be guided by the purpose of achieving diversity and balance in the composition of the Board of Directors supporting different viewpoints in its debates, thus enriching decision-making. To this end, the selection of candidates for director shall favor candidates whose appointment contributes to increasing the diversity of knowledge, skills, experience, origin, nationalities, age and gender. Selection practices must not suffer from implied bias that might entail discrimination of any kind, and particularly that might hinder the selection of female directors. Additionally, efforts should be made so that, by the year 2020, the number of female directors represents at least 30% of the total members of the Board of Directors.

## Selection and appointment procedures

Essentially, Board members are chosen and approved by the Siemens Gamesa General Meeting of Shareholders. Article 14 of the Regulations of the Board of Directors provides that 'the Board of Directors and the Appointments and Remuneration Committee shall make an effort, within the sphere of their competencies, to ensure that the proposal and election of candidates falls on individuals of renowned reputation, credibility, solvency, competence and experience.'

## Re-election

Re-election of Board members is also up to the General Meeting of Shareholders. Article 15 of the Regulations of the Board of Directors states that 'proposals for re-election of Directors submitted by the Board of Directors to the General Shareholders' Meeting must be accompanied by the corresponding explanatory report in the terms set forth by the law. The resolution of the Board of Directors to submit the re-election of Independent Directors to the General Shareholders' Meeting must be adopted upon proposal of the Appointments and Remuneration Committee, while the re-election of other Directors must have a prior favorable report from this committee.'

## Assessment

The Board of Directors of Siemens Gamesa evaluates its own performance on an annual basis. The process in fiscal year 2019 included the evaluation of the Board of Directors itself, of the Audit, Compliance and Related Party Transactions Committee, of the Appointments and Remunerations Committee, the chair of the Board of Directors, and the CEO. In fiscal year 2019, it was agreed to have PricewaterhouseCoopers Asesores de Negocios, S.L. ('PwC') as external adviser in the evaluation process.

The evaluation process included the analysis of 180 indicators and the external adviser held individual interviews with the Chairman of the Board, the chairpersons of the Committees and the Secretary of the Board. The process finished with approval of the evaluation results and the Action Plan for fiscal year 2020 by the Board of Directors. The conclusions of the evaluation process reflect a high degree of compliance with the indicators reviewed and that the operation of the Company's governance bodies continued to evolve during the fiscal year.

## Removal

Members of the Board of Directors serve in their position for a period of four years. The one exception to that involves a vote for removal by the General Shareholders' Meeting. Article 16 of the Regulations of the Board of Directors states that 'directors will be removed from their position once the term for which they were appointed has passed, notwithstanding the possibility of being re-elected, and whenever the General Shareholders' Meeting decides to do so as proposed by the Board of Directors or the shareholders, in the terms set forth by law.'

## Conflicts of Interest

Siemens Gamesa has put into place several mechanisms for dealing with real or perceived conflicts of interest – such conflicts being inevitable in a company of this size.

## Possible conflicts of interest between the Company and/or its Group, and its directors

Article 31 of the Regulations of the Board of Directors regulates the conflicts of interest between the Company or any other company within its group and its directors. Any director who finds himself or herself in a conflict of interest or who notices the possibility of such a conflict must notify the Board of Directors. The Chairman of the Board of Directors must include the conflict of interest in question on the agenda of the next corresponding meeting of the Board of Directors so that it may adopt a resolution as soon as possible regarding the issue. For obvious reasons, the Board member whose conflict or possible conflict is at issue must refrain from attending and intervening in the deliberations, voting, decision-making and execution of transactions and matters affecting the said conflict.

## Possible conflicts of interest between the Company and/or its Group, and its managers

Managers and professionals at Siemens Gamesa considered to be Affected Persons must inform either their supervisor or senior manager, or the Ethics and Compliance Division, about situations that could potentially give rise to a conflict of interest. Any concerns regarding the actual existence of a conflict of interest, must be addressed with the Ethics and Compliance Division.

## Possible conflicts of interest between the company and/or its group and significant shareholders

Article 33 of the Regulations of the Board regulates the transactions of the Company and its group with directors and significant shareholders or their respective related persons. It establishes the requirement of the approval of said transactions by the Board of Directors, after receiving a report from the Audit, Compliance and Related Party Transactions Committee. The Board of Directors shall thereby endeavor to ensure that transactions with related parties are carried out in accordance with the corporate interest, on arms'-length terms, ensuring transparency in the process and observing the principle of equal treatment of shareholders in the same condition and according to applicable law.

