

Audit Report on Consolidated Financial Statements
issued by an Independent Auditor

SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the fiscal year ended
September 30, 2019

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of SIEMENS GAMESA RENEWABLE ENERGY, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of SIEMENS GAMESA RENEWABLE ENERGY, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at September 30, 2019, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the fiscal year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at September 30, 2019 and of its financial performance and its consolidated cash flows, for the fiscal year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition on construction contracts

Description Siemens Gamesa Renewable Energy Group conducts a significant portion of its business under construction contracts. Revenue recognition for such contracts is recognized in accordance with IFRS 15, Revenue from Contracts with Customers, generally by applying the percentage-of-completion (“PoC”) method. We consider the accounting for construction contracts to be an area with a significant risk of material misstatement (including the potential risk of management override of internal controls) and, accordingly, a key audit matter, because management’s estimates significantly impact the determination of the extent of progress towards completion. These estimates include, in particular, the scope of deliveries and services required to fulfill contractually defined obligations, total estimated contract costs, remaining cost to complete the contract, total estimated contract revenues as well as contract risks, including technical, regulatory, political and legal risks.

Revenue, total contract costs and profit recognition may deviate significantly from original estimates based on new or additional information, among others, about cost overruns and changes in project scope over the term of a construction contract.

Revenue recognition according to the POC method requires Group management to make significant estimates regarding the planned revenues and costs, as well as the margin and the percentage of completion for each contract. Since revenues are recognized based on the estimates in each period, there is a high degree of management judgement involved. For this reason, we have considered this matter as a key audit matter for our audit.

The disclosures regarding revenue recognition on construction contracts are presented in the attached notes to the consolidated financial statements under note 3.u “Accounting principles and policies and key judgments and estimates”. The disclosures regarding provisions for impending order related losses and other risks are presented under note 19 “Provisions”.

Our response Our audit procedures have included, among others, the following:

- ▶ We obtained an understanding of the Group’s established methods, processes and internal control mechanisms for project management in the bid and execution phases of construction contracts. We also assessed the design and operating effectiveness of the accounting-related internal controls by obtaining an understanding of business transactions specific to construction contracts from the initiation of the transaction through presentation in the consolidated financial statements, and testing controls over these processes.

- ▶ As part of our substantive audit procedures, we evaluated management's estimates and assumptions based on the selection of a sample of contracts, selected considering both significant figures and the related risk, applying analytical review procedures to identify unusual elements in the margins obtained throughout the execution of project. Our sample particularly included projects that are subject to significant future uncertainties and risks, such as fixed-price or turnkey projects, projects with complex technical requirements or with a large portion of materials or services to be provided by suppliers, subcontractors, cross-border projects, and projects with changes in cost estimates, delays and/or low or negative margins.
- ▶ Our audit procedures included, among others, review of the contracts and their terms and conditions including contractually agreed partial deliveries and services, termination rights, penalties for delay and breach of contract as well as liquidated damages. In order to evaluate whether revenues were recognized on an accrual basis for the selected projects, we analyzed billable revenue and corresponding cost of sales to be recognized in the consolidated statement of profit and loss in the reporting period considering the percentage of completion, and examined the accounting for the associated items in the consolidated financial statements. Considering the requirements of IFRS 15, we also assessed the accounting for contract amendments or contractually agreed options. We further performed inquiries of project management with respect to the development of the projects for which they are responsible, the reasons for deviations between planned and actual costs, the estimated costs to complete the projects and current costs, and management's assessment on probabilities that contract risks will materialize. Moreover, we obtained evidence from third parties for the selected projects (for example, documentation of project acceptance, contract conditions, lawyer confirmations for alleged breaches of contract and claims made).
- ▶ We have reviewed the disclosures included in the notes of the consolidated financial statements of the year in accordance with the applicable financial information regulatory framework.

Provisions for warranties, including other legal and quality matters or project-related matters

Description In our professional judgment, the accounting for provisions for warranties, including other legal and quality matters or project-related matters is a key audit matter. The area is particularly uncertain and requires estimates that could significantly influence the recognition and measurement of respective provisions and thus, the financial position and results of Group operations. The uncertainties and the judgmental areas refer mainly to the expected failure rates, expected repair costs, complexity of the necessary repair or replacement work, the expected period of cash outflows and the discount rates. As a consequence, there is significant judgement associated with the provisions to cover these risks.

The Company's disclosures regarding the accounting treatment of provisions are presented in the attached notes to the consolidated financial statements in note 3.k "Accounting principles and policies and key judgments and estimates". The Company's disclosures regarding provisions are presented in note 19 "Provisions".

Our response Our audit procedures have included, among others, the following:

- ▶ We obtained an understanding of the Group's internal control environment, processes and mechanisms for the calculation and the accounting of warranty provisions, including other legal and quality matters or project-related matters. We assessed the design and the effectiveness of the internal controls related to the calculation of provisions, identification of the obligation and the process of monitoring the evolution of the provision, including the deviation analysis in the assumptions considered in the calculations and their actual and expected future use.
- ▶ We performed a general analytical review of the movement of the different existing provisions, obtaining evidence and supporting documentation that corroborate our expectations and management's responses to our inquiries and that provide an understanding of the reasons and factors that have produced the most significant variations and deviations.
- ▶ In addition, we performed substantive audit procedures, both, on the model and methodology used by management, with the support of our specialists, and through the selection of a sample of provisions based on quantitative and risks criterion.
- ▶ For the selected sample of projects, we reviewed the supporting documentation of the reasonableness of the provisions estimate as of September 30, 2019, validating the consistency with the most up-to-date internal technical reports and, when available, also with the conclusions of internal and external advisors on the most significant technical issues. In addition, we compared the expected failure rates and the expected average repair costs with the actual values incurred and reviewed the updates made in the related warranty provisions, focusing our review on the expected failure rates, the expected repair costs and expected of cash outflows for the period, as well as the discount rates. For the planned repair costs, we made inquiries through interviews with the project managers evaluating their reasonableness based on the actual costs incurred.
- ▶ We have reviewed the disclosures included in the notes of the consolidated financial statements of the year in accordance with the applicable financial information regulatory framework.

Fair value measurement

Description In our professional judgment, the accounting treatment of fair value measurements is a key audit matter as the Group has a significant amount of goodwill, intangible assets and inventories. The measurement of these matters is particularly uncertain and requires estimates that could significantly influence the amounts accounted for and thus the financial position and results. The uncertainties and judgmental estimates particularly concern assessing the fair value of these assets according to IFRS 13. In addition, goodwill and intangible assets with an indefinite-life must be tested for impairment on an annual basis by determining the recoverable amount of these assets, being the higher of value-in-use and fair value less costs to dispose. This requires significant judgements on current market conditions such as future price expectation as well as expected growth rates, the timing of future cash flows and the most appropriate discount and long-term growth rates. As a consequence, there is significant judgement regarding the fair value measurement of these assets.

The Company's disclosures regarding the accounting treatment of fair value measurements are presented in note 3 "Accounting principles and policies and key judgments and estimates" of the accompanying consolidated financial statements. The information disclosed regarding fair value measurements is presented in note 4 "Acquisitions, dispositions and discontinued operations". Likewise, the information related to the main assumptions used in the impairment test is described in note 13 "Goodwill".

Our response Our audit procedures have included, among others, the following:

- ▶ We have obtained an understanding of the Group's internal control methodology, processes and mechanisms for fair value assessment.
- ▶ In relation to the impairment tests performed for goodwill and intangible assets, we validated the key assumptions used by management with external market data where possible. With the assistance of our valuation specialists, we verified the calculation methodology applied with regard to the discounted cash flow model used in determining the recoverable amounts of the assets and the requirements according to IFRS 13. Furthermore, we analysed whether the assumptions and judgmental estimates used in determining the future cash flows as well as the parameters used are in line with the accounting treatment.
We also inquired management and challenged the judgements made to assess the parameters used and the estimated cash flows. Additionally, we recalculated the models used to support the recoverable amount of the assets and reconciled expected future cash flows, among other, with internal business plans. We inquired management of the key assumptions and obtained evidence for the explanations provided by comparing key assumptions to market data, underlying accounting records, past performance and forecasts. We also tested management's sensitivity analyses around key assumptions i.e. average future growth rate, long-term average growth rate and discount rate applied for the segments and challenged management on the outcomes of the assessment.
- ▶ In addition, as part of our audit, we verified that inventories are measured at the lower of cost or net realizable value if lower. In addition, we assessed the reasonability of the quantity risks, technical risks and price risks used by management to calculate the inventory net realizable value. We also inquired management and challenged the judgements made regarding future price estimates, the potential project pipeline related to these inventories and the assessment of technical obsolescence used to determine the realizable value.
- ▶ We have reviewed the disclosures included in the notes of the consolidated financial statements of the year in accordance with the applicable financial information regulatory framework.

Other information: consolidated management report

Other information refers exclusively to the 2019 consolidated management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the information contained in the consolidated management report is defined in prevailing audit regulations, which distinguish two levels of responsibility:

- a. A specific level applicable to the non-financial information statement, as well as certain information included in the Annual Corporate Governance Report, as defined in article 35.2 b) of the Audit Law 22/2015, which solely requires that we verify whether said information has been included in the management report or where applicable, that the management report includes the corresponding reference to the separate non-financial report as stipulated by prevailing regulations and if not, disclose this fact.
- b. A general level applicable to the remaining information included in the consolidated management report, which requires us to evaluate and report on the consistency of said information in the financial statements, based on our knowledge of the Group obtained during the audit, excluding the information not obtained from evidence. Moreover, we are required to evaluate and report on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided in the consolidated management report, and that the remaining information contained therein is consistent with the information provided in the 2019 consolidated financial statements and their content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company's directors and the audit committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee of the Parent company on November 28, 2019.

Term of engagement

The ordinary general shareholders' meeting held on March 27, 2019 appointed us as auditors of the Group for 1 year, commencing on September 30, 2018.

Previously, we were appointed as auditors by the shareholders for 4 year and we have been carrying out the audit of the consolidated financial statements continuously since the year ended December 31, 2014.

ERNST & YOUNG, S.L.

Signed on the original in Spanish

November 28, 2019

**Siemens Gamesa Renewable Energy, S.A. and
subsidiaries composing the SIEMENS GAMESA
Group**

Consolidated Financial Statements and Management's
Report for the year ended September 30, 2019

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MANAGEMENT REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2019

Translation of Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 37)

SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES
COMPOSING SIEMENS GAMESA GROUP

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2019 AND 2018

Thousands of euros

	Note	09.30.2019	09.30.2018 (*)
Assets			
Cash and cash equivalents	7	1,727,457	2,429,034
Trade and other receivables	8	1,286,781	1,113,918
Other current financial assets	9	274,736	171,036
Receivables from SIEMENS Group	30	21,516	28,486
Contract assets	11	2,056,255	1,572,188
Inventories	12	1,863,919	1,499,178
Current income tax assets		207,445	172,856
Other current assets	20	461,265	362,382
Total current assets		7,899,374	7,349,078
Goodwill	13	4,744,153	4,557,607
Other intangible assets	14	1,915,730	2,022,423
Property, plant and equipment	15	1,425,901	1,442,503
Investments accounting for using the equity method	16	70,876	73,036
Other financial assets	9 and 17	143,462	240,227
Deferred tax assets	27	400,538	366,957
Other assets		89,379	100,906
Total non-current assets		8,790,039	8,803,659
Total assets		16,689,413	16,152,737
Liabilities and equity			
Financial debt	9 and 18	352,209	990,538
Trade payables		2,599,836	2,416,394
Other current financial liabilities	9	130,396	103,772
Payables to SIEMENS Group	30	285,690	341,710
Contract liabilities	11	2,839,670	1,670,176
Current provisions	19	761,730	730,522
Current income tax liabilities		200,964	166,943
Other current liabilities	20	797,563	683,559
Total current liabilities		7,968,058	7,103,614
Financial debt	9 and 18	512,226	823,248
Post-employment benefits	21	14,823	12,635
Deferred tax liabilities	27	320,446	364,158
Provisions	19	1,400,252	1,702,108
Other financial liabilities	9	169,835	184,963
Other liabilities	22	30,968	31,060
Total non-current liabilities		2,448,550	3,118,172
Issued capital	23.A	115,794	115,794
Capital reserve	23.B	5,931,874	5,931,874
Unrealised asset and liability revaluation reserve	23.C	(4,520)	40,075
Retained earnings		712,833	583,832
Treasury shares, at cost	23.E	(21,616)	(20,343)
Currency translation differences		(464,261)	(722,507)
Non-controlling interest	24	2,701	2,226
Total equity		6,272,805	5,930,951
Total liabilities and equity		16,689,413	16,152,737

(*) Figures presented for comparative purposes only.

The accompanying Notes from 1 to 37 are an integral part of these Consolidated Financial Statements.

Translation of Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 37)

SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES
COMPOSING SIEMENS GAMESA GROUP
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
Thousands of euros

	Note	Year ended 09.30.2019	Year ended 09.30.2018 (*)
Revenue	25 and 29.A	10,226,879	9,122,272
Cost of sales		(9,278,647)	(8,167,776)
Gross profit		948,232	954,496
Research and development expenses	14	(207,936)	(165,594)
Selling and general administrative expenses		(496,249)	(567,495)
Other operating income		36,342	18,347
Other operating expenses		(27,727)	(28,885)
Income (loss) from investments accounted for using the equity method, net	16	(1,479)	(431)
Interest income	29.F	13,810	15,167
Interest expenses	29.G	(52,940)	(54,628)
Other financial income (expenses), net	29.H	(21,625)	(3,190)
Income from continuing operations before income taxes		190,428	167,787
Income tax	26	(49,490)	(97,857)
Income from continuing operations		140,938	69,930
Income from discontinued operations, net of income taxes		-	-
Net income		140,938	69,930
Attributable to:			
Non-controlling interests	24	936	(63)
Shareholders of Siemens Gamesa Renewable Energy, S.A.		140,002	69,993
Earnings per share in euros (basic and diluted)	33	0.21	0.10

(*) Figures presented for comparative purposes only.

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SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES
COMPOSING SIEMENS GAMESA GROUP
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
Thousands of euros

		Year ended 09.30.2019	Year ended 09.30.2018 (*)
Net income		140,938	69,930
Items that may be subsequently reclassified into Profit and Loss			
Currency translation differences		258,246	(228,850)
Remeasurements of defined benefit plans	21	237	321
Tax effect	27	(94)	(99)
Derivative financial instruments	23.C	(67,008)	(25,411)
Tax effect	23.C and 27	16,672	8,606
Amounts transferred to Profit and Loss			
Derivative financial instruments	23.C	8,210	22,321
Tax effect	23.C and 27	(2,469)	(5,865)
Other comprehensive income, net of taxes		213,794	(228,977)
Total comprehensive income		354,732	(159,047)
Attributable to:			
Non-controlling interests	24	936	(63)
Shareholders of Siemens Gamesa Renewable Energy, S.A.		353,796	(158,984)

(*) Figures presented for comparative purposes only.

The accompanying Notes from 1 to 37 are an integral part of these Consolidated Financial Statements.

