

Annual Report 2018



Fiscal year 2018 key facts



90.6_{GW}¹
globally installed



23,000
employees



9.1 billion euros
annual revenue



7.5 billion euros
market capitalization



11.2_{GW}
order entry



23 billion euros
order book



True global
modern and scalable
footprint



Advanced digital
capabilities

1 End of December 2018 (Q1 FY19)

Portfolio covering all requirements



Onshore



Offshore



Service

Shaping the renewable energy industry

Leading the way forward in the renewable energy sector, Siemens Gamesa provides cleaner, more reliable and affordable wind power. Our scale, global reach and proven track record ensure that we will play a central role in shaping the energy landscape of the future.



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Three business units strongly positioned in the market

Close to

40 years'

experience in the **onshore wind power** business

- Onshore portfolio covering all market requirements



Nearly

29,000

turbines serviced worldwide

- **Service operations** in 62 countries



Onshore

78_{GW}

installed since 1980

- The technological partner of choice for onshore wind power projects



More than
27 years'
experience in the **offshore
wind power** industry

- Proven track record

Offshore

13_{GW}
installed since 1991

Most experienced
offshore wind company
with the most reliable
product portfolio in the
market



Service

57_{GW}
maintained

Commitment beyond the
supply of the wind turbine to
reach the profitability goals

Letter from

Miguel Ángel López, Chairman

Dear Stakeholder,

Looking back on fiscal year 2018, I'm proud to say that Siemens Gamesa has delivered. We've achieved our targets in a very challenging market environment. The L3AD2020 program has been crucial to our company's success, and will continue to help us secure sustainable profitability in the future.

Sharp focus and great team work made this performance possible. We've strengthened our position in the wind power market and reached important milestones on the road to becoming the global industry leader. The growth in our order backlog reflects our hard work and will pay off in the future. We've concluded the L3AD2020 "Merge and Stabilize" phase, and the company has made solid progress in strengthening its corporate governance. As you know, sound corporate governance is essential for ensuring our future reliability and, of course, for meeting our obligations to stakeholders. I'm confident that Siemens Gamesa can meet any challenge, capture market opportunities and contribute to the sustainable development of society – and thus continue to create value for all our stakeholders.



“We have all it takes to remain a frontrunner. We're passionate about renewables and sustainability.”

To combat climate change, the International Energy Agency (IEA) stresses the world's need to sharply increase the share of renewable energy we are using, from the current level of 25 percent to almost 70 percent by 2040. For Siemens Gamesa, the growing importance of renewables is creating even greater opportunities for participating in the transformation of the global energy market, and becoming a worldwide leader in the renewables industry. The fact that governments around the world are now committing to strive for greater use of clean energy further confirms this market's substantial growth potential.

“The growing importance of renewables is creating even greater opportunities for participating in the transformation of the global energy market, and becoming a worldwide leader in the industry.”

As the market leader in the offshore market segment and as a well-positioned competitor in the onshore segment, in addition to being a provider of value-adding services, we have all it takes to remain a frontrunner. To retain its position at the vanguard, a company must always stay a step ahead of its competitors in R&D and technology. Our new 10 MW machine is a good example of how we are doing exactly that. We are also stepping up our efforts in digitalization. Our digital ecosystem creates significant value for our customers. By installing intelligent wind turbines that not only interact with each other and with their digital twins but also adapt to changes in wind direction, we’re optimizing electricity generation.

The full commitment of our enthusiastic team was critical to what we accomplished in 2018. And I’m absolutely convinced that this dedication will enable us to continue our successful course. I’d like to thank all our employees for their excellent work, passionate efforts and ownership mindset. In particular, I’d like to express my appreciation to Rosa García for her efforts and support in 2018 and wish her all the best in her future endeavors. I’d also like to thank all the Board members as well as our shareholders, customers and partners for their confidence and trust in us.

We’re passionate about renewables and sustainability. It takes the brightest minds to be a technology leader, and it takes great imagination to create clean energy for generations to come. We check all those boxes. Together, we’re shaping the energy system’s future.

Sincerely,



Miguel Ángel López
Chairman, Siemens Gamesa Renewable Energy

Letter from

Markus Tacke, CEO

Dear Stakeholder,

2018 was a challenging, eventful, busy, and ultimately very successful year for our company.

Our corporate program L3AD2020 is fully on track, providing our entire organization with clear direction and defined goals. We have concluded Phase I of the program, the “Merge & Stabilize” phase, and have now entered Phase II, “Leverage Economies of Scale.”

Our business performance was also strong this past year. At the conclusion of the 2018 fiscal year, our order backlog stood at a record high of 23 billion euros, our revenue for the year was more than 9 billion euros, and our margin EBIT stood at 7.6 percent. Particularly encouraging is the fact that these financial results are fully within our control, demonstrating to the markets that the goals we set are realistic and achievable.

“Our goal is to provide integrated renewable energy solutions.”

Over the course of the past year we have also demonstrated our commitment to growth. We have expanded into important new markets including Taiwan and Russia. We’ve updated and streamlined our product offering. And we are exploring the opportunities to expand our activities into related business fields, including solar power, hybrid projects, and industrial-scale storage solutions. Our long-term goal is to provide integrated renewable energy solutions.

Our post-merger cultural alignment is also proceeding well. Throughout the company we have embraced new and innovative ways of working. We have a stronger awareness of employee concerns and goals, and we are building a company-wide Culture of Trust which our employees are embracing with enthusiasm. At the same time, we have also made adjustments to our senior management team to provide us with greater stability and internal clarity, as well as fresh ideas and momentum. And our commitment to sustainability remains the foundation of all we do. It encompasses a commitment to the environment and to all of the communities in which we operate.

“With our scale, global reach, and balanced business set-up Siemens Gamesa is perfectly positioned to lead growth for the wind industry.”



I am confident that we are on track for a successful and fulfilling 2019.

But I am also aware that many people are observing us closely, watching to see if we can deliver on our promise to become the global leader in the wind industry. Customers are watching to see how our products and technology evolve. And investors and competitors are watching as we make strategic decisions about how best to grow. Everybody is watching, and during 2019 we plan to give them something to look at!

The global market for renewable energy is expanding rapidly and we anticipate that this growth will continue at a robust pace, with wind power playing a central role. With our scale, global reach, balanced business set-up (Onshore, Offshore, Service) and technological expertise, Siemens Gamesa is perfectly positioned to lead this growth. I am confident that industry leadership is within our grasp.

As we pursue our goals with determination and perseverance, four areas for improvement will be priorities for me over the coming year: health and safety, digitalization, additional growth in established and new markets, and enhancing our profitability.

With the right leadership and the ongoing commitment of our worldwide team, I am certain that this will be a year of great progress for our company and for the many people who are counting on us.

Best regards,

A handwritten signature in blue ink that reads "Markus Tacke". The signature is fluid and cursive, with a stylized 'M' and 'T'.

Markus Tacke
CEO, Siemens Gamesa Renewable Energy

Organization



Markus Tacke



David Mesonero



Christoph Wollny

Board of Directors

Chairman

Miguel Ángel López (Proprietary)

Chief Executive Officer

Dr. Markus Tacke (Executive)

Members

Lisa Davis (Proprietary)
Mariel von Schumann (Proprietary)
Gloria Hernández (Independent)
Michael Sen (Proprietary)
Dr. Ralf Thomas (Proprietary)
Pedro Azagra (Proprietary)

Rudolf Krämmer (Independent)
Klaus Rosenfeld (Independent)
Andoni Cendoya (Independent)
Alberto Alonso (Independent)

Secretary and Board Member

Carlos Rodríguez-Quiroga
(Executive)

Deputy Secretary of the Board

Juan Antonio García
(Non-member)



Jürgen Bartl



Mark Albenze



Andreas Nauen

Management

Chief Executive Officer

Dr. Markus Tacke

Chief Financial Officer

David Mesonero

Chief Operating Officer

Christoph Wollny

General Secretary

Jürgen Bartl

Onshore (act.) and Service CEO

Mark Albenze

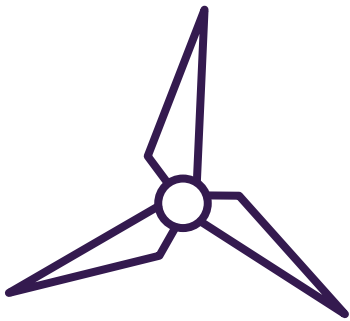
Offshore CEO

Andreas Nauen

As of February 2019

Highlights

Oct 17 – Sep 18



October

- Opening of the first blade factory in Africa & Middle East
- Siemens Gamesa strengthens management team with new appointments

November

- Visit of Queen Elizabeth to Hull factory
- Wind Europe Conference and Exhibition in Amsterdam: launch of two "next-generation" products and announcement of the "One Segment/One Technology" philosophy

December

- Two new orders in the U.S. for the supply of 330 MW: the turbines will produce enough energy to power over 100,000 U.S. homes
- New orders in India for the supply of 326 MW

January

- Siemens Gamesa to supply 262 MW for a wind farm in Egypt
- Siemens Gamesa 2.1-114 is named second onshore Top Turbine of 2017 by Wind Power Monthly

February

- Siemens Gamesa presents the L3AD2020 company program focused on profitable growth
- Supply contract of 1,386 MW to Ørsted at the world's largest offshore wind farm, in the UK
- Agreement to supply up to 1 GW in Turkey

March

- Siemens Gamesa Renewable Energy recognized by the Global Challenges Index

April

- First Anniversary of Siemens Gamesa after the merger



May

- Siemens Gamesa and the Basque regional government sign an MOU to boost the competitiveness of the Basque wind industry



June

- Inauguration of the production facility for offshore nacelles in Cuxhaven, Germany



August

- Growth ahead for Taiwanese offshore wind industry: signature of 10 MoUs with suppliers on one day

September

- Siemens Gamesa, once again confirmed member of the Dow Jones Sustainability Indices World
- Siemens Gamesa to bring innovative solutions to Global Wind Summit 2018 in Hamburg
- Our high-performance energy storage facility, ETES, enters final construction phase

Share price performance

2018 was a year in which the wind sector continued its inevitable transition from a subsidized to a fully competitive business model. This is a testament to the growing importance and relevance of this industry.

