

# 2021 General Meeting of Shareholders

Bilbao, 17<sup>th</sup> March 2021



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# Miguel Ángel López

Chairman at  
Siemens Gamesa  
Renewable Energy



# 2021 General Meeting of Shareholders

Speech of Miguel Ángel López,  
Chairman at Siemens Gamesa Renewable Energy

Bilbao, 26 March 2020

Good afternoon, ladies and gentlemen – a warm welcome to the 2021 Annual General Meeting of Siemens Gamesa Renewable Energy.

For the second successive year, we are holding our meeting under the shadow of the COVID-19 pandemic. I am pleased that we have been able to host this meeting physically in our home city of Bilbao, and welcome visitors in the auditorium. It remains a difficult time, however, and many more are joining our live webcast and I extend my welcome to you also.

It is now almost exactly 12 months since Spain imposed the first of its COVID lockdowns. In that last year, Siemens Gamesa, in common with other everybody else in the world, has learned how to live with the pandemic and to minimize the impact on businesses just as on our lives.

In what was a difficult fiscal year for the company – in both operational and financial terms – the way in which Siemens Gamesa handed Covid was something everyone at the company can be very proud of. From the beginning, the company made the health and safety of its employees, their families and their communities its very highest priority while also doing everything possible to keep the business running effectively.

The results have been highly impressive. To date there is no recorded instance of any outbreak of COVID-19 originating in any SGRE factory or office, nor any outbreak in facilities in the field related to employees. And our IT systems have handled the challenge of having more than 15,000 remote workers.

Our teams have proven themselves highly resilient and have continued to deliver for the company in these most difficult of circumstances. On behalf of the Board of Directors I express my thanks to them.

We continue to prioritize their safety and trust that our systems and protocols will continue to keep them healthy and our business running.

Just as COVID has disrupted the operations of the company, so the virtual working has inevitably impacted our Board. It has been my experience, however, that our work has run smoothly, and I would like here my gratitude to all our Directors for their responsiveness, strong leadership commitment and for the extraordinary effort they are making.

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While those actions we took did enable us to keep manufacturing, installing and servicing wind farms throughout the year and mitigate most risks, the impact of COVID-19 was still felt in our financial performance.

Lockdowns that resulted in the temporary closures of facilities and other disruption did have an impact on business operations. The international supply chain for components and raw materials was disrupted, especially during the second quarter of 2020 and beginning in China, and again in the third quarter through lockdowns in India and Spain.

COVID therefore made a significant negative contribution, mostly through delayed orders as well as execution costs, to the company's financial performance in fiscal 2020.

The losses sustained went far beyond the impact of COVID however showing the unexpected sharp declines in certain key markets such as India, as well as frailties in the company's project management and execution. While the Offshore and Service business continued to perform in line with our expectations, these issues exposed the need to turnaround the company's Onshore business.

Andreas will provide more detail about the financial performance, but it goes without saying that the company is not satisfied that we reported losses for financial year 2020. Siemens Gamesa takes this very seriously and is working hard to improve significantly its financial performance. Although there is still more work to do, great strides have been made already in transforming our company towards rebuilding the profitability of our Onshore business and continuing our growth in Offshore and Service. We are convinced we are on the right path, and the company is establishing the basis for realizing Siemens Gamesa's full potential, which is huge.

I can assure you all that addressing profitability and creating sustainable value for our shareholders, employees, customers and society has always been and will continue to be a key focus for the board and the new executive management of Siemens Gamesa.

One of the most important actions taken by the Board during 2020 was the appointment of Andreas as CEO in June.

Andreas brought to the role a wealth of experience leading wind energy companies including the former Siemens Wind Power, Servion as well as Siemens Gamesa's highly successful and industry-leading Offshore unit. This appointment also illustrates the talent we are lucky to have within Siemens Gamesa and our determination to develop our leaders.

Over the past nine months we have already begun to see the impact of his leadership with the company taking important steps in its turnaround journey that we believe have placed it firmly on the path to recovery.

The appointment of Andreas as CEO was just a first step, however, in building a new Executive Management team that has the confidence and trust of the Board to complete that recovery and lead the company to the longer term growth opportunities offered by the energy transition.