Translation of Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 37)

SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES
COMPOSING SIEMENS GAMESA GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
Thousands of euros

	Issued capital	Capital reserve	Unrealised asset and liability revaluation reserve	Retained earnings	Treasury shares, at cost	Currency translation differences	Non-controlling interests	Total equity
Balances as of October 1, 2017 (*)	115,794	5,931,874	55,782	493,745	(21,505)	(493,657)	2,814	6,084,847
Total comprehensive income for the year ended September 30, 2018	-	-	-	69,993	-	-	(63)	69,930
Other comprehensive income, net of income taxes	-	-	(349)	222	-	(228,850)	-	(228,977)
Share-based payments (Note 3.R)	-	-	-	2,077	-	-	-	2,077
Treasury shares transactions (Note 23.E)	-	-	-	(1,184)	1,162	-	-	(22)
Other changes in equity	-	-	(15,358)	18,979	-	-	(525)	3,096
Balances as of September 30, 2018 (**)	115,794	5,931,874	40,075	583,832	(20,343)	(722,507)	2,226	5,930,951
Adjustments due to IFRS 9 (Note 2.E)	-	-	-	(4,645)	-	-	-	(4,645)
Balances as of October 1, 2018 (***)	115,794	5,931,874	40,075	579,187	(20,343)	(722,507)	2,226	5,926,306
Total comprehensive income for the year ended September 30, 2019	-	-	-	140,002	-	-	936	140,938
Other comprehensive income, net of income taxes	-	-	(44,595)	143	-	258,246	-	213,794
Dividends	-	-	-	(17,442)	-	-	(446)	(17,888)
Share-based payments (Note 3.R)	-	-	-	8,850	-	-	-	8,850
Treasury shares transactions (Note 23.E)	-	-	-	2,084	(1,273)	-	-	811
Other changes in equity	-	-	-	9	-	-	(15)	(6)
Balances as of September 30, 2019	115,794	5,931,874	(4,520)	712,833	(21,616)	(464,261)	2,701	6,272,805

(*) Adjusted figures as of September 30, 2017 (see Note 2.E of the Consolidated Financial Statements for the year ended September 30, 2018)

(**) Figures presented for comparative purposes only.

(***) Adjusted figures at October 1, 2018 (See Note 2.E).

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Translation of Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 37)

SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES
COMPOSING SIEMENS GAMESA GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
Thousands of euros

Note	Year ended 09.30.2019	Year ended 09.30.2018 (*)
CASH FLOWS FROM OPERATING ACTIVITIES		
	190,428	167,787
Income before taxes		
Adjustments to reconcile income before taxes to cash flows from operating activities		
Interest (income) expenses, net	60,755	42,651
Amortization, depreciation and impairments	646,791	645,222
Other (income) losses from investments	(6,755)	(6,979)
Other non-cash (income) expenses	23,273	24,195
Change in operating net working capital		
Contract assets	(449,427)	(359,384)
Inventories	(342,766)	552,086
Trade and other receivables	(148,348)	(79,928)
Trade payables	170,615	164,990
Contract liabilities	1,126,440	(10,439)
Change in other assets and liabilities	(316,160)	(322,454)
Income taxes paid	(190,655)	(102,850)
Dividends received	5,384	302
Interest received	14,106	13,544
CASH FLOWS FROM OPERATING ACTIVITIES	783,681	728,743
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to intangible assets and property, plant and equipment	(497,766)	(415,076)
(Purchase) Sale of investments	3,930	(3,895)
Disposal of intangible assets and property, plant and equipment	19,223	1,719
CASH FLOWS FROM INVESTING ACTIVITIES	(474,613)	(417,252)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Purchase) Sale of treasury shares	811	(22)
Changes in financial debt	(965,397)	552,758
Dividends paid	(17,888)	(65)
Interest paid	(55,131)	(50,913)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,037,605)	501,758
EFFECT OF FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	26,960	(43,683)
CHANGE IN CASH AND CASH EQUIVALENTS	(701,577)	769,566
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,429,034	1,659,468
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,727,457	2,429,034

(*) Figures presented for comparative purposes only.

The accompanying Notes from 1 to 37 are an integral part of these Consolidated Financial Statements.

Siemens Gamesa Renewable Energy, S.A. and subsidiaries composing the SIEMENS GAMESA Group

Notes to the Consolidated Financial Statements for the year
ended September 30, 2019

1. Formation of the Group and its activities

A. GENERAL INFORMATION

The Consolidated Financial Statements present the financial position and the results of operations of Siemens Gamesa Renewable Energy, S.A. (hereinafter, “the Company” or “SIEMENS GAMESA”), whose corporate address is located at Parque Tecnológico de Bizkaia, Building 222, Zamudio (Bizkaia, Spain), and its subsidiaries (together referred to as “the Group” or “the SIEMENS GAMESA Group”).

The SIEMENS GAMESA Group specialises in the development and construction of wind farms, as well as the engineering solutions, design, production and sale of wind turbines. The corporate purpose of the Company is to promote and foster companies, and to do so it may carry out the following operations:

- a) The subscription and purchase of shares or stocks, or of securities that can be converted into these, or which grant preferential purchase rights of companies whose securities are listed or not in national or foreign stock exchanges;
- b) The subscription and purchase of fixed-income securities or any other securities issued by companies in which they hold a stake, as well as the granting of participatory loans or guarantees; and
- c) To directly provide advisory services and technical assistance to the companies in which it holds a stake, as well as other similar services related to the management, financial structure and production or marketing processes of those companies.

These activities will focus on the early-development, design, advanced-development, manufacture and supply of products, installations and technologically advanced services in the renewable energy sector.

All the activities comprising the aforementioned corporate purpose can be undertaken both in Spain and abroad, and can be carried out completely or partially, in an indirect manner, through the ownership of shares or stocks in companies with the same or similar purpose.

The Company will not undertake any activity for which the laws require specific conditions or legal limitations, unless these conditions or limitations are exactly fulfilled.

Its activities are divided into two business segments: Wind Turbines and Operation and Maintenance. The Wind Turbines segment offers wind turbines for various pitch and speed technologies, as well as provides development, construction and sale of wind farms. The Operation and Maintenance segment is responsible for the management, monitoring and maintenance of wind farms.

In addition to the operations carried out directly, SIEMENS GAMESA is the head of a group of subsidiaries that engage in various business activities and which compose, together with the Company, the SIEMENS GAMESA Group. Therefore, in addition to its own separate Financial Statements, the Company is obliged to present Consolidated Financial Statements for the Group including its interests in joint ventures and investments in associates. The companies that are part of the Group are listed in the Appendix.

The SIEMENS GAMESA Group's Consolidated Financial Statements for the year ended September 30, 2019 have been issued for approval by the Directors in the Board of Directors held on November 27, 2019.

The Company's Bylaws and other public information of the Company are available on the website www.siemensgamesa.com and at its corporate address.

The SIEMENS GAMESA Group prepares and reports its Consolidated Financial Statements in thousands of euros. Due to rounding, numbers presented may not add up precisely to the provided totals.

B. MERGER OF SIEMENS'S WIND POWER BUSINESS WITH GAMESA

On June 17, 2016, as explained in the Note 1.B of the Consolidated Financial Statements for the year ended September 30, 2018, Gamesa Corporación Tecnológica, S.A. (hereinafter, "GAMESA") and SIEMENS AG (hereinafter, "SIEMENS") signed a binding merger agreement whereby both parties agreed on the terms and conditions pursuant to which GAMESA and the SIEMENS's Wind Power Business (as defined in the agreement) would be combined by way of statutory merger by absorption of Siemens Wind HoldCo, S.L (as absorbed entity) by and into GAMESA (as absorbing entity), with the dissolution without liquidation of the former and the en bloc transfer of all of its assets and liabilities to the latter, which would acquire by universal succession all of the rights and obligations of Siemens Wind HoldCo, S.L. (hereinafter, the "Merger") (Notes 3.F and 4).

The Merger had effective date on April 3, 2017.

C. UPCOMING EVENTS

On May 7, 2019, SIEMENS which, directly and indirectly, owns 59% of the share capital of SIEMENS GAMESA announced a significant event where, amongst others, it discloses certain plans with respect to its stake in SIEMENS GAMESA.

SIEMENS plans a carve-out of the Gas and Power Operating Company into a separately managed company, as well as a spin-off of it. Additionally, SIEMENS plans to transfer its stake in SIEMENS GAMESA to the new Company while maintaining a significant influence on it. Plans call for the public listing of the new Company to take place by September 2020.

The SIEMENS GAMESA Group is currently analysing the expected impact resulting from this communication which does not have impact on these Consolidated Financial Statements.

D. ENVIRONMENTAL INFORMATION

In view of the business activities carried out by the SIEMENS GAMESA Group, it does not have any environmental responsibilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results. Therefore, the SIEMENS GAMESA Group does not include any specific disclosures relating to environmental matters in the accompanying Consolidated Financial Statements.

2. Basis of presentation of the Consolidated Financial Statements and basis of consolidation

A. BASIS OF PRESENTATION

These Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter, IFRS).

It should be noted that in these Consolidated Financial Statements any information or disclosure which has not been considered material due to the lack of relative importance, qualitative and quantitative, in accordance with the concept of Relative Importance (materiality), defined in the Conceptual Framework of IFRS, has been omitted.

B. BASIS OF CONSOLIDATION

Subsidiaries

The Consolidated Financial Statements include the Financial Statements of SIEMENS GAMESA and its subsidiaries. Subsidiaries are all entities (including structured entities), which are controlled by SIEMENS GAMESA. The Group controls an entity when it is exposed, or has rights to variable returns from its involvement in the entity and has the capacity to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are out of the scope from the date that there is loss of control.

Associated companies

Associates are companies over which SIEMENS GAMESA has the capacity to exercise significant influence regarding operating and financial policies (generally through direct or indirect ownership of 20% to 50% of the voting rights). These are recorded in the Consolidated Financial Statements using the equity method and are initially recognized at cost. SIEMENS GAMESA's share of its associate's post-acquisition profits or losses is recognized in the Consolidated Statement of Profit and Loss, and its share of post-acquisition changes in equity that have not been recognized in the associate's profit or loss is recognized directly in equity. The cumulative post-acquisition changes are adjusted against the carrying amount of the investment in the associate.

Significant influence is deemed not to exist in specific cases where, although SIEMENS GAMESA holds more than 20% of the voting rights, the absence of significant influence can be clearly demonstrated. Significant influence is deemed to exist when the SIEMENS GAMESA Group has the power to influence on the financial and operating policies of an investee.

Joint ventures

Joint ventures are entities over which SIEMENS GAMESA and one or more parties have joint control. Joint control requires unanimous consent of the parties sharing control in decision making on relevant activities. The Group records its stakes in joint ventures using the equity method (Note 16).

In the Appendix of these Consolidated Financial Statements a list of SIEMENS GAMESA's subsidiaries, joint ventures and associates, together with the consolidation or measurement method used in preparing the accompanying Consolidated Financial Statements and other relevant information is disclosed.

Business combinations

The cost of an acquisition is measured at the fair value of the assets acquired and liabilities incurred or assumed at the date of the business combination. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are initially measured at their fair values at the acquisition date, regardless of the extent of any non-controlling interest. Non-controlling interests are measured at the proportional fair value of assets acquired and liabilities assumed (partial Goodwill method). If there is no loss of control, transactions with non-controlling interests are accounted for as equity transactions not affecting profit and loss. At the date control is lost, any retained equity interest is remeasured to fair value. In case of a written put option on non-controlling interests the Company assesses whether the prerequisites for the transfer of present ownership interest are fulfilled at the Balance Sheet date. If the Company is not the beneficial owner of the shares underlying the put option, the exercise of the put option will be assumed at each balance sheet date and treated as an equity transaction among shareholders with the recognition of a purchase liability at the respective exercise price. The non-controlling interests participate in profits and losses during the period.

Foreign currency translation

Assets and liabilities of foreign subsidiaries, where the functional currency is other than the euro, are translated using the spot exchange rate at the end of the period, while the Consolidated Statement of Profit and Loss is translated using the average exchange rate for the period. Differences arising from such translations are recognized within equity and reclassified to net income when the gain or loss on disposal of the foreign subsidiary is recognized.

C. CHANGES IN THE SCOPE OF CONSOLIDATION

During the periods ended September 30, 2019 and 2018, the following changes in the consolidation scope have taken place:

- **The following entities have been constituted or acquired:**

Fiscal year 2019

Constituted / acquired company	Holding company of the investment	% of shareholding
Siemens Gamesa Renewable Energy Offshore Wind Limited (Taiwan)	Siemens Gamesa Renewable Energy Apac, S.L. Unipersonal (*)	100%
Siemens Gamesa Renewable Energy S.A.S. (Colombia)	Siemens Gamesa Renewable Energy Latam, S.L.U.	100%
Carmody's Hill Investment Company Pty Ltd. (Australia)	Siemens Gamesa Renewable Energy Pty Ltd.	100%

(*) Hereinafter, S.L.U.

Fiscal year 2018

Constituted / acquired company	Holding company of the investment	% of shareholding
Gamesa Wind Power Technologies S.A. (Iran)	Siemens Gamesa Renewable Energy A/S	99.98%
Siemens Gamesa Renewable Energy LLC (Russia)	Siemens Gamesa Renewable Energy Eólica, S.L.U.	99%
Siemens Gamesa Renewable Energy LLC (Russia)	Siemens Gamesa Renewable Energy Wind Farms, S.A. Unipersonal (*)	1%
Siemens Gamesa Yenylenebylyr Energy yc ve dis Ticaret Ltd.STI (Turkey)	Siemens Gamesa Renewable Energy Eólica, S.L.U.	100%
Maski Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Gangavathi Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Kanigiri Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Kollapur Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Jamkhandi Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Rayachoty Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Shivamogga Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Nandikeshwar Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Sindhanur Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Vempalli Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Siemens Gamesa Renewable Energy Sarl (New Caledonia)	Siemens Gamesa Renewable Energy Apac, S.L.U.	100%
Ganquan Chaiguanshan Wind Power Co. Ltd. (China)	International Wind Farm Development IV Limited	100%
Yongzhou Shuangpai Daguping Wind Power Co. Ltd. (China)	International Wind Farm Development VII Limited	100%
Tai'an Sanglin Wind Power Co. Ltd. (China)	International Wind Farm Development V Limited	100%
PT Siemens Gamesa Renewable Energy (Indonesia)	Siemens Gamesa Renewable Energy S.A.	95%

(*) Hereinafter, S.A.U.

