



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

General Secretariat
December 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 Consolidated text endorsed by the Board of Directors on July 26th, 2018, sets forth as one of the aforementioned Committee’s main duties *“The supervision of the Company’s Global policy of corporate social responsibility 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 2018

In order to assess the Policy’s level of fulfillment during fiscal year 2018, 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.

Should be noticed that the Company approved an update of its Global Corporate Social Responsibility policy in September 12, 2018. Given that this update took place virtually at the end of fiscal year 2018, this report aims to evaluate the fulfilment of the existing policy up to the time of this new issue.

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.

To support and properly apply the CSR Policy and provide continuity to the 2009-2011, 2011-2013, 2013-2015 and 2015-2017 Plans, Siemens Gamesa Group approved the "CSR Master Plan 2018-2020" ("Master Plan") on May 16, 2018, which is aimed at covering the different aspects set out in the Policy.

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 is equipped with the "Business Conduct Guidelines" (replacing the former Code of Conduct), the current version of which was approved by the Board of Directors on 12 September 2018.

The "Business Conduct Guidelines" define Siemens Gamesa's attitude towards responsible business and describe how Siemens Gamesa fulfils its responsibilities as a company: as an employer, in its markets, in society and in the environment in general.

Siemens Gamesa's Compliance Department has worked on harmonizing all Compliance processes, guidance and policies by drawing up a single document known as the Compliance Handbook. The Compliance Handbook was drafted to allow all Siemens Gamesa employees to read and get to know about the existence of a robust, reliable and state-of-the-art Compliance System.

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 12, 2018).

Furthermore, it should be highlighted that Siemens Gamesa should is adhered to the Code of Good Tax Practices.

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

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

The Company has developed and implemented the robust Compliance System to provide the foundation for all our decisions and activities by strictly complying with all laws and internal regulations as well as principles of ethical business conduct. Compliance is an assurance function which is a permanent and integral part of our business processes.

Compliance Organization also operates systematic processes and tools to support the effective mitigation of compliance risks. The Compliance System is systematically reviewed and evaluated for its effectiveness and adopted accordingly to changing requirements within regulatory environment as well business needs.

The pillars on which our Compliance system rests include the following:

Prevention: Effective preventive measures such as risk management, policies and procedures, training and communication enable systematic misconduct to be avoided.

Detection: Effective Compliance work requires complete clarification: whistle-blowing channels as well as professional and fair investigations.

Response: Explicit consequences and clear reactions support the prevention of misconduct, for example to punish wrongdoing and to eliminate deficiencies.

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.

2.3 Adopt advanced corporate governance practices:

During fiscal year 2018, the Company's Board of Directors has issued or reviewed and approved a series of policies aimed at complying with the Global Corporate Social Responsibility Policy. These include the following

Corporate CSR policies	Previous	New in 2018	New version
Global Corporate Responsibility Policy	2015, Sept 23	Update	2018, Sept 12
Supplier Policy	2015, Sept 23	Update	2018, Sept 12
Climate Change Policy	2015, Nov 18	Update	2018, Sept 12
Diversity and Inclusion Policy	2015, Sept 23	Update	2018, Sept 12
Social Action Policy	-	Issue	2018, Sept 12
Human Rights Policy	-	Issue	2018, Sept 12

In 2018, the Board of Directors of Siemens Gamesa approved for the first time a Social Action policy and a Human Rights policy.

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

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

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) Business Conduct Guidelines 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 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 Group has a Diversity and Inclusion Policy in place, the principles of which apply to all geographic regions where 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 oversees its fulfillment in a working environment that fosters dignity and respect for all. Evidence of diversity within the Group's workforce is that 97 distinct nationalities are employed across the world.

The Action Protocol in the event of Harassment and Discrimination establishes the scope, the reporting line and measures in case of harassment and/or discrimination. These should be governed in the Company and Siemens Gamesa Group with a view to consolidating corporate ethics.

Endorsement of the Declaration of Women's Empowerment Principles since 2010 has been maintained for the new Company. These principles were drawn up through a multilateral consultative process under the direction of the United Nations Development Fund for Women (UNIFEM) and the United Nations Global Compact and offer a gender based perspective which allows ongoing initiatives to be measured and analyzed.