The company has made four other key appointments in the last six months and reshaped its Executive Committee and governance to ensure it is best placed to lead the company through its transition.

I would like to introduce you to each of the new members of the team.

First, the Chief Financial Officer, Beatriz Puente.

Beatriz joined Siemens Gamesa on December 1 from the NH Hotels group, bringing important expertise from other sectors as well as a wealth of experience in the capital markets. Beatriz served as Executive Managing Director Finance and Administration at NH. Prior to that she spent more than two years as CFO of Aena, the airport group which she prepared for a successful IPO in 2015. Beatriz, a Spanish national, is based in Madrid.

Next, I turn to the Onshore business unit which Lars Bondo Krogsgaard joined as CEO in November, based in our headquarters in Zamudio, here, in the Basque Country. The task of turning around the Onshore business is critical to the rehabilitation of Siemens Gamesa and we are fortunate to have found such an experienced and talented executive to take on this task. Lars Bondo, who is Danish, has enjoyed a distinguished 18-year career in the wind industry, during which he spent periods as CEO of Nordex Acciona and co-CEO of MHI Vestas. Earlier in his career, Krogsgaard spent more than four years with Siemens Wind Power.

Our new Offshore CEO, Marc Becker who rejoined Siemens Gamesa last month, has large shoes to fill, stepping into the role vacated by Andreas. But Marc also was an integral part of the team that has turned Siemens Gamesa into the world's leading Offshore turbine manufacturer and he served as Managing Director of Siemens Gamesa Germany and Head of Sales and Projects in Offshore.

Finally, I come to the Service business unit, where Juan Gutiérrez stepped to the CEO role his position leading Service in the Americas. Juan, a Colombian American based in Orlando, Florida, has been with Siemens companies since 2005. He is another executive with considerable wind experience having been 12 years in the sector. Juan took on his role in August of 2020 and is already delivering strong results for the company, not least in the continued consolidation of new business from Servion.

The four new additions to the Executive Committee joined longer serving members.

Juergen Bartl has been General Counsel since October 2017, and now has more than 20 years in legal practice in Siemens companies behind him including more than a decade in renewable energy.

Christoph Wollny has been Chief Operating Officer since December 2018 and has more than 25 years of international experience in different industries – such as Automotive, Engineering and Construction, industries that have much to teach us about managing modern supply chains. Christoph, like Juergen, is based in Zamudio.

Carlos Albi has been in his role as Head of Strategy and Corporate Affairs since December 2018 and is based in Madrid. Prior to which he led Corporate Development department of Siemens Gamesa and was instrumental in the execution of the merger and integration of Gamesa and Siemens Wind Power. With more than 15 years of experience in the energy sector, Carlos joined Siemens Gamesa from Bank of America.

Javier Fernández-Combarro has led the Human Resources function from Madrid since December 2017, after joining Siemens Gamesa from Maersk AP Moller where he had served in a variety of senior roles for more than a decade.

As you have heard this management team brings a necessary blend of external expertise and experience and wind industry knowledge and background that positions it to lead our company through what is an exciting but challenging period. The team has come together at a difficult moment during 2020 but has what it takes to build a new, ambitious and successful Siemens Gamesa.

This diverse and capable group of executives have the full backing and confidence of the Board of Directors.

One focus of the Board of Directors during 2020 continued to be ensuring that robust and modern corporate governance system was in place to help guarantee its ability to serve stakeholders' interests effectively and maintain a relationship based on transparency and trust. We keep monitoring and adapting this system to the recommendations of supervisors and, in this regard, we are proud to have been one of the first companies to produce its Annual Corporate Governance Report under the amended recommendations of the Listed Companies' Good Governance Code.

I am pleased to say that the company is able to count on a strong Board of Directors with the experience, expertise, and education needed to address all the key issues that organizations like Siemens Gamesa faces. Siemens Gamesa has also met its diversity target of having 30% female representation on the Board by 2020 and now aspires to achieve 40% by 2022.

The same applies to our Compliance system. Compliance with legal requirements and guidelines is the basis for conducting business with integrity. We work to serve our customers, clients, and communities, and generate returns for our shareholders, and we firmly believe that success is only meaningful when it is achieved the right way, with the right values.