- The following entities have been dissolved:

Fiscal year 2019

Dissolved company	Holding company of the stake	% of shareholding
Elliniki Eoliki Attikis Energiaki S.A. (Greece)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	86%
Elliniki Eoliki Likourdi S.A. (Greece)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	86%
Elliniki Eoliki Kopriseza S.A. (Greece)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	86%
Generación Eólica Extremeña, S.L. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	30%
Eoliki Peloponnissou Lakka Energiaki S.A. (Greece)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	86%
Siemens Gamesa Renewable Finance, S.A.U. (Spain)	Siemens Gamesa Renewable Energy, S.A.	100%
Elliniki Eoliki Kseropousi S.A. (Greece)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	86%
Elliniki Eoliki Energiaki Pirgos S.A. (Greece)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	86%
Siemens Gamesa Renewable Energy Wind, LLC (United States)	Siemens Gamesa Renewable Energy, Inc.	100%
9REN Israel Ltd. (Israel)	Siemens Gamesa Renewable Energy 9REN S.L.U.	100%
Sistema Eléctrico de Conexión Montes Orientales S.L. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	83.3%
Tai'an Sanglin Wind Power Co. Ltd. (China)	International Wind Farm Development V, Ltd.	100%

Fiscal year 2018

Dissolved company	Holding company of the stake	% of shareholding
Convertidor Solar Trescientos Sesenta y Nueve, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Trescientos Sesenta y Ocho, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Trescientos Veinte, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar G.F. Uno S.L.U., Madrid (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Trescientos Setenta, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Uno, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar G.F. Dos, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Doscientos Noventa y Nueve, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Doscientos Noventa y Siete, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Trescientos Sesenta y Siete, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
9REN Services Italia S.r.l. (Italy)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar G.F. Tres, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Trescientos, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Trescientos Diecinueve, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
International Wind Farm Development V, S.L. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
International Wind Farm Development IV, S.L. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
International Wind Farm Development VI, S.L. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
International Wind Farm Development VII, S.L.(Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
Whitehall Wind, LLC (United States)	Navitas Energy Inc	100%
Navitas Energy Inc (United States)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	94.63%
Navitas Energy Inc (United States)	Siemens Gamesa Renewable Energy USA, INC	2.48%
Convertidor Solar Trescientos Dieciocho, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Gamesa Puerto Rico, CRL (Puerto Rico)	Siemens Gamesa Renewable Energy Eólica, S.L.U.	100%
AD BMW GmbH & Co.KG (Germany)	Adwen GmbH	100%
Adwen Verwaltungs GmbH (Germany)	Adwen GmbH	100%
Siemens Gamesa Renewable Energy USA, INC (United States)	Siemens Gamesa Renewable Energy S.A.	100%

- The following entities have been sold:

Fiscal year 2019

Sold company	Holding company of the stake	% of shareholding
Sistemas Energéticos Barandon, S.A. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
Convertidor Solar Ciento Veintidos, S.L. (Spain)	Convertidor Solar Trescientos Diecisiete, S.L.U.	3.33%
Convertidor Solar Ciento Veinticinco, S.L. (Spain)	Aljaraque Solar, S.L.	6.69%
Convertidor Solar Trescientos Diecisiete, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Ciento Veintisiete, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Aljaraque Solar, S.L. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Sistemas Energéticos Sierra del Carazo, S.L.U. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%
Sistemas Energéticos Alcohujate, S.A.U. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%
Sistemas Energéticos Fuerteventura, S.A.U. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
Lichnowy Windfarm Sp. z o.o. (Poland)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%
Windfarm Ganderkesee-Lemwerder GmbH (Germany)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
Gamesa Energie Deutschland GmbH (Germany)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%

Fiscal year 2018

Sold company	Holding company of the stake	% of shareholding
Sistemas Energéticos Islas Canarias, S.L.U. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%
Sanchore Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Bidwal Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Parques Eólicos del Caribe, S.A. (Dominican Republic)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	57.01%
Latur Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Pugalur Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Jodhpur Wind Farms Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Sistemas Energéticos Alto da Croa, S.A.U. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%
Sistemas Energéticos del Umia, S.A.U. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%
Sistemas Energéticos Edreira, S.A.U. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
Sistemas Energéticos Campoliva, S.A.U. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
Energiaki Arvanikou M.E.P.E (Greece)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
SEPE de la Cote du Cerisat SAS (France)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%

The exclusions from the scope of consolidation are mainly related to companies' dissolutions or to wind farms that were disposed of during the period ended September 30, 2019 and 2018 and whose net assets were classified as inventories and, therefore, the sale, as indicated in Note 3.U, is recognized under the heading "Revenue" in the Consolidated Statement of Profit and Loss for the year.

- The name of the following entities has been modified:

Fiscal year 2019

Previous denomination	New denomination
Siemens Wind Power GmbH (Austria)	Siemens Gamesa Renewable Energy GmbH (Austria)
Gamesa Eólica Costa Rica, S.R.L. (Costa Rica)	Siemens Gamesa Renewable Energy, S.R.L. (Costa Rica)
Gamesa (Beijing) Wind Energy System Development Co, Ltd (China)	Siemens Gamesa Renewable Energy (Beijing) Co, Ltd. (China)
Kintech Santalpur Windpark Private Limited (India)	Santalpur Renewable Power Private Limited (India)
GM Navarra Wind Energy Private Limited (India)	Siemens Gamesa Renewable Energy Projects Private Limited (India)
Siemens Wind Power (Pty) Ltd. (South Africa)	Siemens Gamesa Renewable Energy (Pty) Ltd. (South Africa)
GESA Eólica Honduras, S.A. (Honduras)	Siemens Gamesa Renewable Energy, S.A. (Honduras)
Gamesa Wind (Tianjin) Co. Ltd. (China)	Siemens Gamesa Renewable Energy Technology (China) Co. Ltd. (China)
Siemens Wind Power Ruzgar Enerjisi Anonim Sirketi (Turkey)	Siemens Gamesa Renewable Enerji Anonim Sirketi (Turkey)

Fiscal year 2018

Previous denomination	New denomination
Gamesa Wind US, LLC (United States)	Siemens Gamesa Renewable Energy Wind, LLC (United States)
Gamesa Wind PA, LLC (United States)	Siemens Gamesa Renewable Energy PA, LLC (United States)
Siemens Wind Power Inc (United States)	Siemens Gamesa Renewable Energy Inc. (United States)
Gamesa Energia (Portugal), S.A. (Portugal)	Siemens Gamesa Renewable Energy, S.A. (Portugal)
Siemens Wind Power Limited, Hull (United Kingdom)	Siemens Gamesa Renewables Energy Limited, Hull (United Kingdom)
Gamesa Technology Corporation, INC (United States)	Siemens Gamesa Renewable Energy USA, INC (United States)
Siemens Gamesa Renewable Pty Ltd (Australia)	Siemens Gamesa Renewable Energy Pty Ltd (Australia)
Gamesa Singapore Private Limited (Singapore)	Siemens Gamesa Renewable Energy Singapore Private Limited (Singapore)
Siemens Wind Power, Inc. (Philippines)	Siemens Gamesa Renewable Energy, Inc. (Philippines)
Siemens Wind Power BVBA (Belgium)	Siemens Gamesa Renewable Energy BVBA (Belgium)
Siemens Wind Power B.V. (Netherlands)	Siemens Gamesa Renewable Energy, B.V. (Netherlands)
Siemens Gamesa Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited (India)
Gamesa Australia Pty. Ltd. (Australia)	Siemens Gamesa Renewable Energy Australia Pty Ltd (Australia)
Gamesa Wind Sweden AB (Sweden)	Siemens Gamesa Renewable Energy Sweden AB (Sweden)
Siemens Wind Power Sp. z o.o. (Poland)	Siemens Gamesa Renewable Energy Sp. z o.o. (Poland)
Siemens Wind Power AB (Sweden)	Siemens Gamesa Renewable Energy AB (Sweden)
Siemens Wind Power Kft. (Hungary)	Siemens Gamesa Renewable Energy Kft. (Hungary)
Siemens Wind Power S.r.l. (Italy)	Siemens Gamesa Renewable Energy Italia S.r.l (Italy)
Siemens Wind Power Private Limited (India)	Siemens Gamesa Renewable Energy Engineering Centre Private Limited (India)
Gamesa Eólica France, S.A.R.L., Saint Priest (France)	Siemens Gamesa Renewable Energy Wind SARL (France)
Gamesa Wind Bulgaria, EOOD (Bulgaria)	Siemens Gamesa Renewable Energy, EOOD (Bulgaria)
Gamesa Israel, Ltd (Israel)	Siemens Gamesa Renewable Energy Ltd (Israel)
Gamesa (Thailand) Co. Ltd. (Thailand)	Siemens Gamesa Renewable Energy (Thailand) Co. Ltd. (Thailand)
Gamesa Canada ULC (Canada)	Siemens Gamesa Renewable Energy Canada ULC (Canada)
Gamesa Japan K.K. (Japan)	Siemens Gamesa Renewable Energy Japan K.K. (Japan)
Siemens Wind Power Rüzgar Enerjisi Anonim Sirketi (Turkey)	Siemens Gamesa Turkey Yenilenebilir Enerji Limited Sirketi (Turkey)
Siemens Wind Power, S.L. (Spain)	Siemens Gamesa Renewable Energy Iberica, S.L. (Spain)

Previous denomination	New denomination
Servicios Eólicos Globales S. de R.L. de C.V. (Mexico)	Siemens Gesa Renewables Energy Services S. de R.L. de C.V. (Mexico)
Gamesa Ukraine, LLC (Ukraine)	Siemens Gamesa Renewable Energy, LLC (Ukraine)
Gesa Eólica México, S.A. de C.V. (Mexico)	Siemens Gesa Renewable Energy, S.A. de C.V. (Mexico)
Gamesa Wind Romania, S.R.L. (Romania)	Siemens Gamesa Renewable Energy S.R.L. (Romania)
Gamesa Energy Romania, S.R.L. (Romania)	Siemens Gamesa Renewable Energy Wind Farms S.R.L. (Romania)
Gesa Energía, S. de R.L. de C.V. (Mexico)	Siemens Gesa Renewable Energy México, S. de R.L. de C.V. (Mexico)
Gamesa Energía Polska Sp. z o.o. (Poland)	Siemens Gamesa Renewable Energy Poland Sp. z o.o. (Poland)
Gamesa Chile SpA (Chile)	Siemens Gamesa Renewable Energy Chile SpA (Chile)
Siemens Wind Power LLC (Egypt)	Siemens Gamesa Renewable Energy Egypt LLC (Egypt)
Siemens Gamesa Renewable Energy S.R.L. (Romania)	Siemens Gamesa Renewable Energy Romania S.R.L. (Romania)
Gamesa Ireland Limited (Ireland)	Siemens Gamesa Renewable Energy Ireland Limited (Ireland)
Siemens Gamesa Turkey Renewable Energy Limited Company (Turkey)	Siemens Gamesa Turkey Yenilenebilir Enerji Limited Sirketi (Turkey)
Siemens Wind Power S.A.C (Peru)	Siemens Gamesa Renewable Energy S.A.C. (Peru)
Gamesa Pakistan Private Limited (Pakistan)	Siemens Gamesa Renewable Energy (Private) Limited (Pakistan)
Siemens Gamesa Renewables Energy Limited (United Kingdom)	Siemens Gamesa Renewable Energy Limited (United Kingdom)
Siemens Wind Power Limited (Republic of Korea)	Siemens Gamesa Renewable Energy Limited (Republic of Korea)
Siemens Wind Power Limited (Canada)	Siemens Gamesa Renewable Energy Limited (Canada)
Gamesa Wind Sweden AB (Sweden)	Siemens Gamesa Renewable Energy Sweden AB (Sweden)
Pocahontas Prairie Wind, LLC (United States)	Pocahontas Prairie Holdings, LLC (United States)
Pocahontas Wind, LLC (United States)	Pocahontas Prairie Wind, LLC (United States)
Gamesa Wind Power Technologies, S.A. (Iran)	Siemens Gamesa Energy Tajdidpazir SSK (Iran)
Siemens Wind Power Management GmbH (Germany)	Siemens Gamesa Renewable Energy Management GmbH (Germany)
Siemens Wind Power GmbH & Co. KG (Germany)	Siemens Gamesa Renewable Energy GmbH & Co. KG (Germany)
Gamesa Morocco, SARL (Morocco)	Siemens Gamesa Renewable Energy Morocco SARL (Morocco)
Gamesa Uruguay S.R.L. (Uruguay)	Siemens Gamesa Renewable Energy S.R.L. (Uruguay)
Tirupur Renewable Private Limited (India)	Tirupur Renewable Energy Private Limited (India)
Siemens Wind Power Blades (Shanghai) Co., Ltd (China)	Siemens Gamesa Renewable Energy (Shanghai) Co.,Ltd (China)
Siemens Wind Power Sp.z.o.o. (Poland)	Siemens Gamesa Renewable Energy Sp.z.o.o. (Poland)
Haveri Renewable Private Limited (India)	Haveri Renewable Power Private Limited (India)
Hungund Renewable Private Limited (India)	Hungund Renewable Energy Private Limited (India)
Saunshi Renewable Private Limited (India)	Saunshi Renewable Energy Private Limited (India)
Chikkodi Renewable Private Limited (India)	Chikkodi Renewable Power Private Limited (India)
Siemens Wind Energy, SARL (Morocco)	Siemens Gamesa Renewable Energy SARL (Morocco)
Sankanur Renewable Private Limited (India)	Sankanur Renewable Energy Private Limited (India)
Siemens Gamesa Yenilenebylyr Energy yc ve dis Ticaret LTD.STI (Turkey)	Siemens Gamesa Yenilenebilir Enerji IC VE Dis Ticaret Limited Sirketi (Turkey)
Siemens Gamesa Renewable Energy Belgium, SPRL (Belgium)	Siemens Gamesa Renewable Energy Belgium BVBA (Belgium)

D. ADOPTION OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

D.1) New standard applied in the year ended September 30, 2019:

First-time application of IFRS 9, “Financial Instruments”

IFRS 9, “Financial Instruments”, was adopted retrospectively as of October 1, 2018. Fiscal year 2018 information is measured under IAS 39 and therefore, amounts are not adjusted, in accordance with IFRS 9 transitional provisions. The adoption had no material impact on the Consolidated Financial Statements of the SIEMENS GAMESA Group (Note 2.E).

IFRS 9 changes the classification of financial instruments, mainly regarding the former available-for-sale category. Equity instruments are assessed on a case-by-case basis whether measurement at fair value through Other Comprehensive Income or fair value Through Profit and Loss applies (Note 17).

In fiscal year 2018, under IAS 39, loans and receivables were measured at amortized cost using the effective interest method less any impairment loss. Available-for-sale financial assets were measured at fair value, if reliably measurable, and changes in fair value other than impairment losses were recognized in Other comprehensive income, net of income taxes; upon derecognition, gains and losses accumulated in Equity were reclassified. If fair value was not reliably measurable, Available-for-sale assets were measured at cost. Impairments were based on the incurred loss model.

Remaining standards, amendments and interpretations

Standards, amendments and interpretations		IASB (*) effective date
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	January 1, 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	January 1, 2018
Amendments to IAS 40	Transfers of Investment Property	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018

(*) IASB: International Accounting Standards Board. Effective date applicable for years beginning on or after the indicated date.

These changes have not had a significant impact on the Consolidated Financial Statements.

D.2) Standards, amendments and interpretations applied in the year ended September 30, 2018:

IFRS 15, "Revenue from contracts with customers"

The SIEMENS GAMESA Group, making use of the option included in IFRS 15, has early applied the standard for the year beginning as of October 1, 2017 using the full retrospective approach (using practical expedients). As a result, the Consolidated Financial Statements for the year ended September 30, 2017 were modified in order to reflect the application of such standard (Notes 2.D and 2.E of the Consolidated Financial Statements for the year ended September 30, 2018).