Our Company's Equality Plan represents the global framework to confirm the Company's commitment to equal opportunities and regular improvements of Siemens Gamesa's flexible work arrangements are aimed at allowing employees to integrate their business and personal life.

As far as gender diversity on the Board of Directors' composition is concerned, Siemens Gamesa currently exceeds the target of having a presence of women of at least 30% sitting on the Board by 2020, established in the "Policy on selecting Directors", approved by the Board of Directors on 23

September 2015. To this respect, the Company has 6 women on its Board of Directors, representing 46% of its members at 30 September 2018.

The share of female employees represents an overall 19% of the total workforce. By regions, women represent 21% in Europe, Middle East and Africa, 20% in the Americas and 10% in Asia, Australia.

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:

Occupational health & safety is an essential part of our Business Conduct Guidelines, risk management and internal controls. Excellence in safeguarding occupational health and safety is also linked to some of the UN's Sustainable Development Goals (SDGs),

At our production facilities and across our project sites, we continuously drive improvements related to health and safety that are continuously monitored through our internal systems. Furthermore, we work across our value chain on industry-driven initiatives and 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 has a global occupational health and safety management system in place that is certified according to the OHSAS 18001 standard. The international OHSAS 18001 standard provides a framework to identify, control and decrease the risks associated with health and safety within Siemens Gamesa.

In 2018, the number of lost time injuries (LTI) within the Group amounted to a total of 99. As a result, the overall employee Lost time injury frequency rate reached 2.10 at the end of the period. This rate (LTIFR) is calculated for a 1,000,000-working hour's period, and includes all accidents that result at least in one lost day of work. As for contractors, this rate was 2.22. The combined rate for employees and contractors was 2.14 at the end of the reporting period.

The Group acts proactively to analyze 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 (13,566), safety observations (41,288) and health & safety audits (257) at the end of the reporting period.

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:

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.

The Group has therefore set a specific policy governing supplier relation and contracting which provides a group-wide framework for the management and control of procurement activities, the Siemens Gamesa Supplier Relationship Policy

As a foundation on sustainability for suppliers, and compliant to the Group policy, the Code of Conduct for Suppliers was released in fiscal year 2018 setting out the Group's binding requirements. The Code of Conduct for Suppliers and Third-Party Intermediaries sets standards to ensure that working conditions in our supply chain are safe, that workers are treated with respect and dignity, and that business operations with suppliers are ethical, social and environmentally responsible.

The supply base of the new Siemens Gamesa Group in 2018 consists of close to 17,000 (17,051) tier-1 suppliers worldwide, with a purchase volume of over 6,030 million euros. By region, this purchasing volume is distributed across Europe, the Middle East and Africa (70%); America (16%) and the Asia-Pacific region (14%).

Tools and external databases are in place to guide procurement resources in sustainability risk topics which can affect sourcing decisions and commodity strategies. For example, reports from external providers provide us with information on geopolitical, commodity and financial risks.

In addition, there are external tools and databases to guide Procurement resources on sustainability risk issues that can affect procurement decisions and commodity strategies. The three main risk management tools available include sustainability self-assessments, sustainability as part of the supplier qualification audit, and external sustainability audits.

Strategic suppliers or suppliers located in high-risk countries are subject to conducting sustainability self-assessments. The responses provided are screened and any suppliers which fail to meet the requirements may be conditionally approved (if issues are not critical) upon implementation of development measures, or immediately blocked from doing any further business with Siemens Gamesa (if issues are critical, especially for Compliance issues). A total of 1,104 assessments of this type were carried out during the year.

External sustainability audits are conducted by different external providers on both legacy modules and constitute the most stringent detection module. Monitoring may include re-audits or follow-up audits by our external audit partners. A total of 22 external audits were carried out during the year.

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:

Aware that climate change is a fundamental threat to markets and sustainable development, the Group has adopted a Climate Change Policy, which applies company-wide.

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 reviewed and approved by the Board of Directors on 12 September 2018.

Siemens Gamesa has accepted the challenge of attaining carbon neutrality by 2025. This decision was encouraged by several climate change aspects, such as anticipating future regulations, the need to adapt to changing market landscapes and to leverage new opportunities.

During the Global Climate Action Summit, Siemens Gamesa announced its formal commitment to the SBTi in September 2018. The Science Based Targets Initiative (SBTi) is a collaborative initiative between the Carbon Disclosure Project, the United Nations Global Compact, World Resources Institute, the World Wild Life Fund for Nature, and the We Mean Business Coalition.

