



**FULFILLMENT LEVEL REPORT
ON THE GLOBAL
CORPORATE SOCIAL RESPONSIBILITY POLICY OF
SIEMENS GAMESA RENEWABLE ENERGY, S.A.**

General Secretariat
February 2018

1. Legal grounds

The Board of Directors of Siemens Gamesa Renewable Energy, S.A. (hereinafter the “Company” or “Siemens Gamesa”) approved a “Global Policy of Corporate Social Responsibility” (the “Policy”) which forms part of Siemens Gamesa Group’s Corporate Governance Rules at its meeting held on September 23, 2015.

Article 11(c) of Siemens Gamesa’s Audit, Compliance and Related Party Transactions Committee Regulations, in the wording approved by the Board of Directors at its meeting held on February 22, 2017, sets forth as one of the aforementioned Committee’s main duties *“The review of the Company’s Corporate Social Responsibility policy and to this effect the General Secretariat will yearly raise to the Committee a report about the level of fulfillment of this policy, report to be rendered account to the Board of Directors after its validation by this Committee. Likewise, if it may deem appropriate, the Committee will propose to the Board of Directors the amendment of this policy, watching that it is orientated to value creation.”*

The General Secretariat of Siemens Gamesa has drawn up this fulfillment level report on the Policy in accordance with said Article 11(c) of the Audit, Compliance and Related Party Transactions Committee Regulations.

2. Level of the Policy’s fulfillment during 2017

In order to assess the Policy’s level of fulfillment during 2017, the General Secretariat of Siemens Gamesa has conducted an analysis of the different actions performed by the Company on Corporate Social Responsibility (“CSR”) matters in said year. In order to conduct such analysis, it has mainly received the CSR Department’s support.

To start off with, mention should be made of the corporate social responsibility principles included in the Policy through which the Company contributes to sustainable development by taking into account its stakeholders’ needs and expectations. Said principles are summed up below:

- Fulfill prevailing legislation in the countries where it operates.
- Adopt Group values, principles and ethical and regulatory compliance guidelines set out in the Siemens Gamesa Group’s Code of Conduct.
- Adopt advanced corporate governance practices.
- Respect the human and labor rights recognized in the legislation of the territories where Siemens Gamesa Group performs its activities.
- Develop a framework which fosters labor relations based on equal opportunities, non-discrimination and respect for diversity.
- Safeguard a safe and healthy working environment, along with its areas of influence.
- Develop responsible practices in the value chain.
- Foster a sustainable use of resources and a culture of respect for the natural environment, as well as contribute to the fight against climate change.
- Encourage transparency and free market rules by respecting free competition, rejecting any illegal, fraudulent or unethical practice.

- Reject any practices conducive to obtaining some sort of benefit through the use of unethical actions.
- Promote socially responsible actions in any companies in which it exerts management capacities or holds power through shareholdings.
- Promote channels of communication and dialog with the different groups connected with the Company's activities.
- Disclose relevant and truthful information on the activities performed.
- Foster the socioeconomic development of the communities in which the Siemens Gamesa Group has a presence.

In order to support and properly apply the CSR Policy and provide continuity to the 2009-2011, 2011-2013 and 2013-2015 Plans, the Siemens Gamesa Group approved the "CSR Master Plan 2015-2017" ("Master Plan") on April 18, 2016, which is aimed at covering the different aspects set out in the Policy. The aforementioned CSR 2015-2017 master plan has remained in effect until the end of the financial year. The Audit, Compliance and Related Party Transactions Committee was informed of its status and degree of compliance at its meeting held on 1 November 2017, when it became concluded with a high degree of compliance of 94%. A new CSR Master Plan 2018-2020 was also announced at this session of the Committee.

Consequently, this report intends to ascertain the level of fulfillment of each of the principles set forth in the Policy, which are divided into the following sections:

2.1 Fulfill prevailing legislation in the countries where it operates:

Siemens Gamesa maintains the undertaking to fulfill prevailing legislation in the countries where it operates. This is laid down and ratified by the update of the Code of Conduct (approved by the Board of Directors on April 5, 2016). Siemens Gamesa likewise undertakes to fulfill its tax obligations in all the territories where it operates and maintain good relationships with the relevant tax administrations. In order to do so, it has adopted the Corporate Tax Policy (approved by a resolution taken by the Board of Directors on September 23, 2015).