As a result of this decision, the SIEMENS GAMESA Group updated its accounting policies, its internal processes and controls relating to revenue recognition (Note 3.U of the Consolidated Financial Statements for the year ended September 30, 2018).

Amendments to IAS 7, "Statement of Cash Flows"

Such amendments are part of the IASB's disclosure initiative of information to be revealed and require that entities shall disclose changes in liabilities arising from financing activities, including both, changes arising from cash flows and changes that do not involve cash flows (such as gains or losses arising from changes in foreign exchange rates).

D.3) New standards and amendments not applied in the year ended September 30, 2019 that will be applicable in future periods:

IFRS 16, "Leases"

SIEMENS GAMESA Group will apply IFRS 16 starting October 1, 2019.

From the perspective of the lessee, IFRS 16 eliminates the current classification among operating and finance leases and requires lessee to recognize a right-of-use asset and a lease liability at the present value of the obligation to make lease payments.

A lessee measures right-of use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. Therefore, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability and classifies cash repayments of the lease liability into a principal and an interest portion.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non - cancellable lease payments (including inflation - linked payments) and payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

From the perspective of the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The SIEMENS GAMESA Group has substantially completed the analysis in order to assess whether an agreement includes a lease on the date of its first application in accordance with the definition and conditions set in IFRS 16. Implementation of the standard in the SIEMENS GAMESA Group is based on the modified retrospective approach without restating comparative period figures. Furthermore, the SIEMENS GAMESA Group is applying practical expedient in recognizing current leases whose lease term is equal or under 12 months, which will continue being accounted for as presently and associated payments will be recognized as a lease expense. The same practical expedient is applied for low value assets.

For lease contracts which may include lease and non-lease components (i.e. executory cost), in general the SIEMENS GAMESA Group is not separating both elements for accounting purposes, recognizing them as a single element, except for the type of underlying assets for which the separation may have a significant impact on the Financial Statements.

It is estimated that IFRS 16 at October 1, 2019 will result in the recognition of current and non-current liabilities in a net amount of EUR 583,308 thousand as per below breakdown by type of assets:

Thousands of euros	10.01.2019
Buildings and real property	427,882
Technical facilities and machinery	144,572
Other property, plant and equipment	10,854
Total	583,308

In order to determine the present value of lease payments which is needed when classifying a lease (for the lessor) and to measure the lessee's lease liability, three parameters are required: lease term, relevant lease payments, and the appropriate discount rate.

IFRS 16 requires lessee to discount the lease payments using the interest implicit in the lease or the incremental borrowing rate if the interest implicit in the lease cannot be determined.

Details of discount rates (minimum and maximum ranges) used for the main currencies at the time of the first application are as follows:

Currency	Less than 5 years		Between 6 and 10 years	
	Minimum	Maximum	Minimum	Maximum
Euro	0.001%	0.001%	0.001%	0.336%
Sterling pound	0.790%	1.203%	1.216%	1.462%
United States dollar	2.173%	2.498%	2.173%	2.412%
Indian rupee	6.124%	6.753%	6.610%	6.704%

While IFRS 16 does not specify requirements on reassessment of discount rates by a lessor, a lessee is required to reassess the discount rate upon any of the following:

- Change in lease term or a change in the assessment of purchase option.
- A lease modification that is not accounted for as a separate lease.
- Change in lease payment resulting from a change in floating interest rates.

Details of the reconciliation between the future minimum payment for non-cancellable operating leases under the scope of the current IAS 17 at September 30, 2019 (Note 29.D) and lease liabilities estimated to be recognized at October 1, 2019 in the transition to IFRS 16 are as follows:

Thousands of euros	
Future minimum payments for non-cancellable operating leases in accordance with IAS 17 (Note 29.D)	786,975
Prepaid lease instalments	(95,895)
Re-stated contracts not qualifying as lease in accordance with IFRS 16	(90,081)
Difference due to financial discount	(17,691)
Lease liabilities as October 1, 2019 under IFRS 16	583,308

The lease liability as of October 1, 2019 under IFRS 16 will be reduced by the existing pre-payments. The amount of prepaid lease instalments as of September 30, 2019, which corresponds to lease contracts for buildings and real property, amount to EUR 95,895 thousand, booked mainly under other non-current assets of the accompanying Consolidated Balance Sheet as of September 30, 2019, whereby the final lease liability estimated to be recognized as of October 1, 2019 will be of a net amount of EUR 583,308 thousand.

The concept of re-stated contracts not qualifying as lease in accordance with IFRS 16 mainly includes the separation of non-lease components for certain vessel lease contracts. Finally, the corresponding right of use asset estimated to be recognized as of October 1, 2019 under IFRS 16 amounts to EUR 679,203 thousand.

Remaining standards, amendments and interpretations

Standards, amendments and interpretations	IASB effective Date (*)
Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2019
IFRIC 23 Uncertainty over income Tax treatments	January 1, 2019
Amendments to IFRS 9 Prepayment Features with Negative Compensation	January 1, 2019
Amendments to IAS 19 Plan Amendment, Curtailment or Settlement	January 1, 2019
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	January 1, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
Amendments to IFRS 3 Definition of a Business	January 1, 2020
Amendments to IAS 1 and IAS 8 Definition of Material or of Relative Importance	January 1, 2020
IFRS 17 Insurance Contracts	January 1, 2021
Amendments to IFRS 10 Sale or Contribution of Assets between an Investor and its Associate or and IAS 28 Joint Venture	Deferred indefinitely

(*) Applicable for years beginning on or after the indicated date.

The SIEMENS GAMESA Group is currently analysing the expected impact resulting from the remaining standards, amendments and interpretations mentioned above, which have been published by the IASB, but are not effective yet.

E. COMPARATIVE INFORMATION OF PRIOR PERIOD

As required by IAS 1, the Consolidated Financial Statements are shown together with comparative information in respect of the prior period for all amounts reported in the current period's Consolidated Financial Statements.

The Group has adopted IFRS 9 for the fiscal year beginning as of October 1, 2018 (Note 2.D.1). The following table discloses the effect that this change has had on the affected headings in the Consolidated Balance Sheet (only affected Consolidated Balance Sheet headings are shown below):

Thousands of euros	Financial Statements as of 09.30.2018	Transition to IFRS 9 (Note 2.D.1)	Financial Statements as of 10.01.2018
Assets		(5,233)	
Trade and other receivables	1,113,918	(3,270)	1,110,648
Contract assets	1,572,188	(3,182)	1,569,006
Within current assets	2,686,106	(6,452)	2,679,654
Deferred tax assets	366,957	1,219	368,176
Within non-current assets	366,957	1,219	368,176
Liabilities & Equity		(5,233)	
Deferred tax liabilities	364,158	(588)	363,570
Within non-current liabilities	364,158	(588)	363,570
Other reserves	583,832	(4,645)	579,187
Within Equity	583,832	(4,645)	579,187

Additionally, in the opening balance as of October 1, 2017 of the Consolidated Statement of Changes in Equity, it is necessary to consider the impact of the change in "Currency translation differences" and, therefore, in "Total Equity" due to the allocation of the Merger "Goodwill" to the different countries and currencies, as described in Notes 2.E and 4 of the Consolidated Financial Statements for the year ended September 30, 2018.

F. FUNCTIONAL AND PRESENTATION CURRENCY

These Consolidated Financial Statements are presented in euros, which is SIEMENS GAMESA's functional currency. All amounts have been rounded to the nearest EUR thousand, unless otherwise indicated.

Transactions denominated in currencies other than the euro are recognized in accordance with the policies described in Note 3.C.

3. Accounting principles and policies and key judgments and estimates

The preparation of the Consolidated Financial Statements requires Management to make judgments and use estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from Management's estimates. Although the estimates are done based on the best information available of the analysed facts as of September 30, 2019 and 2018, future events might make it necessary to modify them (upwards or downwards) in later years. Estimates and assumptions are reviewed on an ongoing basis and changes in estimates and assumptions are recognized in the period in which the changes occur and in future periods impacted by such changes, in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the Consolidated Statement of Profit and Loss for the related year.

A. CONSOLIDATED STATEMENT OF CASH FLOWS

The SIEMENS GAMESA Group presents the Consolidated Statement of Cash Flows using the indirect method, whereby net profit or loss is adjusted by the non-monetary transactions, by all deferred payments and accumulations (or accruals) that are caused by past or future collections and payments, as well as associated profit and loss accounts which have cash flows classified as investing or financing activities.

The following terms are used in the Consolidated Statement of Cash Flows with the meanings as specified below:

- Cash flows: Inflows and outflows of cash and cash equivalents.
- Cash equivalents: Short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to a not significant risk of changes in value.
- Operating activities: The Group's main revenue-producing activities and other activities that are not related to investing or financing activities.
- Investing activities: The acquisition, sale or disposal through other means of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: Activities that result in changes in the size and composition of the contributed equity and of borrowings of the Group.

B. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Based on their nature and the business model they are held in, financial instruments are classified as financial assets and financial liabilities measured at amortized cost and financial assets and financial liabilities measured at fair value. Regular way purchases or sales of financial assets are accounted for at the trade date. Initially, financial instruments are recognized at their fair value. Transaction costs are only included in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. After its recognition, financial assets and liabilities are measured according to the category to which they are assigned:

- cash and cash equivalents;
- financial assets measured at fair value through Other comprehensive income;
- financial assets measured at fair value through Profit and Loss;
- financial assets measured at amortized cost;
- loans and receivables;
- financial liabilities measured at amortized cost; and
- financial liabilities measured at fair value through Profit and Loss.

Cash and cash equivalents

The SIEMENS GAMESA Group considers all highly liquid investments with less than three months maturity from the date of acquisition to be “Cash and cash equivalents”. “Cash and cash equivalents” are measured at cost (Note 7).

Financial assets measured at fair value through Other Comprehensive Income

Equity instruments for which SIEMENS GAMESA irrevocably elects to present subsequent fair value changes in Other Comprehensive Income at initial recognition of the instrument. Unrealized gains and losses, net of deferred income tax expenses, as well as gains and losses on the subsequent sale of the instruments are recognized in line item “Other comprehensive income, net of income taxes” (Note 9).

Financial assets measured at fair value through Profit and Loss

Debt instruments are measured at fair value through Profit and Loss if the business model they are held in is not “hold-to-collect”, or if their contractual cash flows do not represent solely payments of principal and interest. Equity instruments are measured at fair value through Profit and Loss unless the fair value through Other Comprehensive Income option is elected (Note 9).

Financial assets measured at amortized cost

Credits, receivables and other debt instruments held in a hold-to-collect business model with contractual cash flows that represent solely payments of principal and interest are measured at amortized cost using the effective interest method less allowances for expected credit losses. Such allowance involves significant Management judgements and the review of receivables based on customer’s creditworthiness, current economic trends and the analysis of historical bad debts on the portfolio (Note 9).

Financial Liabilities

The SIEMENS GAMESA Group measures financial liabilities, except for derivative financial instruments, at amortized cost using the effective interest method.

- “Financial debt”:

Loans, bonds and similar interest-bearing items are initially recognized at the amount received, net of direct issuance costs, under the “Debt” headings of the Consolidated Balance Sheet. Borrowing costs are recognized on an accrual basis in the Consolidated Statement of Profit and Loss at their amortized cost using the effective interest rate method and they are aggregated to the carrying amount of the financial instrument to the extent that they are not settled in the year in which they arise. Moreover, obligations under finance leases, according to IAS 17, are recognized at the present value of the lease payments under this Consolidated Balance Sheet heading (Note 18).

- “Trade Payables”:

Trade payables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments and hedge accounting

Derivative financial instruments, such as foreign currency exchange contracts and interest rate swap contracts are measured at fair value and classified through Profit and Loss unless they are designated as hedging instruments, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognized either in net income or, in the case of a cash flow hedge, under line item "Other comprehensive income, net of income taxes". Certain embedded derivative instruments in host contracts are also accounted separately as derivatives.

- Fair value hedges:

The carrying amount of the hedged item is adjusted by the gain or loss attributable to the hedged risk. Where an unrecognized firm commitment is designated as hedged item, the subsequent cumulative change in its fair value is recognized as a separate financial asset or liability with the corresponding gain or loss recognized in net income. For hedged items carried at amortized cost, the adjustment is amortized until maturity of the hedged item. For hedged firm commitments the hedged carrying amount of the assets or liabilities that results from the firm commitments are adjusted to include the cumulative changes in the fair value that were previously recognized as separate financial assets or liabilities.

- Cash flow hedges:

The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges are recognized under the heading "Other comprehensive income, net of income taxes", and any ineffective portion is recognized immediately in net income. Amounts accumulated in equity are reclassified into the Consolidated Statement of Profit and Loss in the same periods in which the hedged item affects net income.

Category of financial assets at fair value

The different categories of financial instruments are grouped in categories from 1 to 3, depending on the fair value measurement system (Notes 10 and 17):

- Category 1: the fair value is obtained from the directly observable quoted prices in active markets for identical assets and liabilities.
- Category 2: the fair value is determined using observable market inputs other than the quoted prices included in category 1, that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices).
- Category 3: the fair value is determined using measurement techniques that include inputs for the assets and liabilities that are not directly observable in the market.

Derivative financial instruments consist of forward exchange rate contracts, interest rate swaps and raw material swaps (electricity):

- Forward exchange rate contracts:

The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

- Interest rate swaps:

The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps.

- Raw material swaps (electricity):

Raw material swaps are measured at fair value using the prices and interests from observable yield curves.

The fair value of raw material swap contracts is calculated by discounting the estimated cash flows using the future prices at the closing date.

The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

The effects of discounting have not been significant for category 2 financial instruments.

Impairment of financial assets

Except for the financial assets classified at fair value, the financial assets are analysed by the SIEMENS GAMESA Group in order to test them periodically, and at least at the end of each reporting period, for a potential impairment.

The SIEMENS GAMESA Group considers that a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment.

For the rest of financial assets, valuation allowances are set up for expected credit losses, representing a forward-looking estimate of future credit losses involving significant management judgment. Expected credit loss is the gross carrying amount less collateral, multiplied by the probability of default and a factor reflecting the loss in the event of default. Valuation allowances are not recognized when the gross carrying amount is sufficiently collateralized. Probabilities of default are mainly derived from counterparts rating grades. A simplified approach is used to assess expected credit losses from trade receivables and contract assets by applying their lifetime expected credit losses. The valuation allowance for loans and other long-term debt instruments is measured according to a three-stage impairment approach:

- Stage 1: At inception, 12-month expected credit losses are recognized based on a twelve months probability of default.