The fact is that wind energy is poised to expand its contribution to the global energy mix over the long term, which brings with it tremendous potential for demand that we are positioning ourselves to fill.

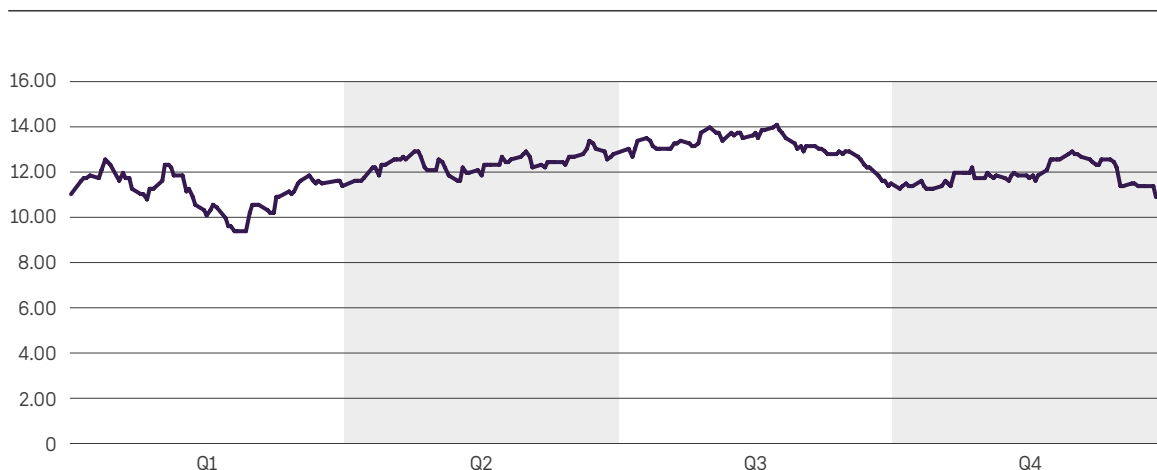
However, in the immediate term, coupled with the increase in demand, there has been a considerable reduction in the price of wind turbines. This translated into lower levels of profitability for our company during the past year. This was in line with forecasts we communicated to the market for fiscal year 2018.

Not surprisingly, higher demand and lower profitability combined to make 2018 a challenging year for our share price, though it must be said that we were relatively successful in meeting that challenge. The share closed the fiscal year at a price of 10.9 euros, essentially even with the price at the beginning of the year, which was 11.0 euros.

It should be noted that while there was overall downward pressure on the share price during the past fiscal year, our company kept finding ways to rally against that pressure. There was a clear upward trend in the share price during the first part of the fiscal year, which reflected the positive reception received by the 2018-2020 business plan, which was presented to the market during the month of February. This plan includes the L3AD2020 program which is aimed at securing our group's leadership in the renewable sector, combating the impact of sectorial transition on the company's profitability levels through a transformation program, and reducing costs by 2,000 million euros by 2020.

The share price rallied against downward pressure once again during the last months of calendar year 2018 and the first months of 2019. This was likely due to the publication of our results for fiscal year 2018 and the first quarter of fiscal year 2019. These showed the positive impact of our transformation year, the progressive stabilization of the price of wind turbines in the entry of orders, and the continued strength of demand.

Fiscal year 2018 share price evolution (euros)



Financial Results and Guidance

Fiscal year 2018 was a challenging year for Siemens Gamesa; yet the company's performance during the year was fully in line with its financial guidance and the period concluded strongly.

Revenue amounted to 9,122 million euros, while EBIT pre-PPA, restructuring and integration costs was 693 million euros with an EBIT margin at 7.6 percent. The EBIT margin is impacted by double-digit price decline in onshore wind turbine business partially compensated by synergies and productivity and the strong performance in Service.

Net income continued to recover, reaching 70 million euros in fiscal year 2018, including the impact of integration and restructuring costs (176 million euros). The company increased its net cash position to 615 million euros as of September 30th.

The guidance for fiscal year 2018 was successfully achieved, laying the groundwork for profitable growth.

The company also set the guidance for fiscal year 2019: revenues of 10-11 billion euros and EBIT margin pre-PPA, restructuring and integration costs of 7-8.5 percent, on track to meet fiscal year 2020 targets based on financial framework launched at Capital Markets Day.

Commercial activity

Milestones achieved during the year included growth in commercial activity, with order intake amounting to 11,872 million euros, 9 percent more than the proforma order intake figure for 2017.

The recovery in the onshore market was the first lever driving growth in the group's order intake, contributing 6,682 million euros, 30 percent more than in 2017. The commercial activity in the offshore market was also very high. During that period, the company signed its largest-ever offshore order – an agreement to supply 165 turbines to Hornsea II, the world's largest offshore wind farm to date. Within Service, the company signed contracts worth 2,395 million euros.

This strong order intake enabled the company to end fiscal year 2018 with a new record backlog of 22,801 million euros, 10 percent more than at end of September 2017, providing enhanced visibility for 2019.



The information above is only a brief summary of financial highlights from the 2018 Fiscal Year. For a full statement of the company's financial results, please refer to:
https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/audited-annual-accounts/2018/consolidated-financial-statements_sgre_2018.pdf

L3AD2020

One of the significant developments in 2018 for Siemens Gamesa was the launch of a core strategy for getting our still young company up to speed by 2020.

Against a backdrop of transition in the wind industry, we unveiled the L3AD2020 program on February 15, 2018, with the stated objective of ensuring our company's leading position in the wind sector. The L3AD2020 reflects the commitment of Siemens Gamesa to making real what matters to future generations.

With this target in mind, the company launched a three-year program built on four modules: Growth, Transformation, Digitalization and Change Management.

L3AD2020 is structured in three stages: merger and stabilisation, leveraging economies of scale, and sustainable profitability. At the end of fiscal year 2018, Siemens Gamesa had completed the first stage and achieved all the planned milestones and targets.

Best-in-class LCoE
 3 Business Units
 Agility
 Digital Intelligence

L3AD2020



Growth ¹

Grow faster than the market



Customer Focus

A trusted partner all across the globe

Business Model Agility

Using flexibility to benefit from opportunities in a highly dynamic and diversified environment



Transformation ²

Aim for cost reduction of >€2B



Product Affordability

Most competitive product in the industry

Operations

Most efficient production systems, supply chain and field operations

SG&A and Overheads

Highest quality and Health & Safety through standardized and optimized operations



Digitalization ³

Turn data into value



Digital Intelligence

Evolving into the OEM of the future by adding strong Digital Capabilities and offerings



Change Management ⁴



People / Culture / Values

Be one company with one DNA and a world-class team

Growth ¹



Our growth plan is defined by a few clear objectives. Employing several market-specific strategies, we are going to outgrow the onshore market in turbine sales and revenue. We are also working on keeping our off-shore market share by increasing our annual order entry through leadership and innovation in core and emerging markets. Finally, we will also improve our Service standing. We are growing the fleet we have under maintenance to reach 80 GW by 2020.

Customer focus

This growth plan is based on a flexible global business model and a nimble go-to-market strategy to maximize growth potential. We are focusing on our customers, treating them like the core of our business that they are. We are ensuring customer proximity by having sales teams in every region. We are introducing focused market strategies tailored to different types of customer.



Delivering global solutions

Growth is also supported by our offering to deliver global solutions in onshore, offshore and service. As well, the scope of our offering ranges from development to full turn-key, and there are modularized offerings for each customer segment in each business unit. Finally, we are exploring future developments in renewable energy, such as solar, hybrid, and storage.

- As this Annual Report demonstrates, 2018 was a good year for Siemens Gamesa. The strengthening of the company's competitive position after the merger, together with a recovery in certain wind markets, enabled Siemens Gamesa to renew growth in commercial activity, with order intake amounting to €11,872m in fiscal year 2018 that led to a backlog of €22,801m.
- We need to do more. We need to do it faster. And we need to do it differently. It is a fact that customers, in every market, are looking for flexibility in terms of products and services. They want creative financial solutions. And they want faster response times. Some companies are intimidated by that. We embrace it.

Transformation ²



We have set ourselves the ambitious target of achieving €2 billion in cost reductions by 2020 that mainly will be achieved by standard productivity and by synergies. However, this target can be achieved in different ways depending on the function or the business. We will focus on product affordability as the major saving, and the rest with operations and selling, general and administrative expenses (SG&A).

One segment, one technology

Product affordability hinges on the principle of “one segment, one technology”, under which we will have only one technology per business segment. Onshore, we will employ geared technology. Offshore, we will employ Direct Drive technology.

- In 2018, the transformation program completed its first year with recurring productivity improvements. In the operations area, the restructuring of the Tillsonborg, Ølgod, Miranda and Stade facilities has been completed, and capacity has been expanded in lower cost countries such as Morocco and China. In the area of Service, the number of field visits to WTGs has been reduced while availability has increased.
-

Clear objectives

In the next two years, the company expects to continue optimizing its manufacturing footprint, both Onshore and Offshore. We also expect to improve our vertical integration model, and continue improving field visits via digitalization.