Further to the above and according to paragraph 2 of article 33 of the Regulations of the Board of Directors, the Board of Directors approved on July 26, 2018, and updated on September 25, 2019, the 'Policy regarding related party transactions with directors, significant shareholders and parties related thereto', which is included in the Corporate Governance Rules of Siemens Gamesa, and is available on the corporate website ([www.siemensgamesa.com](http://www.siemensgamesa.com)) since the day it was approved.

## Directors' Remuneration

The Siemens Gamesa current policy regarding the remuneration of the company's directors was approved by the Annual General Meeting of Shareholders held on March 27, 2019 and is available on the corporate website ([www.siemensgamesa.com](http://www.siemensgamesa.com)).

The referred policy will be effective for the following financial years: from October 1, 2018 to September 30, 2019; from October 1, 2019 to September 30, 2020; and from October 1, 2020 to September 30, 2021. An amendment to said Policy is being submitted to the Annual General Meeting of Shareholders to be held on March 2020.

The policy of remuneration of directors is based on the following general principles.

- Balance and prudence
- Alignment with practices required by shareholders and investors
- Transparency
- Competitiveness of remuneration policy in terms of both structure and overall amount, in order to attract, motivate and retain key professionals.
- Alignment with the Company's strategic objectives.
- Alignment with the remuneration established by comparable companies (external equity)
- Remuneration policies and practices guaranteeing no discrimination on grounds of sex, age, culture, religion or race (internal equity).
- Relationship with effective dedication to position.
- Link with responsibility and performance of duties as director.
- Maintenance of a reasonable balance among the various components of fixed remuneration (short-term) and variable remuneration (annual and long-term), reflecting an appropriate assumption of risks combined with the achievement of defined objectives linked to the creation of sustainable value (Only applicable to executive directors. The remuneration policy for the legal counsel/secretary and member of the Board of Directors for the performance of executive duties does not include variable remuneration.).

- Absence of variable remuneration components in order to secure full independence with respect to remuneration of executive directors and of senior management (Only applicable to non-executive directors. The remuneration policy for the legal counsel/secretary and member of the Board of Directors for the performance of executive duties does not include variable remuneration.).
- Amount offering an incentive without affecting independence, taking the form of a fixed monthly allowance and an attendance fee (only applicable to non-executive directors).

## Risk Control and Management

Siemens Gamesa has a Risk Management Policy designed to ensure that our company is at all times compliant with the law, as well as with any regulations, rules and contractual obligations to which we may be bound. Our policies and procedures have been carefully established to ensure that we are well protected from an economic, social and environmental perspective.

The system we use to control and manage risks is an Enterprise Risk Management Model (ERM) and it is considered to be one of the top such models in the world. The Siemens Gamesa Risk Control and Management Systems are promoted by the Board of Directors and Senior Management, and implemented throughout the entire organization.

*“The system we use to control and manage risks is an Enterprise Risk Management Model and it is considered to be one of the top such models in the world.”*

### Risk management process

The general risk management process classifies risks in four categories:

**Strategic:** Risks that are directly influenced by strategic decisions, arise from long-term strategies or are related to top-level objectives.

**Operational:** Risks resulting from day-to-day activities and relating to the effectiveness and efficiency of the Company's operations, including performance and return objectives.

**Financial:** Risks resulting from financial transactions and from non-compliance with tax, accounting or reporting requirements.

**Compliance:** Risks resulting from non-compliance with the business conduct guidelines or legal, contractual or regulatory requirements.

The key to any successful risk management process is evolution. The world keeps changing. Risks take different forms, and a good risk management system always takes that into account.

The ERM process is a continuous cycle intended to proactively manage business risks. It is divided into six phases:

**Identify:** Aiming to identify significant risks and opportunities (R/Os) that could adversely or positively impact the achievement of the Company's strategic, operational, financial and compliance objectives. The identification of R/Os is a continuous process for which everyone is responsible in their day-to-day work. It is based on the 'Top-down' and 'Bottom-up' approaches throughout the organization, represented by corporate, business-unit and regional R/O maps supported by specific risk management systems and the necessary consistency between 'micro- and macro-risk'.

**Evaluate:** Evaluating and prioritizing the identified R/Os in order to focus management attention and resources on the most important ones. All identified R/Os are evaluated based on their impact on the organization and probability of occurrence, taking into account a three-year time period and different perspectives, including effects on business objectives, reputation, regulation, top management time and financial matters. ERM is based on net risk, taking into account residual risks and opportunities after the implementation of existing control measures.