- Stage 2: If the credit risk of a financial asset increases significantly without being credit-impaired, lifetime expected credit losses are recognized based on a lifetime probability of default. A significant increase in credit risk is determined for each individual financial instrument using counterparts credit ratings. A rating deterioration does not trigger a transfer into Stage 2 if the credit rating remains within the investment grade range. More than 30 days past due payments will not be transferred into Stage 2 if the delay is not credit-risk-related. A credit-risk driven contractual modification is an indicator for an increase in credit risk.
- Stage 3: If the asset is credit-impaired, valuation allowances equal lifetime expected credit losses. A financial asset is considered credit-impaired when there is observable information about significant financial difficulties and a high vulnerability to default, however, the definition of default is not yet met. Impairment triggers include liquidity problems, a request for debt restructuring or a breach of contract.

Financial assets are written off as uncollectible if recovery appears unlikely. Generally, if the limitation period expired, when a debtor's sworn statement of affairs is received, or when the receivable is not pursued due to its minor value. Receivables are written off when bankruptcy proceedings close.

Derecognition of financial instruments

The SIEMENS GAMESA Group only derecognizes financial assets when the contractual rights on the cash flows from the assets expire, or when the financial asset and substantially all the risks and rewards inherent to its ownership are transferred to another entity.

In cases where risks and rewards associated with accounts receivable are contractually transferred to a factor and the factor also assumes the related insolvency risk, the Group derecognizes these financial assets.

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or of a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of its original financial liability and the recognition of a new financial liability.

C. TRANSACTIONS IN FOREIGN CURRENCY

Group companies

The functional currency of the Parent company is the euro.

For all of the SIEMENS GAMESA Group companies with a functional currency other than the euro, the functional currency usually is the same as the local currency. Therefore, there are no functional currencies which are different from the local currencies in which each individual company pays the corresponding income tax. Consequently, changes in exchange rates do not give rise to any temporary differences which might lead to the recognition of a deferred tax asset or liability for a significant amount.

Transactions and balances

Transactions that are denominated in a currency other than the functional currency of an entity, are recorded at that functional currency applying the spot exchange rate at the date when the underlying transactions are initially recognized. At the end of each reporting period, foreign currency-denominated monetary assets and liabilities are re-valued to the functional currency applying the spot exchange rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the historical exchange rate at the date of the transaction.

Moreover, foreign currency fixed-income securities, receivables and payables are translated to the functional currency at the exchange rates prevailing at the Consolidated Balance Sheet date.

Exchange differences arising on a monetary item that is part of the net investment in a company's foreign operation is recognized in the Statement of Profit and Loss in the separate Financial Statements for the reporting company, or in the Individual Financial Statements for the foreign operation, as appropriate. In the Consolidated Financial Statements that include the foreign operation and the reporting company, those exchange differences are initially recognized in "Other comprehensive income, net of taxes" and are reclassified from equity to profit or loss when the foreign business is disposed of or the investment is recovered fully or partially by other means.

The hedge instruments that the SIEMENS GAMESA Group uses to reduce foreign currency risks are described in Note 10.

The equivalent euro value of the monetary assets and liabilities denominated in currencies other than euro held by the SIEMENS GAMESA Group as of September 30, 2019 and 2018 is as follows:

Currency	Equivalent value in thousands of euros			
	09.30.2019		09.30.2018	
	Assets	Liabilities	Assets	Liabilities
Indian rupee	219,001	599,006	138,683	315,471
United States dollar	487,817	391,575	814,702	391,495
Chinese yuan	228,372	135,381	147,994	269,384
Mexican peso	14,179	35,723	18,984	37,044
Danish krone	107,706	217,369	192,666	228,898
Canadian dollar	34,958	2,696	47,108	7,157
Sterling pound	71,078	68,689	144,452	60,984
Moroccan dirham	23,219	11,910	22,273	14,957
Swedish krona	3,423	824	32,864	1,705
Australian dollar	10,593	351	24,552	11,195
Turkish lira	3,857	20,001	258	8,008
Brazilian real	74,766	53,751	131,680	27,289
Norwegian krone	4,918	18,710	1,828	519
South African rand	13,124	10,848	7,942	2,479
Croatian kuna	4,966	1,042	657	224
Egyptian pound	15,303	6,240	14,082	6,057
Taiwan dollar	41,760	12,194	61	95
Other currencies	91,687	37,445	49,141	33,658
Total	1,450,727	1,623,755	1,789,927	1,416,619

The equivalent euro value of the main balances denominated in currencies other than euro, based on the nature of the items concerned, is as follows:

Nature of the balances	Equivalent value in thousands of euros			
	09.30.2019		09.30.2018	
	Assets	Liabilities	Assets	Liabilities
Cash and cash equivalents (Note 7)	840,223	-	1,203,655	-
Trade receivables (Note 8)	610,504	-	586,272	-
Debt (Note 18)	-	321,450	-	215,762
Trade payables	-	1,302,305	-	1,200,857
Total	1,450,727	1,623,755	1,789,927	1,416,619

D. CONTRACT ASSETS, CONTRACT LIABILITIES, TRADE AND OTHER RECEIVABLES

When either party to a contract with customers has performed, the SIEMENS GAMESA Group presents a “Contract asset”, a “Contract liability” or “Trade and other receivables” depending on the relationship between the SIEMENS GAMESA Group’s performance and the customer’s payment. Contract assets and liabilities for each contract are presented net as current since incurred in the operating cycle. Receivables are recognized when the right to consideration becomes unconditional. Valuation allowances for credit risks are set up for “Contract assets” and trade receivables according to the accounting policy for loans and receivables.

E. INVENTORIES

“Inventories” are valued at the lower of their acquisition or production costs and their net realizable value, and costs are generally determined on an average basis or a first-in, first-out method. In determining the net realizable value of inventories, write-downs based on their intended use and realizable value are taken into account. The criteria for inventory intended use and realizable value cover quantity, technical and price risks.

F. BUSINESS COMBINATIONS

In a business combination the acquirer shall measure the identifiable acquired assets and the assumed liabilities (including contingent liabilities) at their acquisition-date fair values (Note 2.B). The estimates of the acquisition-date fair values are based on judgements and are determined by using certain measurement techniques, which are also supported by independent appraisers. Additionally, the measurement period, which is the period after the acquisition date in which the acquirer can adjust the provisional amounts booked for the business combination, provides to the acquirer a reasonable period of time to obtain the necessary information to identify and measure, at the acquisition-date as required by IFRS 3, among others, the identifiable acquired assets, the assumed liabilities, the consideration given or the arising goodwill (Note 4).

The measurement period for the Merger of SIEMENS’s Wind Power Business with GAMESA finalised during the year ended as of September 30, 2018.

G. GOODWILL

The “Goodwill” arising on acquisitions represents the excess of the cost of acquisition over the Group’s interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a business combination at the date of acquisition. The “Goodwill” is recognized as an asset and is tested for impairment annually, or whenever events or changes in circumstances indicate that it might be impaired. The “Goodwill” is carried at cost less accumulated impairment losses.

Once an impairment loss is recognized for goodwill, it is not reversed in subsequent periods.

H. OTHER INTANGIBLE ASSETS

The “Other intangible assets” are recognized initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses. The “Other intangible assets” with finite useful lives are amortized on a straight-line basis over their respective estimated useful lives to their estimated residual values. Intangible assets which are determined to have indefinite useful lives, as well as intangible assets not yet available for use, are not amortized but instead tested for impairment at least annually.

The “Other intangible assets” consist of software, patents, licenses and similar rights. Estimated useful lives generally range from 3 to 10 years, except for intangible assets with finite useful lives acquired in business combinations. Intangible assets acquired in business combinations mainly consist of customer relationships, order backlog and technology.

The SIEMENS GAMESA Group determines the estimated useful lives and the relevant amortization charges for its intangible assets. The Group will increase the amortization charge where useful lives are shorter than previously estimated, and write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

I. PROPERTY, PLANT AND EQUIPMENT

The “Property, plant and equipment” is valued at acquisition cost less any accumulated depreciation and any recognized impairment losses. In addition to the purchase price, acquisition costs include non-recoverable indirect taxes and any other costs directly attributable to transportation of the asset and conditioning for its intended use (including borrowing costs incurred during the construction period).

Subsequent costs, i.e. the ones related to the expansion, modernisation or improvement of an asset, are recognized in the carrying amount of the concerned asset when it is probable that the costs incurred will result in future economic benefits to the SIEMENS GAMESA Group. All other costs incurred for ordinary repairs and maintenance are recognized in the Consolidated Statement of Profit and Loss as incurred.

The SIEMENS GAMESA Group determines the estimated useful lives and the relevant depreciation charges for its property, plant and equipment. The Group will increase the depreciation charge where useful lives are shorter than previously estimated, and write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Depreciation expense is recognized using the straight-line method. The following useful lives are assumed:

	Average estimated useful life
Factory and office buildings	20 - 50
Other buildings	5 - 10
Technical machinery & equipment	5 - 10
Other property, plant and equipment	3 - 10

Assets under construction are not depreciated.

J. IMPAIRMENT OF ASSETS

The “Property, plant and equipment” and the “Other intangible assets” are reviewed for impairment at segment level whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, intangible assets not yet available for use are subject to an annual impairment test.

Whenever “Other intangible assets” and “Property, plant and equipment” have to be subject to the impairment test, the assessment of the recoverable amount of the assets involves the use of estimates chosen by the Management, which may have a substantial impact on the respective values and, ultimately, on the amount of impairment.

The impairment tests require the estimation of the future development of the businesses and the most appropriate discount rate in each case. The SIEMENS GAMESA Group considers that its estimates in this area are adequate and coherent with the current economic environment and they reflect its investment plans and the best estimates available regarding its future revenues and income, and it considers that its discount rates adequately reflect the risks relating to each cash generating unit.

K. PROVISIONS

A distinction is drawn between:

- **Provision:** a present obligation (legal or constructive) as a consequence of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
- **Contingent liability:** a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the control of the entity; or possible obligations, whose occurrence is unlikely or whose amount cannot be reliably estimated.

The Consolidated Financial Statements include all material provisions for which it is considered likely, that the obligation will have to be settled and whose amount can be measured reliably. Contingent liabilities are disclosed, but not recognized in the Consolidated Financial Statements, except for those which arise from business combinations (Note 2.B).

Provisions are recognized based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period. Provisions are fully or partially reversed when the obligations cease to exist or are reduced.

Provisions are recognized when the obligation arises, with a charge to the relevant heading in the Consolidated Statement of Profit and Loss based on the nature of the obligation.

Provisions for warranty costs are recognized at the time when the significant risks and rewards of a product are transferred to the customer. The provisions are recognized individually at the best estimate of the expenditure required by the SIEMENS GAMESA Group to settle the underlying obligation (Note 19). Warranty provisions related to wind turbines are generally calculated using estimates regarding the number of component failures (failure rate estimate) and their rectification costs. In the case of new products, expert opinions and industry data are also taken into consideration in estimating product warranty provisions.

Expected losses from onerous contracts are recognized when the best estimate of total contract costs exceeds foreseen contract revenue.

Provisions are discounted to reflect the present value of the expected expenditure, when the effect of the time value of money is significant.

As of September 30, 2019 and 2018, certain litigation and claims against the consolidated companies arising from the ordinary course of their operations are in progress. The Group's legal advisors and the Company consider that the provisions recognized for this purpose are sufficient and that the outcome of these proceedings and claims will not have a material effect on the Consolidated Financial Statements for the years in which they would be settled (Note 19).

As of September 30, 2019 and 2018, there are no significant contingent liabilities or provisions that have not been recognized or disclosed in these Consolidated Financial Statements.

L. POST-EMPLOYMENT BENEFITS

The SIEMENS GAMESA Group measures the entitlements to post-employment benefits by applying the projected unit credit method. This approach reflects an actuarially calculated net present value of the future benefit entitlement for services already rendered. In determining the net present value of the future benefit entitlement for service already rendered (hereinafter, Defined Benefit Obligation), the expected rates of future salary increase and expected rates of future pension increase are considered. The assumptions used for the calculation of the Defined Benefit Obligation as of the period-end of the preceding year are used to determine the calculation of service cost and interest income and expense of the following year. The net interest income or expense for the year will be based on the discount rate for the respective year multiplied by the net liability at the preceding year's period-end date.

Current and past service cost for post-employment benefits and administration costs unrelated to the management of plan assets are allocated among functional costs. Past service cost and settlement gains (losses) are recognized immediately in the Consolidated Statement of Profit and Loss. For unfunded plans, the amount of the heading "Post-employment benefits" equals the Defined Benefit Obligation. For funded plans, the SIEMENS GAMESA Group offsets the fair value of the plan assets with the Defined Benefit Obligation. The Group recognizes the net amount, after adjustments for effects relating to any asset ceiling.

Remeasurements (new measurements of the deferred tax liabilities or assets nets) comprise actuarial gains and losses as well as the difference between the return on plan assets and the amounts included in net interests on the defined benefit liabilities or asset. These are recognized in "Other comprehensive income, net of income taxes".

Actuarial valuations are based on assumptions including discount rates, expected compensation increases, rate of pension increase and mortality rates. The used discount rate is determined by reference to yields on high-quality corporate bonds of appropriate duration at the end of the period. In case such yields are not available, discount rates are based on government bonds yields. Due to changing market, economic and social conditions the underlying assumptions may differ from real developments.

M. TERMINATION BENEFITS

Termination benefits are recognized in the period they are incurred, and when the amount can be reasonably estimated. Termination benefits arise as a result of an entity's offer made in order to encourage voluntary redundancy before the normal retirement date, or from an entity's decision to terminate the employment contract. Termination benefits in accordance with IAS 19, Employee Benefits, are recognized as a liability when the entity can no longer withdraw the offer of those benefits.

N. CLASSIFICATION OF CURRENT AND NON-CURRENT LIABILITIES

Liabilities are classified as current or non-current on the basis of the projected period to maturity, disposal or settlement. Non-current liabilities are amounts due to be settled within more than twelve months from the date of the Consolidated Balance Sheet, except for the cases explained below.

Long term loans and credit facilities assigned to wind farms held for sale, which are legally structured in individual public or private limited liability companies, are classified as current or non-current depending on the foreseeable and expected sale date of these wind farms, because the sale of the shares in these individual companies leads to an exclusion of all assets and liabilities of the wind farm from the scope of consolidation.

Accordingly, regardless of the repayment schedule contractually established for these borrowings, the total amount of borrowings assigned to the wind farms that will foreseeably be sold within twelve months from the closing date of the Consolidated Financial Statements is classified under current liabilities.

O. GOVERNMENT GRANTS

Government grants are recognized when there is reasonable assurance that the conditions attached to the grants are complied with and the grants will be received. Grants awarded for the purchase or the production of fixed assets (grants related to assets) are generally offset against the acquisition or production costs of the respective assets reducing its future depreciations accordingly.

Government grants for future expenses are recorded as deferred income and allocated to income in the Consolidated Statement of Profit and Loss in the year in which the related expenses are incurred. In this context, government grants included in the Consolidated Statement of Profit and Loss amount to EUR 6.2 million for the year ended September 30, 2019 (7.2 million for the year ended September 30, 2018).

P. TREASURY SHARES, AT COST

The treasury shares held by SIEMENS GAMESA as the Parent company of the SIEMENS GAMESA Group as of September 30, 2019 and 2018 are recognized at acquisition cost with a charge to "Total Equity - Treasury Shares, at cost" in the Consolidated Balance Sheet (Note 23.E).