Digitalization ³



The L3AD2020 program depends on digitalization to give us the tools we need to not only succeed but excel and lead in an industry on which so much of the future depends.

Leading the digitalization efforts

In this area, the company has the best foundation for leadership in the industry. We have a team dedicated to developing and implementing digital solutions, a partnership with NEM Solutions, remote control centres with a global reach, and we are the first manufacturer to install remote diagnostic sensors on wind turbine generators. The digitalization area operates on 4 fronts: turbine productivity, wind farm commissioning, manufacturing processes and services.



Data base grows daily

Today, we maintain the industry's largest amount of historical data – more than 190,000 turbine years worth of insight.

- A database that grows daily with data collection from nearly 29,000 turbines worldwide which are monitored around the clock. Inside each of our smart turbines more than 400 sensors transmit over 200 gigabytes of data per day to our state-of-the-art remote diagnostic centers. This is where raw information is converted into value – for our customers and for our company.
 - The data we collect allows us to predict and prevent unscheduled downtime, avoid potential problems, and extend the lifecycle of each turbine. In addition, the information we gather informs new applications and solutions that enhance the services we offer. And thanks to remote monitoring, Siemens Gamesa is able to resolve 85 percent of the problems we are alerted to within 10 minutes.
-



Change Management ⁴



It has been said many times that change can be hard. Change can be challenging. These things are obviously true, but change is also very often the only way to get where you want to go. At Siemens Gamesa, we know where we want to go, and we are building the culture of trust we need to make sure we can get there.

Culture of Trust program

Our Culture of Trust program is perhaps the best example of the kind of change we want to see in our company – a completely new mindset based on trust, empowerment, diversity and continuous learning.

- We are putting in place mechanisms that promote a no-blame-culture and inspire learning from mistakes. We know that perfection doesn't exist, but steady improvement does. It is just a matter of learning systematically from failure, which is a necessary part of the change management process. As in every revolution, commitment and patience is needed for the success of the process, without forgetting the recognition of those who push the change.
 - We have launched a global program of change within our new organization. 25 separate change initiatives are now underway. Among these many initiatives are options for working from home, open office models, which are an important step towards trust, collaboration and fewer hierarchies, and various working concept initiatives that help make up our overall digital office project.
-



Diversity strategy

In addition, because we know diversity is very much the cradle of creativity, we have launched a diversity strategy with eight programs that focus on inclusion and work life balance and our company has adopted the UN Women Empowerment Principles.

Finally, while we know that successful change requires the buy-in and participation of all employees, we also know that change begins at the top. Change has to be driven by leaders, and at Siemens Gamesa we are proud to have leaders who embrace that responsibility.

Going forward, what our employees can, and should, expect from their leaders is the assurance that what they are doing matters, because only then can people take ownership for their actions and their work.

Sustainability Report

(Summary)¹

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¹ This is a condensed version of the Sustainability Report. To view the complete Sustainability Report, please visit our website.

Sustainability at Siemens Gamesa

A Commitment to Sustainability

2018 was a year in which the world was reminded, in no uncertain terms, about the dangers of climate change and the urgent need for action. A landmark report by the UN Intergovernmental Panel on Climate Change (IPCC) warned that we have only a few years to limit global warming and stave off its catastrophic effects.

The IPCC report was a sobering wake-up call. It was also a confirmation to companies such as Siemens Gamesa that we are on the right side of history, and that our commitment to success in sustainability is one we make not only to our stakeholders and customers, but to the entire world. There is an urgent need to reduce carbon pollution, and the renewable energy – specifically wind energy – that we produce does exactly that.

Siemens Gamesa is a very young company. But we were created through the merger of two established companies whose commitment to sustainable development goes back a great many years. Excellence in sustainability is not a target for our company. It is an absolute, non-negotiable requirement. We know that sustainability and commercial success, far from being mutually exclusive, are these days increasingly intertwined. In addition, every person who works at Siemens Gamesa understands that sustainable development is the right thing to do.

We are becoming a global leader in an industry that will help lead the globe away from a climate change disaster. Our wind turbines are helping our customers reduce their carbon footprint by more than 233 million tons of CO₂ a year. And we make a point of practicing what we preach. Siemens Gamesa has made a commitment to becoming a carbon-neutral company by 2025 – a commitment that is underpinned by a switch from emission-intensive conventional power generation sources to renewable energy-based sources for the electricity supply in our operations.

Sustainable Development Goals

In September 2015, 193 member states of the United Nations adopted the 2030 Agenda for Sustainable Development. This 15-year global framework is built around 17 Sustainable Development Goals (SDGs) which, if adopted by all countries, are intended to help build a world free of poverty and hunger, with full and productive employment and broad access to quality education and quality health care. In addition, the SDGs are intended to usher in complete gender equality and an end to environmental degradation.



from emission-intensive conventional power generation sources to **renewable energy-based** electricity source

“Responsible development must integrate economic growth, social well-being and environmental protection.”

On January 1, 2016, the 17 Sustainable Development Goals officially came into force. The world is now on the path set out in the 2030 Agenda for Sustainable Development. Whether that path takes us where we want to go is up to us all – every country, every world leader, every person or organization of influence, and every company like ours. For Siemens Gamesa, the SDGs represent a view of the world that we share, and which we are determined to support. That view is that responsible development must integrate economic growth, social well-being and environmental protection.

This past year, we carefully studied the Sustainable Development Goals, in order to identify which of them related in any way to our operations. Our first question was, which of these goals might we pursue as an organization, whether through our products and services, through the responsible operation of our business, through our expertise and thought leadership, or through our Corporate Citizenship activities and community engagement programs? Our second question was, how will our company be affected by a specific country or jurisdiction where we do business failing to achieve its 2030 SDG target? In this manner, we identified five of what we consider to be high impact goals.

High Impact Sustainable Development Goals

The high impact SDGs we identified tend to be related to our products and services, and the manner in which we produce them. These SDGs also represent the highest Projected Value-At-Risk and, depending on the country in which we are operating, a overall higher risk for Siemens Gamesa's operations. For that reason, 2018 was a year in which our company committed itself fully to helping realize these high impact sustainable development goals. They are good business, and they are the right thing to do.

The high impact sustainable development goals are as follows:

Affordable and Clean Energy

Siemens Gamesa can help ensure access to affordable, reliable, sustainable and modern energy for all. Our company is a leading supplier of wind power solutions to customers all over the globe, providing cleaner, more reliable and more affordable wind power. Our scale, global reach and proven track record ensure that we will play a central role in shaping the energy landscape of the future

Climate Action

Siemens Gamesa is a model for other companies, taking urgent action to combat climate change and its impacts. Our company has set a target of becoming CO₂-neutral in all our operations by 2025. In this way, we are underlining the need for businesses to contribute to de-carbonizing the economy and leading the way in doing so.



Commitment to
becoming a
**carbon-neutral
company by
2025**

Gender Equality

Our goal at Siemens Gamesa is extremely clear. We are going to achieve gender equality within our company and help empower women and girls everywhere. Furthermore, our commitment to equality extends beyond gender. We recognize that our employees represent a large variety of cultures, ethnicities, beliefs and languages. This wealth of diversity is what makes the Siemens Gamesa Group more innovative, creative and committed to society.

Decent Work and Economic Growth

A good job in a healthy economy: Siemens Gamesa is in a position to help that happen everywhere we do business. Our global operations contribute to GDP development in many countries, thanks in large part to our commitment to providing decent jobs and enabling employment.

Peace, Justice and Strong Institutions

At Siemens Gamesa, we believe that peace, justice and strong institutions can all be achieved if governments, business and people take a socially responsible approach to governing, to work and to life. We intend to do just that. The United Nations Global Compact is a non-binding pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. Our company is committed to implementing the Compact's requirements throughout our entire supply chain and disseminating them through collaborations with external organizations and institutions.

Sustainability and Corporate Responsibility

As noted above, Siemens Gamesa committed itself in 2018 to supporting the goals of the United Nations 2030 Agenda for Sustainable Development. It was also noted that our company has enthusiastically adopted the goals established at the COP24 climate conference this past year – specifically the commitment to becoming a carbon-neutral company by 2025. Finally, mention is made of our taking part in the UN Global Compact, with businesses around the world vowing to adopt sustainable and socially responsible policies.

We do these things because they are very much in line with how we see ourselves as a company, the role we want to play as a corporate citizen of the world, and the effect we want to have on our employees, our stakeholders, and the people who live in the places where we do business.

At Siemens Gamesa, we believe passionately in corporate social responsibility. What do we mean by this? We mean being a company that is accountable to a wide range of stakeholders, including shareholders, investors, suppliers, customers and clients. We mean being a company that does not allow its business footprint to trample environmental protections. And we mean being a company that never loses sight of its responsibility to its employees, its community, and civil society in general.

“Siemens Gamesa is a company that never loses sight of its responsibility to its employees, its community, and civil society in general.”

Our Board of Directors is acutely aware of the responsibilities our company has as a good corporate citizen. Indeed, we believe that everyone who works in our company has embraced those responsibilities. We know that everything we do should be to the benefit of shareholders, employees, clients and society in general.