**Respond:** Focusing on the definition, agreement and implementation of response plans to manage identified risks by selecting one of our general risk response strategies (avoid, transfer, reduce or accept). Our general response strategy in relation to opportunities is to seize or take advantage of the most significant ones.

**Monitor:** Dealing with appropriate controls and continuous supervision to permit timely notification of significant changes in the R/O situation, of progress on Key Risk Indicators (KRIs) and of response plans.

**Report and scale:** Focusing on the standardized and structured reporting of identified R/Os. This process provides significant risk information to management.

**Continuous improvement:** Risk management in Siemens Gamesa's ERM evolves based on the application of the principle of continuous improvement, audits, self-assessments, benchmarking, etc., and is based on reviews of the efficiency and effectiveness of the ERM process and compliance with legal and regulatory requirements in order to ensure sustainability.

## Response plans

Siemens Gamesa has a number of response and supervision actions that apply to significant risks. The following stand out:

### Strategic

- Significant changes in the share ownership of Siemens Gamesa that could give rise to uncertainty in the securities market.
- Pressure on contribution margin and on volumes of MW, due to factors such as changes in governmental political decisions, the cost of wind power compared to other sources of energy, and changes in the business model towards auctions in an increasing number of countries.
- As a result of geographic diversification and the extensive base of customers and suppliers, Siemens Gamesa is exposed to 'country risk', which is understood as the environment in which socio-political and security conditions may affect the local interests of Siemens Gamesa, such as the effect on the Turkish and Argentine wind markets of the macro situation in these countries, factors such as changes Brexit in the UK, trade wars with the United States, and potential risks from doing business in countries under embargoes or sanctions by strategic countries.

### Operational

- Cyberattack risks: Like many other multinational companies, Siemens Gamesa is exposed to the growing threat of increasingly professional cybercrime.
- Risk that the cost reduction processes for some products do not occur as quickly as required to offset the pressure on prices.
- Risks relating to the commitments made in certain contracts with customers that could end up affecting cash flow or balance sheet provisions.
- Operational risks relating to the launch of new products and the opening of new production centers.

### Financial

- Risks relating to the needs of the wind market with respect to third party guarantees.
- Risks that could affect the strength of the balance sheet, the control of cash flow and structure, and/or results (including the continuous improvement of costs), including significant strategic and/or operational issues that could entail impairments of assets.
- Market price risks: Siemens Gamesa is exposed to risks relating to fluctuations in the prices of raw materials, as well as duties on the importation of particular products in some countries that could affect supply chain costs.
- Exchange rate risk: Siemens Gamesa engages in transactions with international counterparties in the ordinary course of its business that give rise to income in currencies other than the euro and future cash flows of entities of the Siemens Gamesa Group in currencies other than their functional currency, for which reason it is exposed to risks of changes in exchange rates.

- Interest rate risk: the risk that the reasonable value or future cash flows of a financial instrument fluctuate as a result of changes in interest rates. The risk occurs each time the interest terms for financial assets and liabilities are different. Siemens Gamesa uses external sources to finance a portion of its operations. Variable rate loans expose the Group to interest rate risks, while fixed rate loans expose the Group to the risk of interest rates at fair value. Variable rates are mainly linked to LIBOR or EURIBOR.
- Tax risks arising from local and/or global requirements and direct or indirect taxation.

### Compliance

- Risk of occurrence of serious and/or fatal accidents with the additional effects of delays, damage to assets and reputational loss, caused by, among other things, the high-risk profile of some work, potential failures in the processes of selection, monitoring and qualification of contractors, and work in emerging market environments with a less mature culture in relation to safety, health and environmental standards.
- Risk of regulatory uncertainty and compliance with applicable legal and contractual requirements, intellectual property rights, and controlling the risk of crimes being committed, such as fraud and corruption (including bribery, extortion, embezzlement, influence peddling and misappropriation of assets). The Management Report of the Annual Report for fiscal year 2019 includes additional details regarding some of the risks associated with the activities of Siemens Gamesa.

The risk factors that have materialized during 2019 in the countries and markets in which Siemens Gamesa has done business have had an adverse impact on the Group's financial results, the most significant being price pressure. It is noteworthy that activities in 2020 will be subject to the continuation of these same risk factors in the development of the wind market. The Group also expects to face uncertainties arising from the process of negotiating the United Kingdom's exit from the European Union and the policies adopted by the United States government relating to its tariff policies and embargos on various countries.

# Financial calendar

04/02/2020  
First Quarter 2020

06/05/2020  
Second Quarter 2020

30/07/2020  
Third Quarter 2020

05/11/2020  
Fiscal Year 2020



# Forward looking information

This material has been prepared by Siemens Gamesa Renewable Energy, and is disclosed solely for information purposes.

