

GENERAL RISK CONTROL AND MANAGEMENT POLICY
OF SIEMENS GAMESA RENEWABLE ENERGY, S.A.

(Text approved by resolution of the Board of Directors dated September 25, 2019)

GENERAL RISK CONTROL AND MANAGEMENT POLICY

Pursuant to Section 529 *ter* of the Companies Act (*Ley de Sociedades de Capital*) and Articles 33 of the By-Laws and 6 and 7.3 of the Regulations of the Board of Directors, the Board of Directors of Siemens Gamesa Renewable Energy, S.A. (hereinafter “**Siemens Gamesa**” or the “**Company**”, and the group of companies of which Siemens Gamesa is the controlling company, the “**Siemens Gamesa Group**”) hereby approves this general risk control and management policy of the Siemens Gamesa Group, which is included within its Corporate Governance Rules.

1. SCOPE AND VALIDITY

This policy applies to all companies within the Siemens Gamesa Group in relation to the risks defined in the next section, which generally include all those risks relating to the activities, processes, projects, products and services of the business lines of the Siemens Gamesa Group in all the geographical areas in which it operates.

The object of this policy is to establish the basic principles and general framework of conduct for controlling and managing any risks faced by the Siemens Gamesa Group.

Over the course of this policy, when risks are mentioned, both risks and opportunities are considered, unless it is specified in another way.

2. RISK FACTORS – DEFINITIONS

Generally, any threat that an event, action or omission may prevent the Siemens Gamesa Group from achieving its business goals and successfully executing its strategies is considered a risk.

The Siemens Gamesa Group generally considers risk factors in accordance with the “COSO” (Committee of Sponsoring Organizations of the Treadway Commission): *Enterprise Risk Management Business – Integrated Framework (ERM)*” Model classified into the four following categories (Strategic, Operations, Financial and Compliance), which in turn include other sub-topics:

- a) **Strategic.**- Risks that are directly influenced by strategic decisions, arise from long-term strategies or relate to high-level goals:
- Corporate Governance
 - Risk and Internal Control
 - Internal Audit
 - Corporate Sustainability
 - Strategy, Planning and Resource Allocation
 - Market Dynamics / External Factors
 - Major Initiatives
 - Merger, Acquisition and Divestiture, Carve Out, Post Closing, Remaining Business
 - Communications and Stakeholder Relations
 - Crisis Management and Business Continuity

- Quality Management
- b) Operations.-** Risks arising from the day-to-day business and relating to the effectiveness and efficiency of the entity's operations, including performance and profitability goals:
- Product Lifecycle Management
 - Customer Relationship Management
 - Project Management
 - Supply Chain Management
 - Real Estate, Property, Plant and Facilities
 - Human Resources
 - Environment, Health and Safety
 - Information Technology and Security
 - Security and Asset Classification
- c) Financial.-** Risks from finance operations, non-compliance with tax authorities or accounting and reporting requirements:
- Treasury and Investment Management
 - Accounting and Financial Reporting
 - Controlling
 - Tax
 - Capital Structure
 - Guarantees, Pensions, Insurance and Letters of Credit
- d) Compliance.-** Risks arising from non-compliance with the code of conduct, legal, contractual or regulatory requirements:
- Anti-Bribery and Anti-Corruption
 - Anti-Fraud
 - Legal and Regulatory
 - Antitrust
 - Export Control and Customs

The ERM Categorization Model should be used as the basis for risk identification. It is not meant to be used as a checklist, but to give an idea of possible risk sources. It offers support for the identification and formulation of new risks or for the clustering of similar risks.

3. GENERAL OBJECTIVES OF THIS POLICY

The Siemens Gamesa Group is subject to various risks inherent to the different countries, sectors and markets in which it operates and to the activities it performs, which can prevent it from achieving its objectives and successfully implementing its business plans.

Aware of the importance of this aspect, the Company's Board of Directors commits to develop all of its abilities in order to properly identify, manage, measure, monitor and control the significant risks of all businesses activities of the Siemens Gamesa Group.