To that end, our company has embraced six key guiding principles. They are contained in our Global Corporate Social Responsibility Policy, and they inform everything we do. These principles are:

Key guiding principles of our Global Corporate Social Responsibility Policy

<p>Principle 1</p>	<p>Comply with applicable law in the countries in which we do business and ensure ethical behavior, adopting international standards and guidelines as well as fostering and promoting the integration of the principles of the United Nations Global Compact.</p>
<p>Principle 2</p>	<p>Ensure responsible governance and the transparency necessary to convey trust and credibility to stakeholders.</p>
<p>Principle 3</p>	<p>Achieve a work culture based on safe and healthy work, equal opportunity and motivation.</p>
<p>Principle 4</p>	<p>Contribute to sustainable development by reducing the environmental impact of the company's activities and generating new solutions through innovation.</p>
<p>Principle 5</p>	<p>Develop a responsible supply chain, ensuring responsible management through transparent, objective and impartial procedures with suppliers and providing customers with all relevant information on the services and products sold.</p>
<p>Principle 6</p>	<p>Promote socially responsible actions within the Siemens Gamesa Group to harmonize corporate values and social expectations.</p>

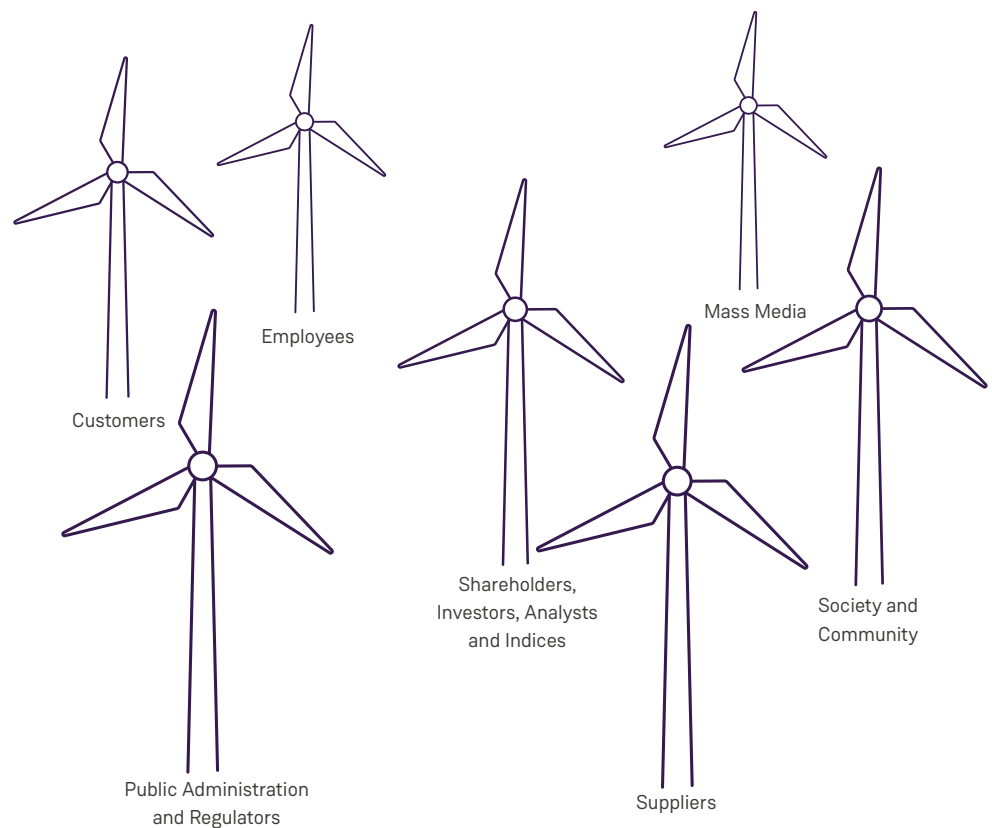
Sustainability through Stakeholder Engagement

Ours is a big company, and there are a great many people, organizations and businesses around the world who are affected by the things we do. Possibly they depend on the services we provide, or the business we generate in any given area. They may be investors, or political leaders, or simply people who live and work within a jurisdiction where our presence is felt. Whatever the connection, they are our stakeholders, and Siemens Gamesa takes its relationship with its stakeholders very seriously. We understand that we have a responsibility to do all we can to meet the expectations and needs of our stakeholders, while carefully managing the perception they have of the company.

Because of our large number of stakeholders, as well as the different types of stakeholder/company relationships we enjoy with them, it has become necessary to group them into different categories in order that we might better consider, understand and meet their needs, as well as what our company needs from them. This process was carried out by the Siemens Gamesa management team, and the categories are as shown below:

In order to ensure that our company is able to properly identify and respond to issues that we and specific stakeholder groups share an interest in, we have opened preferential communication channels with these groups. These channels have their own specific features. Depending on the nature of the stakeholder/company relationship, they may involve annual or multi-annual surveys, or mailboxes and portals, or closer and more frequent communication.

An overarching structure of the company's stakeholders



Sustainability Collaborations

The reality of climate change is that it is a problem no one person, company or country can solve. If we are to curb global warming and offset its dangerous effects, we are going to have to work together. 2018 was just our second year of operation, but Siemens Gamesa has proudly taken its place with other members of the global community who share our commitment to sustainability through corporate and social responsibility.

What this means for our company is that we are now involved in several worldwide collaborations, playing our part and hopefully also serving as a model to other companies, supporting the cause of worldwide sustainability. These collaborations include:

The United Nations Global Compact

The United Nations Global Compact has already been referenced in this report. It is one of the best examples of the kind of collaboration that will be needed in the years to come, if we are to successfully combat climate change and support sustainable development around the world. The ten principles established by the Compact should serve as a guide to any company that wants its business model to reflect a commitment to human rights, labour fairness, environmental protection and anti-corruption.

Siemens Gamesa has endorsed the principles of the United Nations Global Compact and we are proud to reaffirm our commitment to, and support for, the ten principles. Our company publishes a Communication on Progress (COP) report annually, which reviews our compliance with the principles. This document is made publicly available on the United Nations Global Compact website.

Global Reporting Initiative

The Global Reporting Initiative (GRI) is an independent organization dedicated to transparency in business sustainability reporting. Since 1997, the organization has encouraged businesses around the world to be transparent about the ways in which they are dealing with important sustainability issues such as climate change, human rights, governance and social well-being.

GRI was founded on the belief that disclosing sustainability information inspires accountability and encourages organizations to seize new opportunities. Siemens Gamesa shares that belief and is proud to be a GOLD Community member and GRI core supporter. We participate in the GRI Corporate Leadership Group on Reporting on Sustainable Development Goals, which is working to find ways of making it easier for companies to report on their sustainability efforts.



United Nations
Global Compact
www.unglobalcompact.org



Global Reporting
Initiative (GRI)
www.globalreporting.org

COP 21



Paris Pledge for Action
www.parispledgeforaction.org

Late in 2015, 195 nations reached a historic agreement to combat climate change and invest in a low carbon sustainable future. The Paris Agreement reached at COP 21 brings businesses and governments together to take action on climate change.



Caring for Climate
www.unglobalcompact.org

Siemens Gamesa immediately endorsed the Paris Pledge for Action and pledged our company's support for ensuring that the aspirations established by the agreement will be attained or surpassed. As noted earlier in this report, we have as part of our commitment to COP 21 set ourselves a target of becoming a carbon-neutral company by 2025.

Caring for Climate



Women's Empowerment Principles
www.weprinciples.org

Siemens Gamesa is also a proud member of "Caring for Climate: The business leadership platform". This is a UN Global Compact Initiative which seeks to involve businesses and governments in taking action on climate change, energy efficiency, reduction of emissions of greenhouse gases (GHGs) and positive collaboration with other public and private institutions.



Science-Based Targets
www.sciencebasedtargets.org

Women's Empowerment Principles

Women's Empowerment Principles (WEPs) are promoted by UN Women and UN Global Compact. Guidance offered by the WEPs includes:

- How to establish high-level corporate leadership for gender equality.
- Requirements for ensuring an equitable working condition for men and women.
- Actions needed to ensure the health, safety and well-being of all women and men workers.
- How to promote education, training and professional development for women.
- Ways to implement enterprise development, supply chain and marketing practices that empower women.
- How to promote equality through community initiatives and advocacy.
- Ways to measure and publicly report on progress to achieve gender equality.

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

Science-Based Targets

Science-Based Targets (SBTi) are a joint international initiative of the Carbon Disclosure Project, the United Nations Global Compact, the World Resources Institute, the World-Wide Fund for Nature and the We Mean Business coalition. SBTi aims to reduce carbon emissions in a measurable manner, with the ultimate goal of meeting the objective of not exceeding 2 degrees Celsius of global warming that was established in the Paris Climate Agreement. Siemens Gamesa voluntarily joined this initiative in September 2018.

Recognition of Sustainability Performance

At Siemens Gamesa, we are pleased to be recognized for our commitment to sustainability by the world's most renowned and relevant sustainability indexes and ratings. Obviously, as an organization, and particularly a young one, we are proud to be singled out and praised for the work that we do. But we also take seriously our responsibility to act as a model for other companies. Being identified as a leader in sustainable development and corporate social responsibility shows that we are indeed a company to be emulated.

What follows are some examples of the recognition we have received:

Once again in 2018, Siemens Gamesa was a member of the RobecoSAM/Dow Jones Sustainability Indices DJSI World Index. This index tracks the economic, social and environmental performance of leading sustainability-driven companies worldwide.

In addition, our company was included in the DJSI Europe Index. We scored particularly well in the areas of corporate governance, codes of business conduct, corporate citizenship & philanthropy, supply chain management, operational eco-efficiency and product stewardship. These results place Siemens Gamesa as a global sustainability leader in the eyes of stakeholders, financial analysts and the public at large.

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

As it did last year, the Global Challenges index (GCX) included Siemens Gamesa among the 50 securities which are promoting sustainable development through products and services.

Finally, our company forms part of the Ethibel Excellence Europe Index, which includes companies that demonstrate outstanding performances in terms of Corporate Social Responsibility.