The Master Plan's actions related to this principle are as follows:

- 01.- Review and updating of the Corporate Social Responsibility Policy.
- 02.- Adoption of a responsible tax policy.

In this regard, the CSR Department constantly monitors the evolution of CSR best practices in order to initiate, if necessary, improvements to the Policy. No such need was detected during the year. Furthermore, it should be highlighted that the Board of Directors resolved that Siemens Gamesa should adhere to the Code of Good Tax Practices through a resolution taken by it on February 22, 2017.

2.2 Adopt values, principles and ethical and regulatory compliance guidelines set out in Siemens Gamesa Group Code of Conduct:

The Master Plan's actions related to this aim include:

- 04.- Development and monitoring of the Whistle-Blowing Channel (Compliance Channel).
- 05.- Review, updating of and training on the company's Code of Conduct.
- 06.- Review of the crime prevention and anti-fraud model.
- 07.- Implementation of the crime prevention and anti-fraud model in all the geographic areas where the Group performs activities.
- 08.- Development of an internal oversight model for the crime prevention and anti-fraud model.

The Siemens Gamesa Group keeps updated over the course of the year the Company's Code of Conduct (approved by the Board of Directors on April 5, 2016), the Whistle-Blowing Channel and the crime prevention and anti-fraud model. Together with that it keeps informative and training actions. These programs are led by the Compliance Department, which duly informed the Audit, Compliance and Related Party Transactions Committee thereof through several appearances before said Committee.

The activities in this framework that are included in the Master Plan 2015-2017 were completed at the end of the plan's period of application, and it can therefore be concluded that the Master Plan is fulfilled within this area.

2.3 Adopt advanced corporate governance practices:

The Master Plan's actions related to this aim include:

- 15.- Development and approval of a Human Rights Policy
- 21.- Development and approval of a Diversity and Inclusion Policy
- 30.- Development and approval of a Supplier Relationship Policy
- 34.- Development and approval of a Social Initiatives Policy

The Company's Board of Directors approved the Diversity and Inclusion Policy as well as the Supplier Relationship Policy on September 23, 2015. The Master Plan also envisaged the approval of a Human Rights Policy and a Social Initiatives Policy.

The deliberation on and possible approval of these policies by the competent body, the Board of Directors, has had to be postponed due to the exceptional situation which arose as a result of the merger between Gamesa and Siemens Wind Power. Said situation suggests it might be preferable to conduct an overall review and update of the CSR policies within the framework of the new CSR master plan 2018-2020.

2.4 Respect the human and labor rights recognized in the legislation of the territories where the Siemens Gamesa Group performs its activities:

The Master Plan's actions related to this aim include:

- 03.- Periodic disclosure of the Communication on Progress (COP) report on fulfillment of the United Nations Global Compact's principles.
- 15.- Development and approval of a Human Rights Policy.
- 16.- Reaching a global labor agreement on Social Responsibility.
- 17.- Implement the best corporate safety standards for people and assets.
- 18.- Ensure human rights training for security personnel who work at Group work centers
- 19.- Reduction in accident rates and continued implementation of preventive action measures.
- 20.- Development of a safety culture among employees and contractors
- 21.- Development of a Diversity and Inclusion Policy.
- 22.- Development of a culture of equality and diversity.
- 23.- Ensure non-discriminatory recruitment and the inclusion of women in areas, groups and positions where they have less representation.
- 24.- Increase in the percentage women holding positions of responsibility.
- 25.- Career development and job promotion for all personnel.
- 26.- Fulfillment of legal labor and social security obligations for personnel.

The Company is explicitly committed to the defense of human rights and has equipped itself with a set of instruments to ensure their respect, preventing or impeding their violation and ensuring that the Company's practices are in line with the internationally recognized principles on the defense of universal human rights.