The basic mechanisms and principles for properly managing the risk/opportunity duality

contribute to the following general objectives:

- a) Build-up a state-of-the art risk management and support system for timely, prioritized and comprehensible decision-making and guidance on how to manage risks.
- b) Promote risk responsibility and its acceptance throughout the enterprise with a standardized ERM process: clear accountability and ownership of risks.
- c) Provide transparency of opportunities and risks and possible countermeasures and a structured and documented overview of the existing risk situation for the Board of Directors (ERM reporting process).
- d) Consider risk scenarios and emerging trends before they are concluded by creating a 'perception of monitoring'.
- e) Comply with laws and regulations.
- f) Provide a useful internal assurance and recipient-oriented proven reporting procedure for Board of Directors/Audit, Compliance and Related Party Transactions Committee, audits and shareholders / stakeholders.
- g) Reduce personal liability of responsible management in case mitigation measures were diligently implemented, reduce operational surprises and losses.

To implement the aforementioned commitment, the Board of Directors works with the Audit, Compliance and Related Party Transactions Committee, that as an information-gathering and consultative body, supervises the System, and reports on the adequacy thereof. All the foregoing considers the **Main Process Steps**, the **Risk Management System**, and the **Risk Policies and Limits** set out in the following sections.

4. MAIN PRINCIPLES OF CONDUCT

Any conduct aimed at identifying and managing risks at Siemens Gamesa Group shall consider the following main process steps:

- a) **Identify** the significant risks and opportunities of the business throughout the organization that might lead to potential deviations from the objectives of Siemens Gamesa over a 3-year time frame, even if the impact and likelihood thereof are uncertain.
- b) **Assess** the risks and opportunities detected based on the nature of the risk (business objectives risk, financial impact risk, media risk, risk in regulatory bodies or inefficient use of Top Management's time), as well as on the likelihood of occurrence and size of the impact of said risk if it materializes. The assessment also serves as the basis for the definition of adequate response measures and monitoring activities.
- c) **Respond** to the risk detected by assigning a Risk Owner for each risk, who will be responsible for preparing a risk mitigation strategy.
- d) **Monitor** the implementation of risk mitigation strategies and show the performance thereof over time, including a regular re-evaluation showing the effects of the response to the risk. Monitoring activities are undertaken at each level of the organization. In general, the Risk Owner is responsible for the coordination of monitoring activities. Based on the monitoring results, additional measures and activities may be initiated. Moreover, the roles and responsibilities of each function typically include an element of monitoring, as this activity should be an integral part of decision-making.
- e) **Report and escalate** providing the management at each organizational level with relevant

information regarding the respective entity's current risk situation. As the Siemens Gamesa Group business environment is complex and fast moving, it must be ensured that the risk situation is regularly assessed and updated. The ERM process must ensure that the risk situation of the Company is transparent and up to date, and regular update provided on the responses to the Executive Committee and the Audit, Compliance and Related Party Transactions Committee.

- f) **Sustain and continuously improve** the risk management process by reviewing the efficiency and effectiveness thereof, ensuring its compliance with legal and regulatory requirements.

5. **RISK MANAGEMENT SYSTEM**

The ERM organization as part of the Corporate Finance Organization is embedded in the Siemens Gamesa Group organization to enable an integrated, Company-wide Risk Management System covering Business Units, Regions and Corporate Units. For the ongoing success of the ERM at Siemens Gamesa Group, it is vital that the ERM process is also aligned with the Corporate culture. Risk management should not only be the task of one dedicated department or function. It should be an explicit or implicit part of everyone's duties. Therefore, Risk Management System is based on an appropriate framework and assignment of duties and responsibilities at the operational level, and on procedures, methodologies, support tools, and IT systems appropriate for the different stages and activities of the System, inclusive of the following key activities:

A. All relevant personnel key activities:

- a) Contribution by all its members to the achievement of the business objectives, to create value for the various stakeholders, and to the sustainable and profitable performance of the operations of the Siemens Gamesa Group, playing a proactive role in the preventative culture of comprehensive and integrated risk management.
- b) Continuous identification of significant risks and threats, taking into account the possible effect thereof on business objectives and the financial statements (including contingent liabilities and other off-balance sheet risks).
- c) Analysis of said risks in each of the businesses or corporate functions as well as taking into account the overall effect on the entire Siemens Gamesa Group.
- d) Evaluation of the impact, likelihood and level of control, establishing a corporate risk map that is regularly reviewed by Siemens Gamesa and the companies of the Siemens Gamesa Group to be able to take actions that mitigate, transfer, share and/or avoid the risks and strengthen the achievement of opportunities.
- e) Establishment of the corresponding mechanisms for implementing this general risk control and management policy as well as any other policies to be implemented in the area of risks within the various businesses and companies forming part of the Siemens Gamesa Group.

B. ERM function specific key activities:

- a) Maintaining corporate policies and procedures governing the Siemens Gamesa Group's ERM framework and optimization of the organizational process and systems set up.
- b) Benchmarking Siemens Gamesa Group ERM's framework externally to ensure leading edge risk management techniques are incorporated into ERM framework where these add value.
- c) Ensuring Company-wide application of the ERM methodology with quality assurance reviews

and continuous validations.

- d) Monitoring of the dynamic development of major and high risks and opportunities for Siemens Gamesa Group (including trends) and related response strategies/activities.
- e) Communicating to the ERM target group and wider Siemens Gamesa Group stakeholders, the corporate requirements for risk identification, management, and reporting at the relevant organizational levels.
- f) Enforcing ERM training policy with mandated and recommended requirements depending on the target group, overseeing delivery of those trainings, and providing ongoing consultative support to relevant personnel in the organization.
- g) Promoting high transparency ERM activities across the Siemens Gamesa Group and cultivating a culture of trust and openness between all organizational levels.

The systems are applied through an organization structured **into four levels of protection and defense** to confront and manage significant risks.

- The Audit, Compliance and Related Party Transactions Committee regularly reviews the systems for internal control and management of risks, including tax risks, in order to properly identify, analyze and report the main risks.
- The Internal Audit Directorate informs, advises and reports to the Audit, Compliance and Related Party Transactions Committee on the risks associated with the balance sheet and the functional activity areas with the existing identification, measurement and control thereof.
- The ERM function: (i) participates in defining the risk strategy, the proper operation and effectiveness of the Risk Management System and the mitigation of the risks detected, and (ii) endeavors to ensure that the executive line evaluates the main risks of the Company, including strategic, operational, financial and compliance risks.
- The Committees (Executive, Business Executive and Regional) are responsible for comprehensive risk control and management in the business and decision-making processes.

6. RISK POLICIES AND LIMITS

This policy further develops and supplements other corporate risk policies and specific risk policies that may be established in relation to specific businesses and companies of the Siemens Gamesa Group.

The Audit, Compliance and Related Party Transactions Committee endeavors that the risk control and management policies identify the risk levels that the Company and the Siemens Gamesa Group consider acceptable in accordance with the Corporate Governance Rules.

The Board of Directors approves the risk levels that the Siemens Gamesa Group considers acceptable (risk tolerance criteria), which are aimed at maximizing and protecting the economic value of Siemens Gamesa within controlled variability.

The Board of Directors of Siemens Gamesa Group shall define the specific numerical values for the risk limits stated in the specific policies and/or in the annual objectives and may decide to change these values and authorize that they be exceeded in exceptional cases, after reporting to the Audit, Compliance and Related Party Transactions Committee, considering the proposals of the affected functions.

In accordance with these guidelines, the corresponding governance bodies of each organizational level of the Group must approve the specific risk limits applicable to each of them

and implement the necessary control mechanisms to ensure compliance with this general risk control and management Policy and the specific limits that affect them.▬

7. APPROVAL AND DISSEMINATION OF THE POLICY

The Executive Committee and Management shall adopt the measures required for dissemination within the Siemens Gamesa Group and compliance with this policy, assigning the necessary resources (human, technological and financial, as well necessary tone from the top).