Sustainability Indices

- # RobecoSAM/Dow Jones Sustainability Indices DJSI World Index
- # DJSI Europe Index
- # FTSE4Good
- # Global Challenges Index
- # Ethibel Excellence Europe Index

“Empower people to lead the future”

Sustainability through a Commitment to People

At Siemens Gamesa, we believe that success extends beyond merely selling and delivering to customers. Real success for this company involves achieving commercial goals while meeting sustainability obligations. These things can only be achieved if we empower our people.

Culture of Trust

How do we empower our people? We must trust them, and they must trust us. It is only through building a veritable culture of trust that we can form the kind of team needed to design and lead the future. To this end, the People & Culture Integration Workstream was established shortly after the merger, to ensure and support the development of a shared culture of trust across Siemens Gamesa. In June 2018, People & Culture was renamed Culture of Trust to emphasize the program’s overarching goal, and all across this company work continues to build a culture based on the pillars of trust, empowerment, diversity and continuous learning.

FlexAgility – A New Way of Working

The world is changing. The growing dependence on wind energy is an example of change, as is the success of our company. It is our responsibility, as agents of change, to also be a model of change, for our customers and for our employees. The FlexAgility project demonstrates our commitment to this. It is a clear example of how we want things to be in the future. The new way of working at Siemens Gamesa will be open, flexible and digital. Our goal is to become a single company with a world-class team, in which everyone feels a sense of empowerment and ownership.

Take the Culture Hackers. This is not the title of a movie – it is the name adopted by a group of SGRE employees who truly believe in change and unity. They suggested that we had to share a common Culture of Trust, state-of-the-art IT and innovative office concepts that would open up a space for creativity, collaboration and personal responsibility. In this way, they argued, Siemens Gamesa employees could fully develop their individual potential and thereby focus their best efforts towards achieving the company’s goals. The Culture Hackers spoke, and we listened.

FlexAgility is a step towards a single way of working wherever and however we want. In order to achieve this agility, we have created uniform open, digital and flexible office standard guidelines that will be implemented gradually in all of our locations, starting this fiscal year with two reference projects in Brande/Vejle (Denmark) and Zamudio (Spain).

The main changes include spaces to be shared by all employees, multiple teams or organizations without physical separation, specific spaces for high-concentration work, collaborative areas, along with a very limited number of single offices. These will all be supported by the necessary IT tools so employees can perform their jobs and benefit from an atmosphere of mutual respect. In addition to these changes, and illustrating our commitment to trust, this new way of working at Siemens Gamesa includes a Work from Home policy, which gives people the ability to work from home on those occasions where they need to in order to be more efficient.

Employment

At Siemens Gamesa, we believe that social and professional development is a core component of our future success. We believe that if we can help employees improve their quality of life, we also improve the quality of their work. We aim to be an employer of choice by empowering and motivating all employees with a high-performance culture, life-long learning and development possibilities. SGRE's employment model is based on respect for and compliance with universal standards in both the human rights and labour legislation arenas. These commitments also find expression in the work-life balance measures we have designed and implemented. Notable among these measures are flexi-time schemes, shorter working day arrangements, vacation packages and the provision of end-to-end assistance to SGRE personnel posted abroad.

We offer professional development opportunities in the form of training and job experience, in a multicultural and multinational environment. We also embed cultural diversity, a commitment to combating discrimination and support for equal opportunities into management of our human capital. Our labor policies and practices are underpinned by our endorsement of the most stringent international labor standards, including the International Labour Organization and United Nations conventions. They manifest in our promotion of employee rights, particularly the right to freedom of association and collective bargaining, going beyond local requirements in this respect.

Learning and Training

Our organization believes in continuous learning, and this past year we maintained our focus on ensuring that employees receive the training and information we need them to have, and also the skills and abilities they require in order to fulfill both their professional and personal goals. SGRE uses the sharing of knowledge and personal development to drive cultural change, create opportunities, and attract and retain talent. We also try to view mistakes as an opportunity to learn and develop, and we invest the time to do so.



About 80%
of the workforce total
received
training



Close to

100 different nationalities

are employed by Siemens Gamesa worldwide

The 70-20-10 Model for Learning and Development is a commonly used formula within the training profession to describe the optimal sources of learning by successful managers. It holds that individuals obtain 70 percent of their knowledge from job-related experiences, 20 percent from interactions with others, and 10 percent from formal educational events. We subscribe to this formula, and enable learning and training so that SGRE employees can consistently develop their skills and competencies in order to fulfill their potential and help make the company's future growth possible. During the past reporting period, 17,897 employees, or 78 percent of the workforce total, received training with a cumulative number of training hours of 619,257.

Diversity and Equal Opportunity

Valuing the importance of the individual is one of the cornerstones of the Culture of Trust we are building at Siemens Gamesa. Ours is a wonderfully diverse workforce, and we recognize that enriching that diversity is what makes our company stand out. Siemens Gamesa's management is committed to fostering an environment in which individuals are treated with respect, and an environment in which every single person can give, and be, their very best.



Diversity and Inclusion Policy
<https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/corporate-policies/diversity-and-inclusion-policy.pdf>

Siemens Gamesa has a Diversity and Inclusion Policy in place, the principles of which apply to all geographic regions where we do business. The policy 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.

Harassment and Discrimination

Our company is committed to a policy of zero tolerance towards any form of violence, harassment, verbal abuse, abuse of authority at work, unlawful discrimination or any other conduct that creates an intimidating environment or is offensive to the rights of employees. Any breach of this protocol, while not necessarily a violation of the law, may well result in disciplinary action, including justified dismissal.

Gender Diversity

Siemens Gamesa backed the International Women's Day 2018 and joined all the world's women in their fight for equal rights and in celebrating the achievements of women who have overcome the barriers that we all know still exist. Unfair situations because of gender, such as gender violence, sexual

violence and exclusion as well as gender pay gaps, persist across the globe and women are still not present in equal numbers in business or politics. At Siemens Gamesa, the Global Mobility & Diversity team within HR actively works to promote gender diversity, in recognition of basic fairness as well as the fact that it is in the company's general interest.

As far as gender diversity on the Board of Directors' composition is concerned, Siemens Gamesa exceeds in 2018 the target of having a presence of women of at least 30 percent sitting on the Board by 2020, which was approved by the Board of Directors in September 2015. As of September 2018, our company had six women on its Board of Directors, representing 46 percent of its members.

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

Occupational health & safety

Occupational health & safety is an essential part of our Business Code of Conduct, and an integral part of our company culture. Excellence in safeguarding occupational health and safety is also linked to some of the UN's Sustainable Development Goals, namely Good Health, Decent Work, Economic Growth and Peace and Justice.

Siemens Gamesa is fully committed to ensuring a strong safety and zero-harm culture across our entire business – for employees, suppliers, customers, other stakeholders, and society at large. Working safely is a precondition for all the work we do and we know we will only become the global industry leader we intend to be if we are also the leader in health and safety. Our company has launched several initiatives to foster and promote a zero-harm culture, such as:

- 1:** Safety is my choice!
- 2:** Behavioral Safety
- 3:** Ownership Ambassador Program
- 4:** Framework - Building Common Ground

The company has a global occupational health and safety management system in place that is certified according to the international OHSAS 18001 standard. This standard provides a framework to identify, control and decrease the risks associated with health and safety. With it, we can demonstrate compliance to our stakeholders and avoid or reduce occupational accidents and illnesses by identifying potential hazards and implementing controls to manage them. In addition, we can engage and motivate employees and contractors to practice safety leadership in their daily work.

At the end of fiscal year 2018, the number of lost time injuries (LTI) within our company amounted to a total of 99. As a result, the overall employee LTI 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.

We work tirelessly on establishing the root and contributory causes of these incidents and follow up with education and training processes that work toward their eradication. We work proactively to analyze the root causes of accidents and have established management indicators that show the attainment level of this working philosophy in day-to-day management. This includes, for example, the performance of 13,566 safety inspections, 41,288 safety observations, and 257 health & safety audits by the end FY18.

Additionally, we are committed to promoting health and safety throughout our value chain and we accomplish this through collaboration with suppliers, customers, contractors, national and international associations such as WindEurope, G+, Global Wind Organization (GWO), and other governmental bodies.

Green Development

At Siemens Gamesa, the notion that sustainable development and commercial success go hand in hand is not just an abstract theory – it is one of our core beliefs. It is not an exaggeration to say that we have built our business model around it. As a provider of clean, reliable and affordable wind power, protecting and enhancing the environment is fundamental to our culture. We are committed to fostering the sustainable use of resources, building a culture of respect for the natural environment, and leading the fight against climate change by reducing the environmental impact of our company's activities.

“United we will shape the renewables sector and its entire value chain, leveraging our industrial, technological and innovative capabilities to contribute to a cleaner and more sustainable environment for generations to come.”

Siemens Gamesa Policy

Climate Change Policy

The Siemens Gamesa Climate Change policy was endorsed by the Board of Directors in September, 2018. It applies globally to all SGRE activities, regions and locations and is mandatory for all employees working for this company. The policy commits our company to nine principles in climate change:

Principle 1: Support the global greenhouse gas emission reduction goals established in the Paris Climate Agreement and any international agreements that replace it.

Principle 2: Support the United Nations Sustainable Development Goals (SDGs) to take urgent action to combat climate change and its impacts.

Principle 3: Foster and implement management systems that make it possible to fight climate change.

Principle 4: Pursue innovative advances in product design that help provide sustainable solutions to current climate challenges and achieve the gradual greenhouse gas emission reduction goals.

Principle 5: Advocate a global emissions market that makes it possible to generate the resources needed to finance clean energy projects, both in industrialized countries and in other emerging and developing economies.

Principle 6: Support a culture for an efficient and responsible use of energy and resources, as well as behavior favoring such responsible use.