The gains and losses derived from the purchase, sale, issue or cancellation of treasury shares are recognized directly in "Total Equity".

Q. DIVIDENDS

Any interim dividends approved by the Board of Directors are deducted from "Total Equity" in the Consolidated Balance Sheet. However, the complementary dividends proposed by the Board of Directors of SIEMENS GAMESA to the shareholders at the General Shareholders' Meeting are not deducted from equity until they have been approved by the latter. During the years ended September 30, 2019 and 2018 no interim dividends have been distributed.

Dividends have been paid during the year ended September 30, 2019 (Note 23.G).

R. SHARE-BASED PAYMENTS

Equity-settled share-based payments are measured at the fair value of the equity instruments granted. This fair value is expensed on a straight-line basis over the vesting period, based on the SIEMENS GAMESA Group's estimate of the shares that will ultimately be delivered, and credited to "Total Equity" (Note 23.E and 23.F).

Fair value is measured using the market prices available on the measurement date, taking into account the terms and conditions upon which those equity instruments were granted.

If a grant of equity instruments is cancelled or settled during the vesting period (for a reason other than a grant cancelled by forfeiture when the vesting conditions are not met), the SIEMENS GAMESA Group accounts for the cancellation or settlement as an acceleration of the vesting and therefore recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

For cash-settled share-based payments, a liability equal to their current fair value determined at the end of each reporting period is recognized.

The SIEMENS GAMESA Group has made certain assumptions in order to calculate the liability arising from the obligations with employees. The fair value of those financial instruments granted as share-based payments (Notes 23.E and 23.F) that are not traded in an active market is determined by using measurement techniques. The Group uses judgments to select a series of methods and to make assumptions, that are mainly based on the market conditions existing at each Consolidated Balance Sheet date. Changes in these assumptions would not have a significant impact on these Consolidated Financial Statements.

S. FINANCIAL REPORTING BY SEGMENT

The reporting on operating segments is presented in accordance with the internal information that is provided to the chief operating decision maker. The Board of Directors has been identified as the main chief operating decision maker, as it is responsible for assigning resources and evaluating the performance of the operating segments, as well as it is in charge of taking strategic decisions.

T. INCOME TAX

Both current and deferred tax income or expense are recognized in the Consolidated Statement of Profit and Loss, except when they are the result of a transaction whose results are recorded directly in "Total Equity", in which case the corresponding tax is also recorded in "Total Equity".

The current tax is the amount that the Group settles as a result of the tax filings of the income tax relating to a fiscal year. The deductions and other tax benefits in the tax liability, excluding the withholdings and payments on account, as well as the tax loss carryforwards from previous years, give rise to a lower amount of current tax.

The deferred tax expense or income corresponds to the cancellation or recognition of deferred tax assets and liabilities. These include the temporary differences that are identified as those amounts that are expected to be payable or recoverable derived from the differences between the carrying amounts of the assets and liabilities and their tax value, as well as the tax loss carryforwards pending to be compensated and the tax credits not applied. These amounts are recorded at the expected tax rate from the moment it is probable they are going to be recovered or settled.

Under the liability method, temporary differences that arise from assets or liabilities are the difference between the tax base of an asset or liability and its carrying amount in the Consolidated Balance Sheet. The tax base of an asset or liability is the amount attributed to the asset or liability for tax purposes.

"Deferred tax liabilities" will be recognized for all taxable temporary differences, except those derived from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the tax base nor the accounting result and is not a business combination.

The Group is subject to income taxes in numerous jurisdictions. A significant level of judgement is required to determine the worldwide provision for income tax expenses. There are many transactions and calculations with respect to which the ultimate calculation of the tax is uncertain in the ordinary course of business. The tax calculation is made based on the best estimates of the Management according to the current tax regulations and considering the foreseeable development of the same in the different jurisdictions in which the Group operates. The Group recognizes liabilities for potential tax claims based on an estimation of whether additional taxes will be necessary. When the final tax result differs from the amounts which were initially recognized, such differences will have an effect on "Income tax" and the provisions for deferred taxes in the year in which they are deemed to arise (Notes 26 and 27).

SIEMENS GAMESA Group recognizes a deferred tax liability for all taxable temporary differences related to investments in subsidiaries, branches and associates, except to the extent where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

On the other hand, deferred tax assets are only recognized to the extent that it is considered probable that the Company and/or the Tax Group to which it belongs will have future taxable profits against which to make them effective. The recoverability of deferred tax assets is assessed based on projected future taxable profits. According to the level of historical taxable income and projections of future taxable income in the periods in which deferred tax assets are deductible, it is assessed whether it is probable that SIEMENS GAMESA Group will realise the benefits of these deductible differences (Note 27). At each closing, to the extent that doubts exist about their future recovery, the recorded deferred tax assets are analysed, making the appropriate corrections to them. In addition, deferred tax assets not recorded in the Consolidated Balance Sheet are assessed at each closing and these are recognized when their recovery with future tax benefits becomes probable.

The income or expense for income tax and taxes of a similar nature applicable to consolidated foreign entities is the amount, which for this concept, accrues in the year and includes both, current and deferred income or expense.

U. REVENUE RECOGNITION

The SIEMENS GAMESA Group recognizes revenue, when or as control over distinct goods or services is transferred to a customer; i.e. when the customer is able to control the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided that a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account the customer's creditworthiness. Revenue is the transaction price the Group expects to be entitled to. If the consideration is variable, the estimated amount will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The amount of variable consideration is calculated by using either the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration. The consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the SIEMENS GAMESA Group. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Company reasonably estimates those. Revenue is recognized for each performance obligation either at a point in time or over time.

Sales from construction-type contracts: A construction-type contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Revenues are recognized over time under the percentage-of-completion method, based on the percentage of costs incurred to date compared to total estimated costs. An expected loss on the contract is recognized as an expense immediately. Payment terms for the customer are usually and in average 40 days from the date of issue of the invoice, always according to the contract terms.

The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion, and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These significant estimates include total estimated costs, total estimated revenues, contract risks, including technical, political and regulatory risks, and other judgments. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue. In addition, the SIEMENS GAMESA Group needs to assess whether the contract is expected to continue or to be terminated. In determining whether the continuation or termination of a contract is expected to be the most likely scenario, all relevant facts and circumstances relating to the contract are considered on an individual basis.

In the case that separate legal entities are set-up for the development and sale of wind farms, the non-current assets (basically wind turbines, fixtures and civil engineering work) of the wind farms adopting the legal structure of a public or private limited liability company whose shares are fully consolidated in the accompanying Consolidated Financial Statements (see Appendix), are classified as “Inventories” and are measured in the same way as other inventories and are included in the percentage-of-completion calculations in the Consolidated Financial Statements when the requirements therefore are fulfilled.

Revenues from services: revenues are recognized over time on a straight-line basis or, if the performance pattern is other than straight-line, as services are provided, i.e. under the percentage-of-completion method as described above. Payment terms for the customer are usually and in average 40 days from the date of issue of the invoice, always according to the contract terms.

Sale of goods: revenues are recognized at the point in time when control of the goods passes to the buyer, usually upon delivery of the goods. Invoices are issued at that point in time and payment terms for the customer are usually and in average 40 days from the date of the issue of the invoice, always according to the contract terms.

V. LEASES

The SIEMENS GAMESA Group classifies leases as finance leases whenever all the risks and rewards incidental to the ownership of the asset are substantially transferred to the lessee. All other leases are classified as operating leases.

Finance leases are recognized at the starting date of the lease as assets and liabilities in the Consolidated Financial Statements at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each of those determined at the inception of the leases. The leased assets are depreciated in a similar manner as those assets owned by the Group.

Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term in the Consolidated Statement of Profit and Loss.

From October 1, 2019 the Group will adopt IFRS 16. This standard, from the perspective of the lessee, eliminates the current classification among operating and financial leases and requires the lessee to recognize a right-of-use asset and a lease liability representing the present value of its obligation to make lease payments (Note 2.D.3).

W. FUNCTIONAL COSTS

In general, operating expenses by type are assigned to the functions depending on the functional area of the corresponding profit and cost centres. The amortization, depreciation and impairment of “Other intangible assets” and “Property, plant and equipment” are included in functional costs depending on the use of the assets.

X. RESEARCH AND DEVELOPMENT EXPENSES

Expenses of research activities are recognized as incurred. Expenses of development activities are capitalised when the recognition criteria in IAS 38 are met. Capitalised development expenses are stated at cost less accumulated amortization and impairment losses.

The amortization of development expenses begins when the projects are in the conditions necessary for them to be capable of operating in the manner initially intended by the SIEMENS GAMESA Group. The expenditure is amortized generally on a straight-line basis over the estimated period of time that the new product will generate economic benefits, in a maximum of 5 years.

Y. INTEREST EXPENSES

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset are part of the cost of that asset. A qualified asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Financial income obtained on the temporary investment of specific loans until their usage on qualified assets is deducted from the interest expense that may be capitalised.

All other borrowing costs are recognized as a cost in the period in which they are incurred.

Z. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the reporting period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the net income for the reporting period by the weighted average number of ordinary shares outstanding in the period, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. For such purposes, dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the reporting period or, if later, at the date of the issuance of the potential ordinary shares.

Basic earnings per share in the years ended September 30, 2019 and 2018 coincide with diluted earnings per share, since there were no potential shares outstanding in those periods (Note 33).

4. Acquisitions, disposals and discontinued operations

As described in Note 1.D of the Consolidated Financial Statements for the year ended September 30, 2018, the Merger qualified for accounting purposes as a reverse acquisition, by which SIEMENS Wind Power Business is considered as accounting acquirer and GAMESA as accounting acquiree. SIEMENS acquired 59% of GAMESA in exchange for 41% of its Wind Power Business and an Extraordinary Merger Dividend of EUR 998.7 million. As SIEMENS and GAMESA only exchanged equity interests, GAMESA's market share price at the Merger Effective Date was the best indicator of the consideration paid for GAMESA's assets and liabilities, which was EUR 22.345 per share (relevant share price as of April 3, 2017). Accordingly, the consideration transferred amounted to EUR 6,203 million.

The accounting for this business combination was finalized by the date of preparation of the Consolidated Financial Statements for the year ended September 30, 2018. All adjustments in order to reflect the valuation of the acquired assets and liabilities were done within 12 months from the acquisition of GAMESA as required by IFRS 3 "Business Combination" (Note 3.F of the of the Consolidated Financial Statements for the year ended September 30, 2018).

During the fiscal year 2019 there have been no transactions that have involved a business combination.

5. Financial risk management policy

Due to the nature of its activities, the SIEMENS GAMESA Group is exposed to a variety of financial risks: (i) market risks, in particular foreign exchange risk, market price risk and interest rate risk, (ii) liquidity risk, and (iii) credit risk. The aim of the Financial Risk Management is to identify, measure, monitor and mitigate those risks and their potential adverse effects on the Group's operational and financial performance. The general conditions for compliance with the Group's Financial Risk Management process are set out through policies approved by the Senior Management. The identification, assessment and hedging of financial risks lies in the responsibility of each business unit.

A. *MARKET RISK*

a) Foreign exchange risk

The SIEMENS GAMESA Group conducts transactions with international counterparties in the business operations, leading to income generation in currencies other than Euro, and to future cash flows generated by the SIEMENS GAMESA Group's companies that are denominated in a currency other than their functional currencies, and are therefore exposed to risks from changes in foreign currency exchange rates.

Foreign currency exchange rate exposure is partially balanced by purchasing of goods, commodities and services in local market currencies where the business is being conducted, as well as by locating the production activities and other contributions along the value chain in those local markets. Furthermore, to the extent possible, currency clauses are integrated into commercial contracts to transfer total or partially foreign currency risk to third parties.

In the cases where it is not possible to apply the measures described above, the SIEMENS GAMESA Group uses financial instruments to hedge for the remaining risk exposure, since its objective is to generate profits through business operations, and not by engaging in speculation with the exchange rate fluctuations (Note 10). For this purpose, the Group analyses the foreign currency exposure on its confirmed order book as well as on the planned and highly probable foreign currency transactions.

Due to the international set-up of the Group, cash flows are generated in numerous different currencies. The majority of foreign currency transactions of the Group are denominated in United States Dollars, Canadian Dollars, Danish Kroner, Chinese Yuans, Indian Rupees, Brazilian Reals, Sterling Pounds and Mexican Pesos. According to the SIEMENS GAMESA Group's general Foreign Exchange risk management framework, foreign currency risk has to be hedged within a band of at least 75% up to a maximum of 100%. The financial instruments used to hedge this risk are primarily foreign currency exchange forward contracts and foreign currency swaps (Note 10).

The following table shows the translation impact on profit and loss and equity as a result of changes in exchange rates as of September 30, 2019 and 2018 for the Group's most significant currencies, by simulating a 5% devaluation and appreciation of the euro against the respective currency:

Thousands of euros	Exchange rate at 09.30.2019	Debit / (Credit) (*)			
		Devaluation 5% of euro		Appreciation 5% of euro	
		Impact on income before taxes	Impact on equity before taxes	Impact on income before taxes	Impact on equity before taxes
Currency					
United States dollar	1.0889	(198)	(32,842)	198	32,842
Canadian dollar	1.4426	(845)	(236)	845	236
Danish krone (**)	7.4662	(9,167)	(8,132)	8,553	7,587
Chinese yuan	7.7784	(662)	(33,514)	662	33,514
Indian rupee	77.1615	5,680	(76,322)	(5,680)	76,322
Brazilian real	4.5288	520	(6,531)	(520)	6,531
Sterling pound	0.8857	(5,427)	344	5,427	(344)
Mexican peso	21.4522	1,245	(11,062)	(1,245)	11,062

(*) Income and equity increase in negative and expenses and equity decrease in positive.

(**) To calculate the sensitivity of the change of the Danish Krone's exchange rate, the fluctuation bend fixed by the European Central Bank and the Danish Bank is used (2.25% over the 7.4604 DKK/EUR fixed rate).

Thousands of euros	Exchange rate at 09.30.2018	Debit / (Credit) (*)			
		Devaluation 5% of euro		Appreciation 5% of euro	
		Impact on income before taxes	Impact on equity before taxes	Impact on income before taxes	Impact on equity before taxes
Currency					
United States dollar	1.1576	5,105	(58,236)	(5,105)	58,236
Canadian dollar	1.5064	(1,002)	(1,333)	1,002	1,333
Danish krone (**)	7.4564	(4,941)	(11,321)	5,631	11,872
Chinese yuan	7.9662	(1,029)	(33,139)	1,029	33,139
Indian rupee	83.9160	1,554	(70,225)	(1,554)	70,225
Brazilian real	4.6535	1,069	(6,426)	(1,069)	6,426
Sterling pound	0.8873	(2,840)	(3,093)	2,840	3,093
Mexican peso	21.7800	1,145	(11,054)	(1,145)	11,054

(*) Income and equity increase in negative and expenses and equity decrease in positive.