These instruments essentially include i) a Code of Conduct which governs the behavior of all the Siemens Gamesa Group's professionals and, more specifically, behavior related to the defense of human rights, while also setting out oversight mechanisms and disciplinary measures should said code be breached; and ii) a Suppliers' Code of Conduct.

Furthermore, the Global Labor Agreement for the Group centers was negotiated and agreed with the main Spanish trade unions (UGT, CCOO y ELA) and the IndustriALL Global Union on February 18, 2015, the official signing of which took place in 2015. This agreement remains in force.

In addition, the Siemens Gamesa Group has given its constant support to the United Nations Global Compact's 10 Principles since 2005. In accordance with this undertaking, it publicly discloses to its stakeholders the so-called Communication on Progress report, which can be accessed on the World Compact website.

Due to all of the above, it can also be concluded that the Policy has been fulfilled in the area targeted by this principle.

2.5 Develop a framework which fosters labor relations based on equal opportunities, non-discrimination and respect for diversity:

The Master Plan's actions related to this aim include:

- 16.- Reaching a global labor agreement on Social Responsibility.
- 21.- Development of a Diversity and Inclusion Policy.
- 22.- Development of a culture of equality and diversity.
- 23.- Ensure non-discriminatory recruitment and the inclusion of women in areas, groups and positions where they have less representation.
- 24.- Increase in the percentage women holding positions of responsibility.
- 25.- Career development and job promotion for all personnel.
- 26.- Fulfillment of legal labor and social security obligations for personnel.
- 27.- Measurement of the level of implementation of good labor practices at suitable intervals, work climate surveys
- 28.- Analysis of remuneration policies.
- 29.- Promotion of a culture that encourages the conciliation of work and personal life and co-responsibility.

Siemens Gamesa has a Diversity and Inclusion Policy in place, the principles of which apply to all geographic regions where the Siemens Gamesa Group is present. 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, comprised of all the regions' Human Resources managers, oversees its fulfillment in a working environment that fosters dignity and respect for all.

Within the framework of the Equality Plan, two conciliation measures in addition to the ones already in existence: (i) the possibility of doing telework as from the 32nd week of pregnancy, provided it is compatible with the position's duties; and (ii) the uneven distribution of the working day in the event of legal guardianship, thereby ensuring a daily presence, provided the position's duties and the work center's circumstances allow it.

Siemens Gamesa has renewed its adherence to the Diversity Charter and has entered into three agreements with the Ministry of Health, Social Affairs and Equality to foster a balanced participation of women and men on the Board of Directors in order to increase the presence of women holding management positions and promote awareness of gender violence and its victims' integration into the labor force. These agreements remained in force in 2017.

These initiatives should be added to the Siemens Gamesa Group's adherence to the Declaration on Women's Empowerment Principles, which were developed by the United Nations Development Fund for Women (UNIFEM) and the United Nations Global Compact on October 29, 2010.

To sum up, it can also be concluded that the Policy has been fulfilled in the area targeted by this principle.

2.6 Safeguard a safe and healthy working environment, along with its areas of influence:

The Master Plan's actions related to this aim include:

- 19.- Reduction in accident rates and continued implementation of preventive action measures.
- 20.- Development of a safety culture among employees and contractors.

Siemens Gamesa and the companies which form part of the Group promote an appropriate occupational hazard prevention policy and culture in order to ensure occupational health and safety, fulfillment of the legislation which applies in each country and the adoption of such preventive measures as are necessary and/or suitable in each case.

The Company has a global occupational health and safety management system in place which applies to its global network of centers. Said health and safety management system is duly certified according to the OHSAS 18001 standard.

In 2017, the new company maintains outstanding accident rates. At year-end, the number of accidents with sick leave in the Group amounted to 47. As a result, the lost-time injury frequency rate was 2.00 at the end of the period, calculated for a period of 1,000,000/hours of work, and includes all accidents resulting in at least one day lost from work.

As for the contractors, this rate was 2.60. The combined rate for employees and contractors was 2.25 at the end of the reporting period.

The Group Siemens Gamesa acts proactively to analyze the causes of accidents and is equipped with management indicators that show the level of compliance with this work philosophy in daily management. This includes, for example, conducting safety inspections, safety observations and health and safety audits.