Principle 7: Develop training and awareness-raising activities for staff and external stakeholders throughout the value chain and for society in general concerning the environment and the fight against climate change.

Principle 8: Transparently report significant results and activities with respect to the fight against climate change.

Principle 9: Promote industry alliances and partnerships with multiple interested parties to take advantage of the resources of the Siemens Gamesa Group, with a view to solving climate problems and generating social value.



125 improvements proposed or initiated

70 improvements completed

36 remained in progress

Environmental Targets and Performance

Siemens Gamesa has established a broad range of targets linked to achieving our commitment to fight against climate change and to protect the environment. Most notably, we have accepted the challenge of attaining carbon neutrality by 2025. Becoming carbon neutral is one of the most ambitious targets an organization can set itself. This decision was informed by several factors, such as anticipating future regulations, the need to adapt to changing market landscapes, and the potential to leverage new opportunities.

In addition to carbon neutrality, we have set ourselves several other targets, all designed to be met by 2025. They include:

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

Monitoring and analyzing the environmental performance of our production facilities and project sites on a regular basis is essential to attain these goals. Siemens Gamesa implements solutions for environmental data collection and the generation of real-time trends for subsequent analysis.

Environmental Successes

At Siemens Gamesa, we pride ourselves on our consistent efforts to improve our environmental performance. We have a centralized tool where we track our improvements. A total of 125 improvements were formally proposed or initiated during 2018 in our action plan registry, and a total of 70 improvements were completed. Another 36 remained in progress and carried over to the next fiscal year.

Environmental successes in 2018 included:

- A variety of actions aimed at reducing energy consumption and increasing energy efficiency were implemented, which led to energy savings of 68,157 GJ.
- Additional actions aimed at reducing waste and improving waste treatment methods were implemented, which led to waste savings of 1,911 tons.
- An awareness-campaign and exhibition were held at our offshore blade production facility in Aalborg, Denmark, to show the amount of raw materials consumed and the amount of waste generated to produce a single 75m blade. The aim was to raise awareness about the importance of reducing waste, improving waste sorting and encouraging more responsible design and production. The exhibition lasted a week and a total of 850 employees from various administrative departments and production teams saw it. A total of 40 “just-fix-it” ideas were also received based on the inputs received from the employees who visited it.

- Huge amounts of wood accumulate from the shipment of components at our onshore nacelle production facility in Brande, Denmark. In 2018, 88 tons of wood from packaging were diverted from Siemens Gamesa's waste stream and reused by Varde STU Center, a local school. The wood was used by students to produce tables, benches and shelters as part of their vocational training. An additional four tons of wooden pallets were sold to another supplier for reuse as packaging material in the same reporting period.
- A campaign was launched in our South Europe and Africa region to raise awareness about climate change and the importance of environmental protection. Key messages included the need to reduce CO₂ emissions and Siemens Gamesa's commitment to combat climate change. The campaign, which is ongoing, emphasized the amount of CO₂ avoided as a result of the wind farms installed in the region.

Responsible and Sustainable Supply Chain

Siemens Gamesa is a young company with a long and strong history of supplier excellence. This is because both Siemens Wind Power and Gamesa, the companies that merged two years ago to form our organization, had spent years building sustainable relationships with their supplier and contractor bases. Those supplier and contractor bases are now ours, close to 17,000 tier-1 suppliers with procurement volumes superior to 6 billion euros in FY18, and they know they can count on a legacy that has consistently created positive value for everyone. It is a legacy built on sustainability, and sustainability will remain a key catalyst for the supply chain in Siemens Gamesa.

Supply Chain Management Principles

At all times, our message to suppliers is that they must share with us the common goal of behaving in an ethical, law-abiding manner. Our Code of Conduct for Suppliers was released this past year, setting out our company's binding requirements. The Code 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.



Supplier Code of Conduct
https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/code-of-conduct/code_of_conduct_for_suppliers_and_third_party_intemediaries_en.pdf?la=en-bz&hash=D284F9974754A8848AB C85A15035AF0F1022B007

We expect all suppliers to demonstrate their commitment towards these standards and principles, and we require compliance and adherence to them. The Code of Conduct is incorporated into our General Procurement Conditions, framework contracts and purchase agreements with each supplier, as well as into procurement tools.

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

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

As Siemens Gamesa continues the process of integrating its two legacy companies, the procurement integration team defines and implements any new joint processes that support the common vision of both those companies. The aim is to keep best practices in place, but also to take advantage of any opportunity to include innovations and optimized procedures. In this way, we are as well positioned as possible to select our suppliers, monitor their performance, and develop them to attain top quality.

Integration of Sustainability into Supply Chain Management Strategy

A significant part of our supply chain management strategy involves providing our strategic buyers with the tools they need, such as levers, risk indicators and transparency, to help them make the best sourcing decisions. Buyers are able to screen for risks thanks to financial analyses and commodity reports which are provided by external consulting companies and then fed into our internal supplier comparison tool.

In high-risk countries, sustainability self-assessments are applied to suppliers. The responses provided are screened and any suppliers that fail to meet the requirements may either only be conditionally approved, if issues are not critical, or immediately blocked from doing any further business with Siemens Gamesa if issues are critical. These sustainability self-assessments are also applied to strategic suppliers in non-high-risk countries.

Sustainability through Community Engagement

The relationship that Siemens Gamesa has with the societies in which it operates is ideally described as mutually beneficial. We contribute to their sustainable development, and they consequently contribute to our success as a company. Our organization forms part of a social fabric which, if we do our job properly, can strengthen our capacities. On the contrary, however, if we do not successfully contribute to that society's sustainable development, this will limit our competitiveness. Commitment to a more prosperous society is therefore not only compatible with enduring business success but actually dependent on 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. It is a blessing of what we do that improving quality of life and strengthening communities is the key to our success as a company.

With all of this in mind, a new Social Action Policy was approved by the Board of Directors in September 2018.

The primary objectives of this Policy are the following:

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

As noted above, improving communities can and should be a result of our successful business activities. But Siemens Gamesa is committed to doing more in its non-business activities as well, and is launching social initiatives for the benefit of local communities all around the world. Our two overriding priorities for these initiatives, explicitly linked to UN Sustainable Development Goals, are:

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



Social Action Policy
<https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/corporate-policies/social-action-policy.pdf?la=en-bz&hash=DA2421451E6C5310EB946A8F3EA314E1A080DC71>



8 projects in 7 countries

to be funded and
implemented in 2018-19

Community Action Programs

In 2018, Siemens Gamesa invited our employees to submit proposals for community engagement projects that would bring positive change to the communities in which our company is active. A total of 136 employees from 14 countries answered the call and submitted applications for 192 projects in 39 countries. The Selection Committee, consisting of Executive Committee members and chaired by CEO Markus Tacke, chose eight projects in seven countries to be funded and implemented in 2018-19. They are as follows:

Brazil – Sustainable honey production in North East Brazil

Together with the local partner Giral Desenvolvimento de Projetos, we will financially support a project that focuses on improving beekeeping and honey harvesting conditions for rural producers in the countryside of the state of Rio Grande do Norte. 120 families in seven communities will receive technical assistance and equipment for sustainable honey production, increasing the rural communities' income and delivering a positive environmental impact.

Denmark – Robot League for girls

Partnering with the local partner FabLab Spinderihallerne, Siemens Gamesa funds a program that aims to empower some 200 teenagers, mostly girls. The teens will take part in a Robot League inspired by Simone Giertz – inventor of “shitty robots”, which has 1.2 million YouTube followers – while being supported by female role models.

India – Positive Change: Building sanitary facilities

Building on a previous fruitful cooperation, Siemens Gamesa once again partners with Bal Vikas India in building toilets for a community in Umarwada, Gujarat. The project will improve hygienic access to sanitary facilities, which will improve the health and wellbeing of families in this community, especially during the difficult monsoon season.

India – Siemens Gamesa Soccer League

After four successful seasons, Siemens Gamesa will once again partner with Team Everest and the CSR team in India to implement another season for youngsters to improve their sporting skills at a soccer training camp, while learning about how to care for the environment and being taught good eating habits at the same time. The Siemens Gamesa Soccer League delivers important social change to communities near Siemens Gamesa operations, while raising company employees' awareness about social issues.

Morocco – Providing the driving force of all nature – Water!

Together with the local partner Association des Parents d'Élèves de L'École Secteure Scolaire Daya, Siemens Gamesa will help a group of schools located near the blade factory in Tangiers build clean and operational sanitary facilities, while also training teachers and students about the best use of water and how to maintain personal hygiene. In addition, a currently existing unsafe well will be closed down.

Spain – Business and Biodiversity

Partnering with the Basque organization Fundación Lurgaia, Siemens Gamesa will fund the change of land use from a wood plantation of rapid-growth species, mainly pines and eucalyptus, to a forest of indigenous species by planting 20,000 native trees and shrubs in the Urdaibai Biosphere Reserve. This will create the largest oak forest of the reserve. The project offers the opportunity for our employees to volunteer and help with the planting.

Thailand – Green Island

Together with the PlayOnside organization, Siemens Gamesa will build a community shelter, a playground and several public spaces for refugee and migrant children who currently live on a garbage dump on the outskirts of the Thai border town of Mae Sot. The children will be provided with access to education through football and play regardless of their ethnicity, gender, religion or socio-economic status.

United Kingdom – How does wind energy work?

Siemens Gamesa will partner with the local organization Lab Rascals to organize workshops at ten low-income primary schools in the Hull area. The children will work in teams to build a LEGO model wind turbine, and a car to power. They will learn about how wind speed, wind angles and number of blades can affect how much energy is generated. These workshops will give the children a basic understanding of wind energy engineering through hands-on exercises.