(**) To calculate the sensitivity of the change of the Danish Krone's exchange rate, the fluctuation bend fixed by the European Central Bank and the Danish Bank is used (2.25% over the 7.4604 DKK/EUR fixed rate).

b) Market price risk

The SIEMENS GAMESA Group is exposed to risks relating to fluctuations in the prices of the commodities, as well as import tariffs for certain products in some countries that may affect the costs of the supply chain. These risks are mainly managed in the procurement process. Only in some cases, the SIEMENS GAMESA Group uses derivative instruments to mitigate these market price risks.

At the moment of preparation of these Consolidated Financial Statements, there is still significant uncertainty about the potential trade war between the United States, China and the European Union (hereinafter, "the EU"). As a result, there is significant uncertainty as to what tariffs will be applied in the different countries to different products. The United States administration has recently introduced tariffs on various categories of goods and materials, including steel, and threatened to introduce further tariffs. In response, the EU, China and other jurisdictions have introduced tariffs on certain United States goods and materials. Such tariffs increase the cost of certain key raw materials used in the Group's business, mainly in its manufacturing and construction processes. The expected impact of the mentioned tariffs represent less than 0.2% of the Group's total Consolidated "Revenue" for the year ended September 30, 2019. The Group has assessed the possible scenarios from the trade war, concluding that it will be able to reduce these risks by taking several risk mitigation measures

including changes in its supply chain. A close analysis and follow-up is performed on a regular basis through the export control and customs and purchasing departments.

The exit of the United Kingdom (hereinafter, “UK”) from the European Union triggers an extended period of uncertainty, which adversely impacts future investments in the United Kingdom’s energy market and also increases the uncertainty in the business development of the SIEMENS GAMESA Group in the United Kingdom.

On March 29, 2017, the UK Government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the European Union (hereinafter, “the EU”). There was an initial two-year timeframe for the UK and EU to reach an agreement on the withdrawal and the future UK and EU relationship. On March 29, 2019 the UK Parliament voted for a third time against the Prime Minister’s Brexit deal, which, if passed, would have opened the way to the UK leaving the EU on a revised date of May 22, 2019. On April 10, 2019 the UK Government and the EU agreed an extension for the Brexit until October 31, 2019. On October 17, 2019 UK and the European Commission approved an orderly Brexit but it was not supported by the Parliament. On October 28, 2019 the EU agreed a new extension for the Brexit until January 31, 2020. The Prime minister, Boris Johnson, announced his intention to call elections in the United Kingdom on December 12, 2019.

At the moment of preparation of these Consolidated Financial Statements, there is still significant uncertainty about the withdrawal process, its timeframe and the outcome of the negotiations about the future arrangements between the UK and the EU. As a result, there is significant uncertainty as to the period for which the existing EU laws for member states will continue to apply to the UK and which laws will apply to the UK after an exit. The consequences derived from it, for any resulting scenario, are still uncertain, affecting, among other factors, the value of the pound against the euro, access to the European single market, in circulation of people and goods, services and capital, or the valuation of investments made in the UK.

Nowadays, the main Group operations related to UK market are the following:

- Currently there is no pipeline of UK onshore projects due to Government restrictions to the support for the new onshore developments. A number of projects are still in sales phase where Brexit risks can be covered in contract negotiations. Projects in the Republic of Ireland continue but, as Ireland remains in the EU, no impacts are expected.
- Much of the Company’s current activity in the UK concerns the supply and installation of Offshore projects.
- The SIEMENS GAMESA Group has made a major investment in UK manufacturing with the establishment of primary production of offshore wind turbine blades from a site co-located with the Group’s port facility. Now, at full output, the Group manufactures the current generation of 75 meter blades for its offshore projects, to this point used exclusively on UK projects. In summer 2019, the Group commenced an upgrade of the facility to facilitate a switch to the next generation of blades, which will be used on both UK and European projects, commencing exports from the factory. The factory currently employs over 800 people.
- The SIEMENS GAMESA Group also provides warranty services to new projects and service of wind farm fleets in the long term for customers. With a major base in Newcastle upon Tyne, service also operates a widely distributed workforce with satellite locations at offshore wind farms and onshore wind hubs across the UK.

Below the specific risks that arise from the result of negotiations between the UK and the EU and affect the Group's activities are presented:

- It is expected that the custom duties tariffs will be applied to imported equipment that are currently tariff free. However, it is expected that the UK government would set temporary MFN ("Most favoured nation") rates and therefore, presumably, no tariff costs would arise in a post-Brexit situation, at least during the first year following the date of exit.
- The Group imports a significant part of raw materials for production of blades from EU (Denmark and Germany). The Group is currently analysing the supply chain flows and the measures to be implemented oriented to reduce lead-times and mitigate other potential risks from Brexit.
- The status of EU employees working for the SIEMENS GAMESA Group in the UK as residents and also the possibility that UK workers can travel and work freely in other EU countries are being analysed. However, the exposure to these risks are considered low.

The Group has evaluated the possible scenarios derived from the Brexit concluding that it will be able to cover these uncertainties through several risk mitigation measures and therefore no significant risk on the recoverability of assets resulting from past investments in the UK is identified. In any case, no material impact on the Group's total assets is expected as the Group's UK investments represent less than 0.8% of the total Group's consolidated assets as of September 30, 2019. A close analysis and follow-up of the situations that could suppose a significant risk and measures to be taken in this regard are performed on a regular basis through an established task force that continuously monitors the exit process.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The SIEMENS GAMESA Group uses external sources to finance parts of its operations. Loans at variable rates expose the Group to interest rate risks, while loans at fixed rates expose the Group to fair value interest rate risk. The variable rates are mainly linked to the LIBOR or the EURIBOR. The SIEMENS GAMESA Group continuously analyses the split of external financing at variable and fixed rates to optimise the interest rate exposure.

The Group has occasionally used derivative financial instruments to mitigate the interest rate risk. These interest rate hedges are assigned specifically to debt instruments and are matching their maturity as well as their nominal amount (Note 10).

As of September 30, 2019 and 2018, the split of the borrowings into fixed and variable rate is as follows:

Thousands of euros	09.30.2019		09.30.2018 (*)	
	Excluding hedges (Note 18)	Including hedges	Excluding hedges (Note 18)	Including hedges
Fixed Rate	-	-	720,000	720,000
Variable Rate	864,435	864,435	1,093,786	1,093,786
Total	864,435	864,435	1,813,786	1,813,786

(*) During fiscal year 2018 all the previous interest rate hedges have been cancelled. During the whole fiscal year 2019 no interest rate hedges have been entered into.

Based on instruments bearing interests at fixed and variable rates and financial instruments hedging interest rate risk which the SIEMENS GAMESA Group holds, a hypothetical change in the interest rates applicable to the respective instruments would have had the following effects:

Thousands of euros	Debit / (Credit) (*)			
	Variation in interest -0.25%		Variation in interest +0.25%	
	Impact on income before taxes	Impact on equity	Impact on income before taxes	Impact on equity
09.30.2019	(3,838)	-	3,838	-
09.30.2018	(3,742)	-	3,742	-

(*) Income and equity increase in negative and expenses and equity decrease in positive.

B. LIQUIDITY RISK

Liquidity risk is the risk that the SIEMENS GAMESA Group is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. The Group mitigates the liquidity risk by the implementation of an effective working capital and cash management as well as with arranged credit facilities with highly rated financial institutions. As of September 30, 2019, the SIEMENS GAMESA Group has unused credit facilities amounting to EUR 2,791 million, which represents 77% of total credit facilities (EUR 2,143 million as of September 30, 2018, representing 54% of total credit facilities).

Furthermore, the Group attempts to maintain a financial debt structure that is in line with the maturity of the assets to be financed. Therefore, non-current assets are financed with long-term debt or equity, whereas working capital is mainly financed with current borrowings.

C. CREDIT RISK

The credit risk is the risk that exists when a counterparty or customer does not meet its contractual payment obligations and this leads to a loss for the SIEMENS GAMESA Group.

The Group deals generally with customers that have an appropriate credit history and rating. The customers usually are companies within the energy sector where the steady cash-inflows from the sale of electricity leads to an above average credit rating. Nevertheless, in cases of customers with a below average rating or credit history, the SIEMENS GAMESA Group uses a variety of mitigation measures, such as irrevocable letters of credit or export insurances to cover the increased credit risk. Furthermore, the customer contract is individually analysed, including specific conditions according to the credit risk exposure to safeguard the Group from an insolvency of the counterparty.

The analysis of the overdue trade receivables, which cover the majority of the financial assets and which have not been impaired individually, notwithstanding that the value adjustments derived from the application of the expected credit losses model are already included, as of September 30, 2019 and 2018, is as follows:

Thousands of euros	09.30.2019	09.30.2018
Less than 90 days	165,730	298,750
90 - 180 days	64,829	67,259
More than 180 days	125,183	85,921
Total trade and other receivables - overdue	355,742	451,930

The credit risk exposure of cash and other cash equivalents can be anticipated with the credit rating of the corresponding financial institutions. The overview below discloses the cash and cash equivalents as of September 30, 2019 and 2018, by financial institutions with the following ratings (Note 7):

Thousands of euros	09.30.2019	09.30.2018
AA-	12,974	13,766
A+	518,211	276,988
A	181,713	710,609
A-	216,543	323,112
BBB+	696,746	953,392
BBB	17,229	34,349
BBB-	11,856	26,374
BB+ or lower	72,185	90,444
Total	1,727,457	2,429,034

6. Earnings allocation

At the date of preparation of these Consolidated Financial Statements, the SIEMENS GAMESA Group's Board of Directors, estimates that it will propose to the General Shareholders' Meeting for its approval, the following allocation of results for the year ended September 30, 2019 as shown below, determined according to Spanish accounting regulations applicable to the Statutory Financial Statements of the Company:

Thousands of euros	09.30.2019
Basis of distribution	
Result for the year	168,582
Total	168,582
Distribution	
Legal reserve	16,858
Other reserves	116,488
Dividend	35,236
Total	168,582

7. Cash and other cash equivalents

The breakdown of “Cash and cash equivalents” as of September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019	09.30.2018
Cash in euros	887,234	1,225,379
Cash in foreign currency (Note 3.C)	726,320	827,170
Liquid assets (Note 3.C)	113,903	376,485
Total	1,727,457	2,429,034

The heading “Cash and cash equivalents” includes mainly the Group's cash and short-term bank deposits with an initial maturity of three months or less. Cash and cash equivalents accrue market interest rates. There are no restrictions on the use of these balances.

The liquid assets maturing in less than three months are denominated in foreign currency (Note 3.C).

8. Trade and other receivables

The detail of “Trade and other receivables” in the Consolidated Balance Sheet as of September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019	09.30.2018
Trade and other receivables from third party	1,317,034	1,111,063
Trade and other receivables from related parties (Note 30)	27,070	57,188
Impairment due to uncollectible receivables	(57,323)	(54,333)
Total	1,286,781	1,113,918

All the aforementioned balances mature in less than twelve months and are non-interest-bearing.

The carrying amount of the “Trade and other receivables” denominated in foreign currency as of September 30, 2019 and 2018 is as follows (Note 3.C):

Currency	Equivalent value in thousands of euros	
	09.30.2019	09.30.2018
Canadian dollar	3,326	5,715
United States dollar	174,269	260,271
Sterling pound	21,334	44,880
Chinese yuan	83,180	82,529
Danish krone	71,911	22,526
Swedish krona	1,116	15,723
Brazilian real	7,566	8,122
Australian dollar	6,876	14,250
Egyptian pound	14,856	14,017
Indian rupee	176,318	102,965
Other currencies	49,752	15,274
Total	610,504	586,272

Movements in the provision for the impairment of trade and other receivables have been as follows:

Thousands of euros	
Balance at 09.30.2018	54,333
Transition to IFRS 9 (Note 2.E)	3,270
Balance at 10.01.2018	57,603
Reversal of unused amounts	(12,046)
Creation of provisions	20,089
Provisions applied to intended purpose	(8,965)
Exchange differences	642
Balance at 09.30.2019	57,323
Thousands of euros	
Balance at 10.01.2017	73,036
Reversal of unused amounts	(38,965)
Creation of provisions	22,292
Provisions applied to intended purpose	(222)
Exchange differences	(1,808)
Balance at 09.30.2018	54,333

9. Financial instruments by category

A. COMPOSITION AND BREAKDOWN OF OTHER FINANCIAL ASSETS

The breakdown of the SIEMENS GAMESA Group's "Other financial assets" as of September 30, 2019 and 2018, presented by nature and category for measurement purposes, is the following:

Thousands of euros	09.30.2019		
	Credits, receivables and other	Derivatives	Total
Other financial assets:			
Nature / Category			
At fair value through Profit or Loss	-	-	-
At fair value through Other Comprehensive Income	-	-	-
At amortised cost	135,800	-	135,800
Hedge derivatives (Note 10)	-	33,362	33,362
Other derivatives (Note 10)	-	105,574	105,574
Short-term / current	135,800	138,936	274,736
At fair value through Profit or Loss (Note 17)	28,043	-	28,043
At fair value through Other Comprehensive Income	-	-	-
At amortised cost (Note 17)	39,186	-	39,186
Hedge derivatives (Notes 10 and 17)	-	5,298	5,298
Other derivatives (Notes 10 and 17)	-	70,935	70,935
Long-term / non-current	67,229	76,233	143,462
Total	203,029	215,169	418,198

Thousands of euros		09.30.2018		
Other financial assets: Nature / Category	Available-for-sale financial assets	Credits and Receivables	Derivatives	Total
Derivatives (Note 10)	-	-	82,529	82,529
Other financial assets	-	88,507	-	88,507
Short-term / current	-	88,507	82,529	171,036
Derivatives (Note 10)	-	-	103,800	103,800
Other financial assets (Note 17)	28,158	108,269	-	136,427
Long-term / non-current	28,158	108,269	103,800	240,227
Total	28,158	196,776	186,329	411,263

B. COMPOSITION AND BREAKDOWN OF FINANCIAL DEBT AND OTHER FINANCIAL LIABILITIES

The breakdown of the Group's "Financial debt" and "Other financial liabilities" as of September 30, 2019 and 2018, presented by nature and category for measurement purposes, is the following:

Thousands of euros		09.30.2019		
Financial debt and Other financial liabilities: Nature / Category	Payable financial liabilities	Derivatives	Total	
Financial debt (Note 18)	352,209	-	352,209	
Hedge derivatives (Note 10)	-	37,871	37,871	
Other derivatives (Note 10)	-	75,260	75,260	
Other financial liabilities	17,265	-	17,265	
Short-term / current	369,474	113,131	482,605	
Financial debt (Note 18)	512,226	-	512,226	
Hedge derivatives (Note 10)	-	23,434	23,434	
Other derivatives (Note 10)	-	66,955	66,955	
Other financial liabilities	79,446	-	79,446	
Long-term / non-current	591,672	90,389	682,061	
Total	961,146	203,520	1,164,666	

Thousands of euros		09.30.2018		
Financial debt and Other financial liabilities: Nature / Category	Payable financial liabilities	Derivatives	Total	
Financial debt (Note 18)	990,538	-	990,538	
Derivatives (Note 10)	-	89,079	89,079	
Other financial liabilities	14,693	-	14,693	
Short-term / Current	1,005,231	89,079	1,094,310	
Financial debt (Note 18)	823,248	-	823,248	
Derivatives (Note 10)	-	37,025	37,025	
Other financial liabilities	147,938	-	147,938	
Long-term / non-current	971,186	37,025	1,008,211	
Total	1,976,417	126,104	2,102,521	

10. Derivative financial instruments

The SIEMENS GAMESA Group uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed, mainly foreign currency and interest rate risk. The detail of the balances that represent the valuation of derivatives in the Consolidated Balance Sheets as of September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019			
	Current		Non-current	
	Assets (Note 9)	Liabilities (Note 9)	Assets (Notes 9 and 17)	Liabilities (Note 9)
Interest rate hedges				
Cash-flow hedges	-	-	-	-
Electricity prices hedges				
Cash-flow hedges	-	56	-	865
Foreign currency hedges				
Cash-flow hedges	33,362	37,815	5,298	22,569
Fair value hedges	-	-	-	-
Other derivatives				
Foreign currency derivatives	94,873	63,210	7,043	31,353
Embedded derivatives	10,696	12,012	63,892	35,602
Other derivatives	5	38	-	-
Total	138,936	113,131	76,233	90,389

Thousands of euros	09.30.2018			
	Current		Non-current	
	Assets (Note 9)	Liabilities (Note 9)	Assets (Notes 9 and 17)	Liabilities (Note 9)
Interest rate hedges				
Cash-flow hedges	-	-	-	-
Electricity prices hedges				
Cash-flow hedges	-	-	-	1,691
Foreign currency hedges				
Cash-flow hedges	27,046	39,982	44,882	5,853
Fair value hedges	-	-	-	-
Other derivatives				
Foreign currency derivatives	44,217	39,997	19,327	27,951
Embedded derivatives	11,233	8,843	39,591	1,530
Other derivatives	33	257	-	-
Total	82,529	89,079	103,800	37,025

All derivative financial instruments of the company are grouped in category 2 (Note 3.B). In such financial instruments, the effects of discounting has not been significant.