In order to provide enhanced support for the Executive Management team and to accelerate critical decision-making to drive the turnaround of the company's financial performance, the Board has reactivated the Delegated Executive Committee. This Committee, among other functions, is supervising very closely the evolution of the company's flagship turnaround program, "LEAP".

LEAP was implemented during 2020 to address key issues including cost reduction, excellence in project execution and improving governance. The goals of the project were to meet EBIT margin pre PPA and before integration and restructuring costs of 3%-5% by 2021 and 8-10% by 2023. Additionally, LEAP instills a ONE SGRE culture and mindset of working together.

I recognize that in our drive to deliver sustainable profitability, the company has had to take some very difficult actions, including changes to our industrial footprint including the closure of factories here in Spain and another in India.

Nobody wants to close factories and lose jobs, but we have a responsibility to safeguard the future of the whole company, including our presence in Spain, and the management team cannot and will not shy away from taking such decisions when we have to.

Such activity always raised questions about the company's commitment to Spain and the Basque Country. So, let me be very clear about this. Bilbao is our headquarters and we have no plans to change that, nor any discussion about it. Spain is a hugely important centre of manufacturing and R&D for us – we still have nine factories here following the announced closures, and 4,400 employees in total.

Indeed, as you have seen in the media in recent weeks, last year we increased our business with Spanish suppliers by 7% and we are adding significant headcount in areas such as our facility in Reinosa.

Andreas will provide more detail about LEAP, but at this stage the Board is optimistic with the direction of the Program, and in particular the additional transparency into the business that the project is providing. We have high expectations that the execution of the projects identified by LEAP will make a significant contribution to the long term health of the business.

The health of corporations is no longer measured purely by the simple metric of financial returns.

Instead investors, employees, customers and others take a far broader view of a company's activities to take in many dimensions. So even as we strive to improving performance, we cannot lose sight of our sustainability goals, including acting to address climate change.

Siemens Gamesa is committed to acting now: unlocking the full potential of wind and guaranteeing profitable growth, while conducting our business in a responsible and sustainable manner. Our sustainability pledge is not an aspirational framework but a roadmap for responsible growth.

I would like to highlight some of the company's important work in this area.

Firstly, in the area of finance where our strategy is linked directly to ESG (environment, social and governance) criteria. Over the past two years, we have completed pioneering deals worth over €7.2 billion having a strong sustainable component and continue to look for innovative ESG options.

So, in May we were pleased to announce a bank guarantee line for up to €600m to cover the construction of components for Hornsea 2, the largest offshore wind farm to be announced to date. The deal struck with four banks, foresees a premium that will be used to fund a cancer research project at the La Paz Institute for Health Research in Madrid. It is very gratifying to be able to make a contribution to medical research, but this is only another example of our commitment to continue using sustainable financial products that contribute to the United Nations Sustainable Development Goals.

Environmental sustainability is another key element of the strategy. And so were pleased to announce that at the end of 2019, Siemens Gamesa became carbon neutral five years ahead of schedule. This accomplishment was a major milestone on the road to net-zero emissions by 2050 and was attained by a combination of reducing and/or offsetting the CO<sub>2</sub> generated directly or indirectly by the company.

Another recent milestone was the announcement of a new action plan on Diversity & Inclusion in the company based on three pillars: diversity, inclusion and belonging, and equal opportunities. The plan recognizes that the company and the renewable energy industry more widely has lagged on such issues in the past. The new plan will reinforce our commitment by introducing a number of policies including guidelines that expand diverse and inclusive recruitment, extend parental leave possibilities and promote LGBTI diversity.

We have also set ambitious targets for gender equality pledging to increase the female representation in the workforce (19% in FY20) as well as in executive management (12% in FY20) to 25% by 2025.

Last but not least in the field of social commitment. We are deeply anchored in the communities in which we operate and see it as our duty to collaborate in their sustainable development. Through the achievement of the UN's Sustainable Development Goals, we also meet the concerns of employees to engage with communities through volunteer activities.

Our social commitment strategy groups all the help to society through actions which are linked to the UN's SDGs and in particular SDG1 No poverty, SDG 4 Quality Education, SDG 13 Climate Action, SDG14 Life Below Water, SDG 15 Life on Land. In order to attain our goals, the company has set out three lines in its strategy: help fight poverty in the communities where we are present; combat the effects of climate change; and promote and encourage education in technological matters, especially in STEM.