Local Action Programs

The initiatives listed above are part of an organization-wide employee and community engagement program of which our company is very proud. But we are equally proud of our employees around the world who are taking part in various diverse local programs that are making a real difference to the communities in which they work, and the people who live there. Siemens Gamesa employees believe in giving back to the community, and that spirit is at the heart of sustainable development.

“We believe in giving back to the community, and that spirit is at the heart of sustainable development.”

Denmark

There is a program underway to encourage tree planting activities. This is a relatively easy and effective way to offset the negative effects of global warming. In conjunction with GrowForIt, a citizens-based initiative originating in the Danish wind industry, our local employees plant trees that will be absorbing CO₂ long after they have retired from our company. For example, sponsoring reforestation of an area the size of a football field ensures absorption of 10 tons of CO₂ each year for the next 75 years, enough to offset the CO₂ produced throughout an employee's lifetime.

United States

Many of our employees turned National American Wind Week into Siemens Gamesa US Week of Service. Employees spent much of their time volunteering in activities that contributed to the advancement of the wind industry, and also demonstrated the spirit at the heart of our company mission, “We make real what matters.” For example:

- More than 100 employees volunteered their time or made donations in six states where Siemens Gamesa has a presence.
- Technicians of Hatched Ridge delivered much-needed supplies to victims of the Carr wildfires near Redding, California.
- Orlando employees volunteered at the Central Florida Ronald McDonald House Charities. They also held a back-to-school supply collection and a blood drive.
- Eastern Pennsylvania employees in Fairless Hills and Trevoise spent their time at the Silver Lake Nature Center, cleaning up nature trails. They also collected school supplies for a local United Way program.
- Employees from Hutchinson nacelle and hub assembly facility donated school supplies to Reno County students in grades K-12 and gave their time to cleaning and organizing at the First Call for Help headquarters.
- Employees of Fort Madison blade manufacturing facility collected school supplies for local elementary school students.
- Boulder, Colorado employees worked with the Wildlands Restoration Volunteers (WRV) on a rerouting project to protect environmentally sensitive areas at Indian Peaks Wilderness near Brainard Lake.

United Kingdom

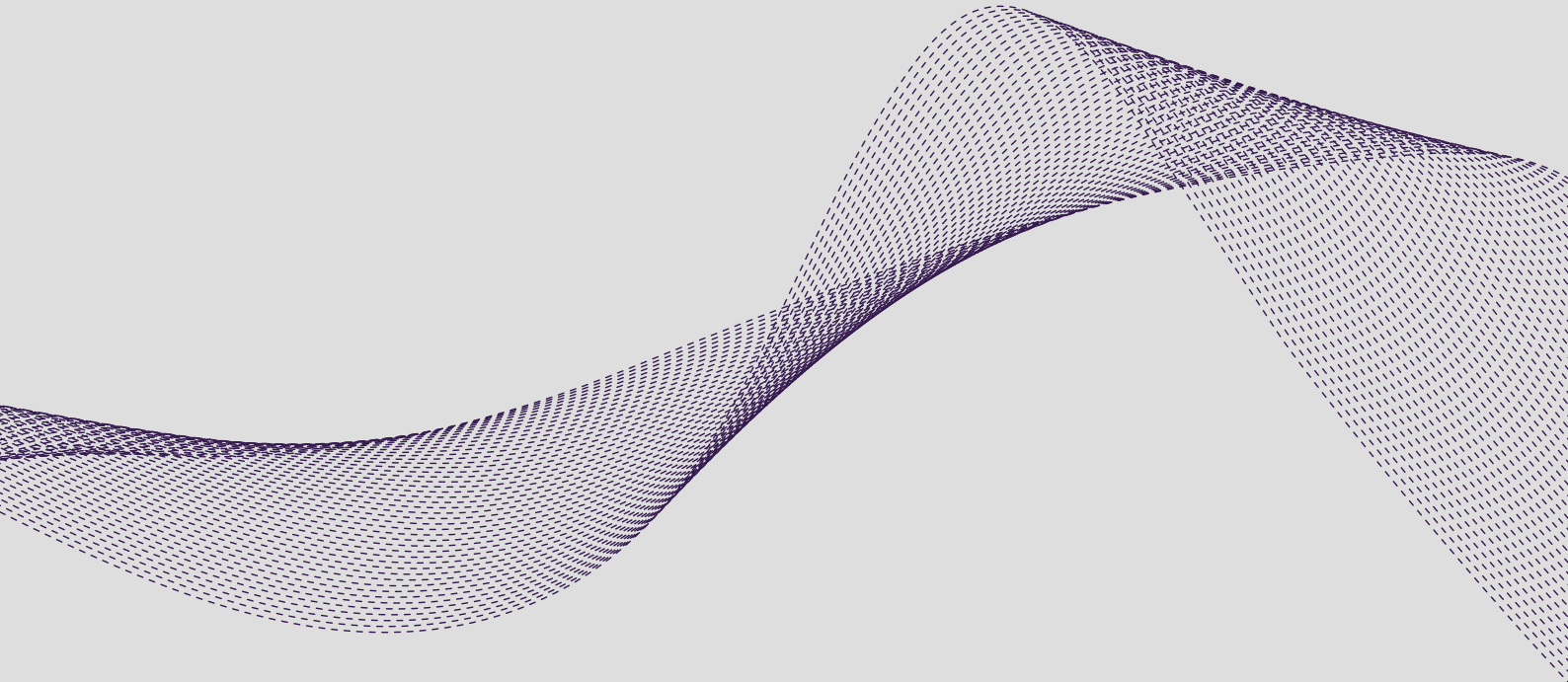
Siemens Gamesa Hull aims to be a good neighbor to its local community. Employees work closely with local schools and colleges to help develop skills in Science, Technology, Engineering and Manufacturing. Our staff are governors and mentors in local schools and we support a number of career events. There is a particular focus on encouraging more women to take on manufacturing and engineering roles, and our people work in partnership with the local authorities and other businesses to support this.

Inclusivity is important to us and we recognize the benefits of a diverse and inclusive workforce. In 2016, we began a unique, long-term project which aims to support students with additional needs from work placement through to supported internship, with the aim of securing employment at our site in Hull. We have seen amazing results from the program with the fifteen students benefitting from improved independence and confidence and two are now in paid employment with us.

India

A corporate social responsibility initiative called “Gamesa Community Spirit” has been carried out for past several years. The initiative encompasses several strategic programs, including:

- An Academic Excellence Program aimed at giving students in rural schools skills and educational grounding similar to that of their urban counterparts.
- A program to initiate sustainable healthcare projects in rural villages near wind farms. A central focus is eye care and care for pregnant women in these villages, for which Siemens Gamesa provides the necessary medical resources, periodic check-ups and prescriptions.
- A vocational training program divided into two categories.
 - A wood recycling program, whereby waste wood is turned into classroom furniture for use in schools near our manufacturing plants.
 - A career program aimed at empowering rural students with professional capabilities and a sustainable job by training them in operations and maintenance.



Corporate Governance

(Summary)¹

50 Board of Directors

56 Risk control and management

¹ This is a condensed version of the 2018 Annual Corporate Governance Report. To view the complete text, please visit our website.

Corporate Governance

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

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

Board of Directors

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

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

Committees

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

Audit, Compliance and Related Party Transactions Committee

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

- (a) the independence and effectiveness of Internal Audit;
- (b) the process of preparing and monitoring requisite financial information;
- (c) the effectiveness of the company's internal control system and the systems for managing risks, including tax risks;
- (d) the review and effectiveness of the Corporate Governance Rules as well as of the Ethics and Compliance Directorate;
- (e) compliance with corporate social responsibility, and
- (f) operations or transactions that might represent conflicts of interest.

Appointments and Remuneration Committee

The primary duty of this Committee is to oversee the composition and operation of the company's Board of Directors and top management, as well as the remuneration thereof.

Diversity in the Board of Directors

The company applies a diversity policy in the composition of the Board of Directors. The Regulations of the Appointments and Remunerations Committee establish that it shall ensure that the selection procedures are not implicitly biased so as to imply discrimination, and that they seek diversity amongst the members of the Board of Directors, particularly as regards gender, professional experience, competencies, industry knowledge and geographic origin. Likewise, the Regulations

of the Audit, Compliance, and Related Party Transactions Committee stipulate that "it shall be encouraged the diversity of composition, especially in relation to gender, career experience, skills, sector-specific knowledge and geographical origin".

Selection and appointment procedures

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

Re-election

Re-election of Board members is also up to the General Meeting of Shareholders. Article 15 of the Regulations of the Board of Directors states that “the resolution of the Board of Directors to submit the re-election of Independent Directors to the General Shareholders’ Meeting must be adopted upon proposal of the Appointments and Remuneration Committee, while the re-election of other Directors must have a prior favorable report from this committee.”

Assessment

The Board of Directors of Siemens Gamesa evaluates its own performance on an annual basis. The process in fiscal year 2018 included the evaluation of the Board of Directors itself, the Audit, Compliance and Related Party Transactions Committee, the Appointments and Remunerations Committee, the Chairwoman of the Board of Directors, and the CEO. In fiscal year 2018 it was agreed to have PricewaterhouseCoopers Asesores de Negocios, S.L. (“PwC”) as external advisor in the evaluation process.

The evaluation process included the analysis of 150 indicators, and the external advisor held individual meetings with all directors. The process finished with approval of the evaluation results and the Action Plan for fiscal year 2019 by the Board of Directors. The conclusions of the evaluation process reflect that more than 95 percent of the indicators analysed had been complied with and that the operation of the governance bodies of the company had a very positive effect during the fiscal year.