In addition, the Company maintains regular external collaborations in the field of occupational health and safety, with the Administration and other associations and organizations aimed at promoting occupational safety and health.

Due to all the above, it can be concluded that the Policy has also been fulfilled in this area.

2.7 Develop responsible practices in the value chain:

The Master Plan's actions related to this aim include:

- 30.- Approval of a Supplier Relationship Policy
- 31.- Development of an ethical code for suppliers
- 32.- Development of a supplier pre-qualification and registration process
- 33.- Development of a supplier CSR auditing process

One of the aims of Siemens Gamesa and the companies which comprise Gamesa Group is to create relationships with its suppliers, contractors and collaborators which are based on trust, reporting transparency and shared knowledge, experience and capabilities.

Its overall stance is set out in detail in the Supplier, Contractor and Collaborator Contracting and Relationship Policy through a text approved by a resolution taken by the Board of Directors on September 23, 2015.

The supply base of the new Siemens Gamesa Group in 2017 consists of nearly 18,000 (17,957) suppliers worldwide, with a purchase volume of over 7,800 (7,835) million euros. By region, this purchasing volume is distributed across Europe, the Middle East and Africa (54%); America (25%) and the Asia-Pacific region (21%).

In 2017, the company allocated its own resources of materials engineers and quality development of suppliers to work at the suppliers' facilities, in order to achieve their technological development and competitiveness. Some examples of processes aimed at complementing suppliers' competencies and capacities are found in the Group's Sustainability Report 2017.

As a foundation on sustainability for suppliers, the Code of Conduct for Suppliers is being harmonized. Both legacies have strong documents that apply to the supplier database and were evaluated to be interchangeably used. During fiscal year 2018, a new Code of Conduct for SGRE is being developed, respecting and maintaining the same level of strictness as regards of the requirements for our suppliers.

Sustainability self-assessments are applied to strategic suppliers or suppliers located in high risk countries (OECD indicator). The answers provided are screened and suppliers who fail to meet the requirements can be conditionally approved (if issues are not critical) upon implementation of development measures, or immediately blocked for further business with SGRE (if issues are critical, especially for Compliance). A total of 2,506 such assessments were carried out during the period.

External Sustainability Audit is executed by different external providers in both legacies, and is the strongest detection module. Monitoring may include re-audits or follow-up audits by our external audit partners. A total of 68 external audits were carried out during the period.

To sum up, fulfillment of the principle in question has been achieved through the actions set out above.

2.8 Foster a sustainable use of resources and a culture of respect for the natural environment, as well as contribute to the fight against climate change:

The Master Plan's actions related to this aim include:

- 38.- Development of a systematic corporate environmental footprint calculation system.
- 39.- Reduction in the generation of waste.
- 40.- Increase in waste recovery and recycling.
- 41.- Reduction in and stabilization of water consumption.
- 42.- Keep environmental management certificates.
- 43.- Collaboration with research centers to preserve biodiversity.
- 44.- Verification of greenhouse gas Emissions.
- 45.- Neutralization of CO2 emissions. Path to carbon neutrality 2025.
- 46.- Supply of clean electric power.
- 47.- Performance of energy audits.
- 48.- Added value in R&D and innovation.
- 49.- Improvement in Carbon Disclosure Project (CDP) indices.
- 50.- Active participation as a result of COP21.

Siemens Gamesa is aware that climate change is a fundamental threat the markets and sustainable development face. Consequently, the Board of Directors approved a Policy Against Climate Change, which applies to the Company and its group, on November 18, 2015. Through this Policy, the Company undertakes to foster the renewable energies which are deemed suitable and within its reach to attain a global low-carbon energy generation model that reduces environmental impacts.

The Company has made undertakings to several business initiatives aimed at reducing greenhouse gas emissions, such as the American Business Act on Climate Pledge or the Paris Pledge for Action.

The Group can affirm that practically 100% of its production capacity around the world is duly certified according to the ISO 14001 standard.

Total internal energy consumption in 2017 stands at 477,570 Gigajoules, and with this, the energy consumption rate per employee and year stands at 18.8 Gigajoules.