This document contains declarations which constitute forward-looking statements, and includes references to our current intentions, beliefs or expectations regarding future events and trends that may affect our financial condition, earnings and share price. These forward-looking statements do not constitute a warranty as to future performance and imply risks and uncertainties. Therefore, actual results may differ materially from those expressed or implied by the forward-looking statements, due to different factors, risks and uncertainties, such as economical, competitive, regulatory or commercial factors. The value of any investment may rise or fall and, furthermore, it may not be recovered, partially or completely. Likewise, past performance is not indicative of future results.

The forward-looking statements and guidance included in this material reflect Siemens Gamesa's outlook excluding the effects from a successful conclusion of the recently announced agreement to acquire selected assets from Servion and the eventual effects of the implementation of the plans announced by Siemens AG with respect to its stake in Siemens Gamesa Renewable Energy, S.A. (significant event with CNMV register number 277864).

The facts, opinions, and forecasts included in this material are furnished as of the date of this document, and are based on the company's estimates and on sources believed to be reliable by Siemens Gamesa Renewable Energy, but the company does not warrant their completeness, timeliness or accuracy, and, accordingly, no reliance should be placed on them in this connection. Both the information and the conclusions contained in this document are subject to changes without notice. Siemens Gamesa Renewable Energy undertakes no obligation to update forward-looking statements to reflect events or circumstances that occur after the date the statements were made. The results and evolution of the company may differ materially from those expressed in this document. None of the information contained in this document constitutes a solicitation or offer to buy or sell any securities or advice or recommendations with regard to any other transaction.

This material does not provide any type of investment recommendation, or legal, tax or any other type of advice, and it should not be relied upon to make any investment or decision. Any and all the decisions taken by any third party as a result of the information, materials or reports contained in this document are the sole and exclusive risk and responsibility of that third party, and Siemens Gamesa Renewable Energy shall not be responsible for any damages derived from the use of this document or its content.

This document has been furnished exclusively for information purposes, and it must not be disclosed, published or distributed, partially or totally, without the prior written consent of Siemens Gamesa Renewable Energy. Siemens Gamesa Renewable Energy prepares and reports its Financial Information in thousands of euros (unless stated otherwise). Due to rounding, numbers presented may not add up precisely to totals provided. In the event of doubt, the English language version of this document will prevail.

# Disclaimer

The information contained in this document is a summary or an extract of Siemens Gamesa Renewable Energy's public information. Therefore, it is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant, any fuller disclosure document published by Siemens Gamesa Renewable Energy and, in particular, with the 2019 individual and consolidated financial statements, 2019 individual and consolidated management reports and 2019 annual corporate governance report all available on the CNMV's website ([www.cnmv.es](http://www.cnmv.es)) and on Siemens Gamesa's website ([www.siemensgamesa.com/en/](http://www.siemensgamesa.com/en/)) and also with the 2019 consolidated non-financial statement available in the aforementioned corporate website. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in this document. No investment activity should be undertaken on the basis of the information contained in this document. In making this document available, Siemens Gamesa Renewable Energy gives no advice and makes no recommendation to buy, sell or otherwise deal in shares in Siemens Gamesa Renewable Energy, S.A. or in any other securities or investments whatsoever. This document does not constitute an offer or invitation to purchase or subscribe shares, in accordance with the provisions of (i) the restated text of the Securities Market Law approved by Royal Legislative Decree 4/2015, of October 23; (ii) Royal Decree-Law 5/2005, of March 11; (iii) Royal Decree 1310/2005, of November 4; (iv) and their implementing regulations. In addition, this document does not constitute an offer of purchase, sale or exchange, nor a request for an offer of purchase, sale or exchange of securities, nor a request for any vote or approval in any other jurisdiction. The shares of Siemens Gamesa Renewable Energy, S.A. may not be offered or sold in the United States of America except pursuant to an effective registration statement under the Securities Act of 1933 or pursuant to a valid exemption from registration.

---

# Imprint

## Publisher

Siemens Gamesa Renewable Energy, S.A.  
Parque Tecnológico de Bizkaia, edificio 222  
48170, Zamudio, Vizcaya, Spain

## Editorial

Siemens Gamesa Renewable Energy  
External Communication

## Concept, design and realisation

HGB Hamburger Geschäftsberichte GmbH & Co. KG  
Hamburg, Germany

All rights reserved

All photos by Siemens Gamesa Renewable Energy.  
Icons by Siemens Gamesa Renewable Energy and  
The Noun Project