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 2018 stands at 1,049,597 Gigajoules, and with this, the energy consumption rate per employee and year stands at 45.5 Gigajoules.

Water consumption stands at 445,638 m³ in 2018, which translates into a rate of 19.3 m³ per employee per year.

The volume of waste in 2018 is 47,805 tons, with a ratio of generation of hazardous and non-hazardous waste nearing 1:11. The rate of waste generated per employee and year –proforma- is maintained at 2 tons. Approximately 69% of the waste is destined for recovery, reuse or recycling.

The main greenhouse gas generated by the Company's activities is CO₂; , emissions during the period amounted to 61,367 tons CO_{2-eq}. This figure includes direct emissions (scope 1) which amount to 22,865 tCO_{2-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 38,502 tCO_{2-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).

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:

For Siemens Gamesa Renewable Energy, Compliance means more than a set of rules or just adherence to the law and internal Company regulations. Compliance provides the foundation for all our decisions and activities and is the key component of business integrity. Compliance is not a program; it is the way we conduct business.

Preventing corruption, violations of fair competition and other improper business activities take the highest priority at Siemens Gamesa. Our main principle is: Clean business at the core of clean energy.

This means complying strictly with all laws and internal regulations and adhering to the principles of ethical business conduct. Compliance is an assurance function which is a permanent and integral part of our business processes. Furthermore, our Business Conduct Guidelines lay the foundation for our internal regulations and give expression to the Siemens Gamesa values, compliance related responsibilities, and behavioral framework for all managers, employees, and Managing Board members worldwide.

The Company has developed and implemented the robust Compliance System to provide the foundation for all our decisions and activities by strictly complying with all laws and internal regulations as well as principles of ethical business conduct. Compliance is an assurance function which is a permanent and integral part of our business processes.

The Business Conduct Guidelines (BCGs) define Siemens Gamesa's attitude to responsible business conduct and how we shape the joint action needed. They also describe what Siemens Gamesa stands for and how Siemens Gamesa fulfills its responsibilities as a Company: as an employer, in our markets, in society and towards the environment. Our new BCGs is a harmonization from both legacy entities, including the inputs from all different departments, managers and workers councils throughout the Company, were compliance was then able to create one single document which is to be implemented globally. The new BCGs, were rollout in October 2018.

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.

Sixty four notifications were received through the mechanisms put into place for such purpose in 2018, 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 number of compliance cases confirmed at 2018 closing is 53 and six disciplinary sanctions were applied.

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.

In addition, the Social Action Policy and the Human Rights Policy have been incorporated throughout 2018.

It can be considered that the 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.

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 2018, 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 2018 we have complied again 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 2018 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:

Siemens Gamesa assumes that our organization forms part of a social fabric that can strengthen our own capacity or, at times, condition and limit our development and competitiveness. Commitment to a more prosperous society is not only compatible with enduring business success but also interdependent with it.

At Siemens Gamesa, our commitment to society is genuine and ongoing. Wealth creation and improved quality of life in the communities in which we operate is a constant goal of our commercial activity, supplemented by socioeconomic development through many of our non-business channels.

A new Social Action Policy was approved by resolution of the Board of Directors dated September 12, 2018. The primary objectives of this Social Action Policy are the following:

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

A new employee and community engagement initiative was launched in 2018: 'SGRE impact' is a company-wide program to bring positive change to the communities in which the Company is active while heighten the engagement of employees. Siemens Gamesa thereby contributes to improving society, with the belief that a more prosperous society contributes to the Company's enduring business success.

The initiative invited all employees to propose a community engagement project that falls within at least one of the initiative's project categories. These are based on the UN Global Compact Sustainable Development Goals (SDG): No Poverty; Zero Hunger; Good Health and Well-Being; Quality Education; Gender Equality; Clean Water and Sanitation; Affordable and Clean Energy; or Climate Action.

A total of 136 employees from 14 countries responded to the call and submitted applications for 192 projects in 39 countries. The Selection Committee was made of Executive Committee members and chaired by the patron of SGRE Impact, Markus Tacke. It chose eight projects in seven countries to be funded and implemented in 2018-19.

In addition, the Company developed other activities of this nature on a local level.

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 over the course of fiscal year 2018.