Water consumption stands at 196,575 m3 in 2017, which translates into a rate of 7.7 m3 per employee per year.

The volume of waste in 2017 is 24,387 tons, with a ratio of generation of hazardous and non-hazardous waste nearing 1:10. The rate of waste generated per employee and year –proforma– is maintained at 1.9 tons. Approximately 79% of the waste is destined for recovery, reuse or recycling.

The main greenhouse gas generated by the Company's activities is CO2; in particular, emissions during the period amounted to 45,893 tons CO2-eq. This figure includes direct emissions (scope 1) which amount to 10,808 tCO2-eq caused by the combustion of materials for the generation of heat resources, as well as indirect emissions (scope 2) derived from the purchase of electricity for the operation of own resources and services, amounting to 35,085 tCO2-eq. The Group Siemens Gamesa works to reduce emissions in scope 2 through the purchase of renewable energy with zero emissions.

The company maintains 100% coverage for products that include a life cycle analysis (LCA) and include the Environmental Product Declaration (EPD). It is noteworthy that in 2017 it has been possible to release new environmental declarations for products i) SG 8.0-167 DD; ii) G126-2.625 MW and iii) G132-3.465 MW.

To sum up, the Company's performance in this area has also been satisfactory and in line with the policy in question.

2.9 Encourage transparency and free market rules by respecting free competition, rejecting any illegal, fraudulent or unethical practice: Reject any practices conducive to obtaining some sort of benefit through the use of unethical actions:

The Master Plan's actions related to this aim include:

- 04.- Development and monitoring of the Whistle-Blowing Channel (Compliance Channel).
- 05.- Review, updating of and training on the company's Code of Conduct.
- 06.- Review of the crime prevention and anti-fraud model.
- 07.- Implementation of the crime prevention and anti-fraud model in all the geographic areas where Siemens Gamesa or group companies perform their activities.
- 08.- Development of an internal oversight model for the crime prevention and anti-fraud model.

The Company aims to promote the dissemination, awareness and fulfillment of the Code of Conduct and foster a prevention culture based on the principle of zero tolerance concerning illegal acts and fraud in accordance with the provisions set forth in the Crime Prevention and Anti-Fraud Policy, the last review of which was approved by the Board of Directors on September 23, 2015. This Policy makes it easier to exercise oversight of the fulfillment of legal requirements set forth in different kinds of legislation, including: corporate-civil, wind energy business, customs, competition, intellectual and industrial property, labor, health and safety, environmental, transport, products and materials, securities market, data protection and asset security, taxation and accounting legislation.

Twenty eight notifications were received through the mechanisms put into place for such purpose in 2017, which corresponded to accusations of behavior connected with the Code of Conduct's rules and/or the crime prevention and anti-fraud model's rules. The reports issued as part of the investigation process include: on the one hand, whether or not an infringement of a rule of the Code of Conduct and/or of the Policy and other of the crime prevention and anti-fraud model's rules has taken place and, on the other, a series of recommendations aimed at preventing, as appropriate, any similar situations from taking place in the future.

In addition, should the Compliance Department detect a breach of the legislation which applies, the Manual or the Code of Conduct's rules which are specifically targeted at Siemens Gamesa Group professionals (to the extent by which it could lead to significant damages for Siemens Gamesa), the records are brought before the Human Resources Department so that it may impose disciplinary measures in accordance with the penalties and sanctions scheme laid down by any collective bargaining agreements which apply and prevailing employment legislation.

This principle was fulfilled on the basis of the above during the year.

2.10 Promote socially responsible actions in any companies in which it exerts management capacities or holds power through shareholdings:

The Company has a series of corporate policies under the aegis of the Global Corporate Social Responsibility Policy that apply to any companies in which the Company has management capacity or holds power through shareholdings. These policies include i) the Diversity and Inclusion Policy; the Supplier, Contractor and Collaborator Contracting and Relationship Policy; and iii) the Policy against Climate Change.

It can be considered that the aforementioned principle has been reasonably fulfilled through these policies.