Removal

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

Conflicts of Interest

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

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

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

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

Senior management and professionals at Siemens Gamesa are held to a very high standard when it comes to potential conflict of interest. They are responsible for immediately informing either their supervisor or senior manager, or the Ethics and Compliance Division, about situations that could potentially give rise to a conflict of interest. In situations where there it is clear that there is, in fact, a conflict of interest, they must inform the Ethics and Compliance Division.

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

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

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

Directors' Remuneration

The Siemens Gamesa policy regarding the remuneration of the company's directors was approved by the Annual General Meeting held on June 20, 2017 and is available in the corporate website (www.siemensgamesa.com). A new Director Remuneration Policy is being submitted to the shareholders for approval at the Annual General meeting on March 2019. This proposed new policy will be effective for the following financial years: 1 October 2018 to 30 September 2019; 1 October 2019 to 30 September 2020; and 1 October 2020 to 30 September 2021.

The policy of remuneration of directors that will be submitted for approval is based on the following basic principles, which are consistent with those of the remuneration policy in force until the date on which the new remuneration policy is approved, if at all:

- Balance and prudence
- Alignment with practices required by shareholders and investors.
- Transparency
- Competitiveness of remuneration policy in terms of both structure and overall amount, in order to attract, motivate and retain key professionals.
- Alignment with the company's strategic objectives.
- Alignment with the remuneration established by comparable companies (external equity).
- Remuneration policies and practices guaranteeing no discrimination on grounds of sex, age, culture, religion or race (internal equity).
- Relationship with effective dedication to position.
- Link with responsibility and performance of duties as director.
- Maintenance of a reasonable balance among the various components of fixed remuneration (short-term) and variable remuneration (annual and long-term), reflecting an appropriate assumption of risks combined with the achievement of defined objectives linked to the creation of sustainable value.
- Absence of variable remuneration components for non-executive directors, in order to secure full independence with respect to remuneration of executive directors and of senior management.
- Amount of remuneration of non-executive directors offering an incentive without affecting the independence, taking the form of a fixed monthly allowance and an attendance fee.

Risk control and management

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

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

Risk management process

The risk management process identifies four different types of risk:

Strategic – Risks that are directly influenced by strategic decisions, arise from long-term strategies or relate to high-level goals.

Operations – Risks arising from the day-to-day business and relating to effectiveness and efficiency of our operations, including performance and profitability goals.

Financial – Risks arising from finance operations, non-compliance with tax authorities or accounting and reporting requirements.

Compliance – Risks arising from non-compliance with the code of conduct, legal, contractual or regulatory requirements.

The key to any successful risk management process is evolution. The world keeps changing. Risks take different forms, and a good risk management system always takes that into account. The ERM process is a continuous cycle that proactively identifies and manages business risks, ensuring that our company remains protected. It encompasses six phases:

Identify – At SGRE, we all have a responsibility to detect relevant risks and opportunities (R/O) that could have either a negative or positive impact on the achievement of our strategic, operational, financial and compliance objectives.

Assess – At this phase of the process, risks and opportunities that have been identified are evaluated and prioritized in order to focus management's attention and resources on the most important matters. All identified R/O are assessed with respect to their potential impact in areas such as business objectives, reputation, regulatory and economic matters. The time horizon for these impacts is usually three years.

Respond – This is where we focus on the definition and implementation of response plans to manage the identified risks, choosing one of several general response strategies such as avoidance, transfer, reduction or acceptance.

Monitor – Continuous monitoring is required to enable timely notification in the event of fundamental changes in the R/O situation, and to ensure that the progress of any response plans is satisfactory.

Report and escalate – This focuses on ensuring that there is a standardized and structured reporting structure for identified R/O.

Response plans

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

Strategic

- Development of new business opportunities, entry into new countries and cost reduction programs in all units to mitigate pressure risk in margin and volumes.
- The potential effects of downward “country risk” business are mitigated by the balanced diversification of the sales in other countries/regions and a Security Model that ensures the continuity and security of the business, people and assets in the countries in which the company operates.
- Development of a new Business Plan.

Operational

- Information Security Model lead and continuously improved by a holistic and cross-functional security committee capable of preventing and mitigating external threats of cyber-attack.
- In order to minimize risks within the Supply Chain, there are various control activities associated with our interaction with suppliers, including development of multiple sourcing and the Ethics and Compliance controls.
- Continuous reduction of costs is achieved through specific programs in all regions.

Financial

- Balance-sheet risks are mitigated through continuous monitoring of cash flow and relevant matters that could cause deterioration of assets.
- The market risk related to the price of commodities is mitigated in some cases by using derivative instrument.
- In order to reduce the exposure to exchange rates, several actions are carried out, including but not limited to:
 - the increase in local content.
 - coverage by means of derivative financial instruments.
 - monitoring of open exposure to fluctuation fulfilling the coverage of the Group.
 - sensitivity analysis for different currencies.

- Siemens Gamesa continuously analyses the split of external financing at variable and fixed rates to optimize the interest rate exposure. The Group uses derivative financial instruments to mitigate the interest rate risk.
- Siemens Gamesa deals with customers that have an appropriate credit history and rating, and companies within the energy sector with an above average credit rating. In cases of customers with no or a below average rating or credit history, a variety of mitigation measures are used, such as irrevocable letters of credit or export insurances to cover the increased credit risk.
- Fiscal risks are controlled through various mechanisms established in the Fiscal Risks Control and Analysis Framework, among which are:
 - Periodic reporting to the management and supervision bodies of the company on compliance with good tax practices.
 - Application of the Corporate Tax Policy.
 - Specific control, in every region, of compliance with fiscal legal requirements.

Compliance

- Mitigation of severe accidents and fatalities risk takes several forms, among which are:
 - Reinforcement of zero tolerance policy.
 - Specific shock plans for each severe accident and global prevention plans for those regions with worse outcomes.
 - Preventive measures for H&S before operating in a new geographical location.
 - Siemens Gamesa has Systems of monitoring of regulatory changes and Manuals for the prevention of crimes as requirements of the main regions in which it operates, in which corresponding specific controls are included in detection and prevention.

The most significant risk factor faced by Siemens Gamesa in 2018 was clearly price pressure, which did have an adverse impact on our financial results. We expect that to continue in 2019. In addition, two other risk factors that emerged this past year and will be significant factors next year are the ongoing negotiations between the EU and the United Kingdom regarding Brexit, and the policies adopted by the United States government relating to tariffs and embargos on various countries.

Financial calendar

01/29/2019

First Quarter 2019

05/07/2019

Second Quarter 2019

07/30/2019

Third Quarter 2019

11/05/2019

Fiscal Year 2019

Forward looking information

This document contains statements related to our future business and financial performance and future events or developments involving Siemens Gamesa Renewable Energy group that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases and include, without limitation, statements concerning our future business development and economic performance and our shareholder remuneration policy. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens Gamesa Renewable Energy’s management, of which many are beyond Siemens Gamesa Renewable Energy’s control. These are subject to a number of risks, uncertainties and factors, including, but not limited to: (1) general market, macro-economic, industry, governmental and regulatory trends; (2) movements in local and international securities markets, currency exchange rates and interest rates; (3) competitive pressures; (4) technological developments; and (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties.

Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens Gamesa Renewable Energy may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens Gamesa Renewable Energy neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated. Forward-looking statements speak only as of the date of this document and are based on the knowledge, information available and views taken on such date; such knowledge, information and views may change at any time. Siemens Gamesa Renewable Energy does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. The following document includes – in IFRS not clearly defined – supplemental financial measures that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens Gamesa Renewable Energy net assets and financial positions or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently. The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the included businesses and local applicable accounting principles of our public subsidiaries in such geographies. Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries. Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The Management Report, excerpts of which appear in this Annual Report, was originally published in Spanish and in the event of any discrepancies the Spanish-language version, which is available in full on our company website, should prevail. For all other parts of this Report, the English-language versions take precedence in case of any discrepancies. The Sustainability and Corporate Governance sections of this Annual Report are condensed versions of the full documents, which are available on our company website. In case of any discrepancies, the full versions of both documents are to be treated as authoritative and valid.

Disclaimer

The information contained in this document is a summary or an extract of Siemens Gamesa Renewable Energy's public information. Therefore it is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant, any fuller disclosure document published by Siemens Gamesa Renewable Energy and, in particular, with the 2018 individual and consolidated financial statements, 2018 individual and consolidated management reports and 2018 annual corporate governance report all available on the CNMV's website (www.cnmv.es) and on Siemens Gamesa's website (www.siemensgamesa.com/en/) and also with the 2018 sustainability report available in the aforementioned corporate website. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in this document. No investment activity should be undertaken on the basis of the information contained in this document. In making this document available, Siemens Gamesa Renewable Energy gives no advice and makes no recommendation to buy, sell or otherwise deal in shares in Siemens Gamesa Renewable Energy, S.A. or in any other securities or investments whatsoever. This document does not constitute an offer or invitation to purchase or subscribe shares, in accordance with the provisions of (i) the restated text of the Securities Market Law approved by Royal Legislative Decree 4/2015, of 23 October; (ii) Royal Decree-Law 5/2005, of 11 March; (iii) Royal Decree 1310/2005, of 4 November; (iv) and their implementing regulations. In addition, this document does not constitute an offer of purchase, sale or exchange, nor a request for an offer of purchase, sale or exchange of securities, nor a request for any vote or approval in any other jurisdiction. The shares of Siemens Gamesa Renewable Energy, S.A. may not be offered or sold in the United States of America except pursuant to an effective registration statement under the Securities Act of 1933 or pursuant to a valid exemption from registration.

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