In fiscal year 2020 our total donations and charitable contributions amounted to 2.90 million euros (0.43 million euros in FY19).

I would like to highlight two particularly worthy projects from fiscal 2020.

First, our SGRE Impact program, in which employees nominate projects for funding, was refocused to address the COVID crisis. Overall, 16 projects in 10 countries were chosen with a total value of €499,210, taking our COVID related donations alone to €1.5m.

Second, "The forests of Siemens Gamesa": launched in 2020 aiming to restore degraded forests around the globe, hoping to plant over 50,000 trees by 2021 with the support provided by volunteer employees. I am pleased that the company's efforts in this regard have been widely recognized. We are a constituent member of prestigious international sustainability indexes, such as Dow Jones Sustainability Indices® World & Europe, FTSE4Good® and Ethibel Sustainability Index®.

It is also noteworthy that Siemens Gamesa was included in the MSCI ESG rating assessment with an A rating and were represented in the 2021 Bloomberg Gender-Equality Index.

Our continuous improvement efforts in sustainability were recognized by the rating agency EcoVadis with the "Platinum" status end of 2020 - its highest recognition possible. We thus rank among the top 1% of the roughly 65,000 companies assessed by EcoVadis.

Climate change is affecting every country on every continent. It is disrupting national economies and affecting lives. Weather patterns are changing, sea levels are rising, and weather events are becoming more extreme.

The realization of the immediate need to address the climate threat is driving a growing global focus on sustainability that in turn provides bright prospects for our industry and our company.

During 2020 there was a risk that the focus on beating COVID would curtail attempts to stop climate change, but it is very clear now that the reverse is happening as governments prioritize green investment in their strategies for economic recovery from the COVID shock.

In the European Union, Green Recovery will play a crucial role with €1.85 trillion targeted for the pandemic recovery plan. Besides, ambitious goals have been set to reduce the CO<sub>2</sub> emission by at least 55% by 2030 and to be carbon-neutral by 2050.

National governments too are taking action. Spain recently held its first renewable energy auction in several years, a first step in its National Energy and Climate Plan which it expects to see installed wind energy capacity rise from 27GW currently to 50GW by 2030.



Similarly ambitious plans have been announced in the UK, France, Germany, Poland, Denmark and many other states. It was heartening also to hear President Joe Biden place climate change at the centre of his policy agenda during the election campaign and take immediate action after his inauguration.

We are more committed than ever to demonstrating that the energy transformation is possible, and that we have the cost-effective technology solutions to help creating a world that runs entirely on green energy, that brings benefits to people and natural ecosystems, and that ensures a more sustainable and equitable society.

According to Wood Mackenzie's global market outlook from December 2020, this thirst for renewable power will result in the installation of c.850GW of wind power in the decade between 2020 and 2029 – 85 GW per year – at an average annual growth rate of five per cent. That translates to a total installed capacity of c. 1,400 GW by the end of 2029, compared to above 600GW at the end of 2019.

Within that, Offshore growth in Offshore, where Siemens Gamesa is the undisputed market leader, is expected to rise from 28,5GW at the end of 2019 to 197GW by end of 2029 at a CAGR of 24%.

Other forecasts such as the IEA's sustainable development scenario required to fulfill a two degrees climate target, foresees average installations as high as 140GW per year between 2020 and 2040.

What this tells us is this: Siemens Gamesa is in the right industry at the right time. We have political momentum, growing societal acceptance and a growing investment appetite.

And the work that is going on at the company now is ensuring that the company is in the right shape to meet the challenge.

And while it is still early in the turnaround, it was encouraging that in January the company was able to report a solid start to 2021 with a return to profitability in the quarter and the reiteration of our guidance of 3-5% EBIT and €10.2bn to €11.2bn in revenue.

Let me conclude then by saying that I am optimistic about the future and look forward to what lies ahead. In a period of economic and societal turbulence, our capital and liquidity remain solid and the business prospects of our sector have never been more promising. We will remain focus on disciplined implementation of our business plan and on achieving sustained value creation for our shareholders, employees, customers and society.

Thank you so much for your continued confidence.