2.11 Promote channels of communication and dialog with the different groups connected with the Company's activities: Disclose relevant and truthful information on the activities performed

The Company's relationship with any groups affected by its activities (stakeholders) is maintained in a two-fold way. Such relationships involve: from the standpoint of social responsibility, responding to the expectations and needs and, from a reputation-related perspective, managing the perception these stakeholders have of the Company.

The policy of communication and contacts with shareholders, institutional investors and voting advisors was approved by resolution of the Board of Directors on September 23, 2015. This policy is aimed at managing and supervising the information provided to shareholders and the markets and relations with shareholders, institutional investors and voting advisors, adopting the appropriate measures to protect the exercise of their rights in the framework of the defense of the corporate interest, all in accordance with a series of principles set out in the policy concerned.

This section should also be referenced to the Annual Report on the implementation of the Communication Policy and contacts with shareholders, institutional investors and voting advisors, which is made available to stakeholders for the purpose of the call of the General Shareholders' Meeting.

There is no doubt that the disclosure of non-financial or corporate social responsibility related information contributes to measuring, monitoring and managing the company's performance and impact on society. In this context, in order to improve the consistency and comparability of the non-financial information disclosed, the Company has included in 2017, and included in the Management Report, a statement of non-financial information that contains information relating at least to environmental and social issues, as well as personnel, respect for human rights and the fight against corruption and bribery.

In addition, in 2017 we have complied with Royal Decree-Law 18/2017 of November 24, on non-financial information and diversity (published in BOE (Official State Gazette) No. 287 dated November 25, 2017). This regulation transposes into Spanish law Directive 2014/95/EU of the European Parliament and of the Council, of October 22, 2014, amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.

With regard to sustainability analysts and ratings, the Siemens Gamesa Group holds ongoing dialogue with the world's main sustainability indexes such as Dow Jones Sustainability Indices, FTSE4Good and Ethibel Excellence Europe. In 2017 Siemens Gamesa remains a constituent of all of them, which represents recognition for responsible business management.

On the basis of all of the above, it can be concluded that the Policy has been fulfilled.

2.12 Foster the socioeconomic development of the communities in which Siemens Gamesa Group has a presence:

The Master Plan's actions related to this aim include:

- 34.- Development of a new Social Action Policy
- 35.- Setting up a new CSR Committee in India
- 36.- A social initiative plan for Siemens Gamesa India
- 37.- Investment in social initiative projects

In addition to generating and distributing economic value, Siemens Gamesa exerts an influence on the communities where it operates which goes beyond its own business operations and is extended into a long-term commitment.

The actions carried out in favor of the community are various. For 2017, they can be summarized as follows:

- Capacity-building of indigenous women through agricultural microcredits in the Gujarat region of India and in collaboration with the Juan Bonal Foundation.
- Construction of a kindergarden in Motiya, Rajasthan-India, in collaboration with Bal Vikas.
- Project Siemens Gamesa Soccer League III (India), in collaboration with Krida Vikas Sanstha-Nagpur.
- Telecentres II Project (Brazil), in collaboration with CROPH-Coordenação Regional das Obras de Promoção Humana.
- Project for the promotion of healthy lifestyles among girls, boys and young people of Unión Hidalgo in the Isthmus of Oaxaca Region (Mexico), in collaboration with CESAL.
- Project to promote the economic sustainability of a group of mothers in Brazil, in collaboration with the Nossa Senhora do Amparo group.
- Project for the creation of the first genetic bank of Iberian birds of prey, in collaboration with FIEB (Fundación para la investigación en etología y biodiversidad).

The Company carries out initiatives in the fields of health, education, care for the environment and the development of community support infrastructures, especially in India. The specific corporate social responsibility program known as "Community Spirit" is materialized through a series of strategic programs, including:

- Gamesa Academic Excellence Program
- Gamesa Gram Arogya Kendra
- Gamesa Vocational Training Program
- Employee volunteering

Fulfillment of the Policy in this area has likewise been positive.

3. Conclusion

Based on all that has been set out in this report, the General Secretariat concludes that Siemens Gamesa has duly fulfilled the aforementioned Policy as well as the targets set in the CSR Master Plan over the course of 2017.