There have been no transfers between the asset categories at fair value during the year ended September 30, 2019 and 2018.

In the year ended September 30, 2019, the SIEMENS GAMESA Group has not recognized any expense under "Interest expenses" (an expense amounting to EUR 1,944 thousand in the year ended September 30, 2018) and has recognized an expense under the heading "Cost of sales" of the Consolidated Statement of Profit and Loss amounting to EUR 8,210 thousand (an expense amounting to EUR 20,377 thousand in the year ended September 30, 2018). These amounts have been reclassified from "Total Equity - Unrealised asset and liability revaluation reserve" (Note 23.C), under which they had been previously booked.

The SIEMENS GAMESA Group uses foreign currency hedge derivatives to mitigate the possible volatility effect of exchange rate fluctuations on future cash flows from transactions and loans in currencies other than the functional currency of the company concerned. In addition, the SIEMENS GAMESA Group designates hedges for the exchange rate risk deriving from certain intragroup monetary transactions carried out by companies with different functional currencies. As of September 30, 2019 and 2018 the total nominal value hedged by exchange rate hedges is as follows:

Currency	Thousands of euros	
	09.30.2019	09.30.2018
Danish krone	2,366,972	1,256,617
Sterling pound	220,455	504,635
United States dollar	23,926	327,479
South African rand	34,812	111,922
Chinese yuan	309,282	103,912
Indian rupee	34,443	91,617
Australian dollar	21,835	11,108
Japanese yen	116,947	69,183
Canadian dollar	29,395	1,454
Brazilian real	42,359	31,179
Turkish lira	1,969	16,481
Moroccan dirham	1,637	1,637
Norwegian krone	367,721	234,808
Mexican peso	24,220	24,161
Swedish krona	191,591	76,189
Romanian leu	18,031	13,640
Taiwan dollar	274,501	749
Egyptian pound	18,355	-
New Zealand dollar	45,314	4,270
Polish zloty	10,803	370
Russian ruble	12,841	-
Other currencies	28,607	26,077
Total	4,196,016	2,907,488

The SIEMENS GAMESA Group does not have any interest rate hedge as of September 30, 2019 and 2018.

No significant ineffectiveness has been detected in the hedges designated by the SIEMENS GAMESA Group as of September 30, 2019 and 2018 and this effect, if any, has been registered in the Consolidated Statement of Profit and Loss.

A. CREDIT RISK

The risk breakdown, by geographical area and counterparty, indicating the book value thereof at the relevant dates, is as follows:

	09.30.2019		09.30.2018	
	Thousands of euros	%	Thousands of euros	%
By geographical area				
Germany	133,359	62%	114,822	62%
Spain	2,468	1%	3,141	2%
Other European Union countries	48,223	22%	63,688	33%
Rest of the world	31,119	15%	4,678	3%
Total	215,169	100%	186,329	100%
By counterparty				
Financial institutions	7,262	3%	21,082	11%
Related parties	133,320	62%	114,422	62%
Other institutions	74,587	35%	50,825	27%
Total	215,169	100%	186,329	100%

The breakdown of the derivatives according to the credit ratings assigned by external credit rating agencies is as follows:

	09.30.2019		09.30.2018	
	Thousands of euros	%	Thousands of euros	%
Risks rated A+ or A-	135,501	63%	120,676	65%
Risks rated BBB+	2,400	1%	3,739	2%
Risks rated BBB	586	0%	852	0%
Risks rated BBB- or less	76,682	36%	61,062	33%
Total	215,169	100%	186,329	100%

B. MARKET RISK

The sensitivity of the market value of the hedging derivatives arranged by the SIEMENS GAMESA Group to interest rate and exchange rate changes is as follows:

Thousands of euros (*)	Percentage change in exchange rate			
	2019		2018	
	+5%	-5%	+5%	-5%
Change in the value of the hedge	(1,086)	1,086	3,011	(3,011)

(*) Sensitivity to interest rate changes is not shown as there are no interest rate derivatives.

C. MATURITY OF DERIVATIVE LIABILITIES

The maturities of derivative liabilities are as follows:

Thousands of euros	09.30.2019			
	< 1 year	1-2 years	2-3 years	> 3 years
Electric prices hedges	56	209	656	-
Foreign currency hedges	37,815	4,325	926	17,318
Other derivatives	75,260	15,949	20,214	30,792
Total	113,131	20,483	21,796	48,110

Thousands of euros	09.30.2018			
	< 1 year	1-2 years	2-3 years	> 3 years
Electric prices hedges	-	506	189	996
Foreign currency hedges	39,982	4,427	517	909
Other derivatives	49,097	8,530	1,793	19,158
Total	89,079	13,463	2,499	21,063

11. Customer contracts

The breakdown of the balances of the Consolidated Balance Sheet related to contracts with customers as of September 30, 2019 and 2018, is the following:

Thousands of euros	09.30.2019	09.30.2018
Contract assets	2,056,255	1,572,188
Contract liabilities	2,839,670	1,670,176

As of September 30, 2019, and 2018, amounts expected to be settled after twelve months are EUR 1,275 thousand and EUR 127,306 thousand for “Contract assets” and EUR 440,180 thousand, which mainly correspond to wind farm construction contracts expected to be executed in 2021 and 2022, and EUR 320,030 thousand, respectively, for “Contract liabilities”.

In fiscal year 2019 and 2018, “Revenue” includes EUR 844,447 thousand and EUR 951,396 thousand, respectively, which was included in contract liabilities at the beginning of the fiscal year.

In fiscal year 2019, EUR 17,441 thousand are included in “Revenue”, relating to performance obligations satisfied in previous periods. In fiscal year 2018, there was no “Revenue” recognized from performance obligations satisfied in previous periods.

As of September 30, 2019, order backlog amounted to EUR 25,507 million (EUR 22,801 million as of September 30, 2018), of which EUR 13,606 million correspond to the Wind Turbines segment (EUR 12,020 million as of September 30, 2018) and EUR 11,901 million to the Operation and Maintenance segment (EUR 10,781 million as of September 30, 2018). The orders are determined mainly as the estimated revenue of accepted purchase orders for which enforceable rights and obligations exist, as well as subsequent order value changes and adjustments, excluding letters of intent. To determine orders, the SIEMENS GAMESA Group considers termination rights and customer’s creditworthiness. During fiscal year 2019 order intake amounted to EUR 12,749 million (EUR 11,872 million during 2018), EUR 10,034 million for the Wind Turbines segment (EUR 9,477 million during 2018) and EUR 2,715 million for the Operation and Maintenance segment (EUR 2,395 million during 2018). Out of the total order backlog as of September 30, 2019, the Group expects to recognize as revenue of EUR 9,360 million in the fiscal year 2020 and EUR 16,147 million in the fiscal years 2021 and onwards.

12. Inventories

The breakdown of “Inventories” as of September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019	09.30.2018
Raw materials and supplies	979,748	708,115
Work in progress and finished goods	851,851	815,914
Advances to suppliers	188,087	124,143
Inventory write-downs	(155,767)	(148,994)
Total	1,863,919	1,499,178

Provisions recorded as of September 30, 2019 and 2018 basically refer to the amount provisioned for technical, quantity and price risks.

Cost of sales include inventories recognized as expense amounting to EUR 6,786 million and EUR 4,875 million in the years ended September 30, 2019 and 2018, respectively.

As of September 30, 2019 and 2018, there are no inventories pledged as security for liabilities.

13. Goodwill

The carrying amount of “Goodwill” is as follows:

Thousands of euros	Balance at 10.01.2018	Translation differences	Balance at 09.30.2019
Cost	4,589,810	186,571	4,776,381
Accumulated impairment losses	(32,203)	(25)	(32,228)
Total Goodwill	4,557,607	186,546	4,744,153

Thousands of euros	Balance at 10.01.2017	Translation differences	Balance at 09.30.2018
Cost	4,721,100	(131,290)	4,589,810
Accumulated impairment losses	(32,357)	154	(32,203)
Total Goodwill	4,688,743	(131,136)	4,557,607

The “Goodwill” impairment test is performed at the segment level, Wind Turbines and Operation and Maintenance, since they are the smallest identifiable groups of assets that generate cash-flows independently and that the Group monitors, and that are consistent with the segments identified in Note 25.

For the purpose of estimating the segments’ fair value less costs to sell, cash flows for the next five years have been projected based on past experience, actual operating results and Management’s best estimate about future developments, as well as market assumptions.

The fair value less costs to sell is mainly driven by the terminal value which is particularly sensitive to changes in the assumptions on the terminal value growth rate and discount rate. Both assumptions are individually determined for each segment group. Discount rates are based on the weighted average cost of capital (WACC) for the segments and are calculated based on a risk-free rate of interest and a market risk premium. In addition, the discount rates reflect the current market assessment of the specific risks of each segment by considering specific peer group information on factors, leverage and cost of debt. The parameters for calculating the discount rates are based on external sources of information. The peer group is subject to an annual review and adjusted, if necessary. Terminal value growth rates take into consideration external macroeconomic sources of data and industry specific trends.

The following table presents the key assumptions used to determine the fair value less costs to sell for impairment test purposes for the segments to which a significant amount of goodwill is allocated:

Thousands of euros	09.30.2019		
	Goodwill allocation	Terminal value growth rate	Weighted average cost of capital (WACC)
Wind Turbines segment	1,875,464	1.40%	8.50%
Operation and Maintenance segment	2,868,689	1.40%	8.50%
Total	4,744,153		

Thousands of euros	09.30.2018		
	Goodwill allocation	Terminal value growth rate	Weighted average cost of capital (WACC)
Wind Turbines segment	1,805,830	1.40%	8.50%
Operation and Maintenance segment	2,751,777	1.40%	8.50%
Total	4,557,607		

Additionally, for the Wind Turbines segment a sales volume close to EUR 9,000 million has been considered for 2020 (above EUR 9,000 million for 2019 as of September 30, 2018) with a 0.6% profit margin pre-PPA for 2020 (3.4% for 2019 as of September 30, 2018), and for subsequent years a gradual increase has been considered due to the evolution of the composition of the revenue line (“business mix”), the synergies and the capacity adjustment measures adopted. The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represents 81.78% of the total recoverable value in 2019 (79.65% in 2018).

On the other hand, for the Operation and Maintenance segment a sales volume above EUR 1,500 million has been considered for 2020 (above EUR 1,000 million for 2019 as of September 30, 2018) with a 21.7% profit margin pre-PPA for

2020 (23.6% for 2019 as of September 30, 2018), and for subsequent years a gradual increase has been considered due to the synergies and the capacity adjustment measures adopted. The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represents 72.16% of the total recoverable value in 2019 (77.12% in 2018).

The sensitivity analysis for the group of segments has been based on a reduction in after-tax future cash flows by 10% or an increase in after-tax discount rates by one percentage point or a reduction in the terminal value growth rate by one percentage point or a 10% in terminal value margin. The SIEMENS GAMESA Group concluded that no impairment loss would need to be recognized on “Goodwill” in any of the two segments.

Therefore, the recoverable amounts estimated for the annual impairment test for 2019 for the SIEMENS GAMESA Group’s segments are higher than their carrying amounts.

14. Other intangible assets

The development in the heading “Other Intangible Assets” in the Consolidated Balance Sheet in the years 2019 and 2018 is as follows:

Thousands of euros	Balance at 10.01.2018	Additions	Disposals	Exchange differences	Transfers	Balance at 09.30.2019
Cost						
Internally generated technology	249,350	159,059	(621)	(116)	-	407,672
Acquired technology including patents, licenses and similar rights	1,245,331	806	(245)	(32)	-	1,245,860
Customer relationships and order backlog	1,198,174	-	-	55,157	-	1,253,331
	2,692,855	159,865	(866)	55,009	-	2,906,863
Amortization and impairment						
Internally generated technology	(52,437)	(42,070)	181	55	-	(94,271)
Acquired technology including patents, licenses and similar rights	(345,584)	(171,721)	236	27	-	(517,042)
Customer relationships and order backlog	(272,411)	(94,645)	-	(12,764)	-	(379,820)
	(670,432)	(308,436)	417	(12,682)	-	(991,133)
Total other intangible assets	2,022,423	(148,571)	(449)	42,327	-	1,915,730

Thousands of euros	Balance at 10.01.2017	Additions	Disposals	Exchange differences	Transfers	Balance at 09.30.2018
Cost						
Internally generated technology	120,795	129,084	(828)	(419)	718	249,350
Acquired technology including patents, licenses and similar rights	1,245,686	12	-	(367)	-	1,245,331
Customer relationships and order backlog	1,250,995	-	-	(52,821)	-	1,198,174
Advance payments for intangible assets	718	-	-	-	(718)	-
	2,618,194	129,096	(828)	(53,607)	-	2,692,855
Amortization and impairment						
Internally generated technology	(35,890)	(17,452)	822	83	-	(52,437)
Acquired technology including patents, licenses and similar rights	(173,217)	(172,715)	-	348	-	(345,584)
Customer relationships and order backlog	(149,834)	(132,900)	-	10,323	-	(272,411)
	(358,941)	(323,067)	822	10,754	-	(670,432)
Total other intangible assets	2,259,253	(193,971)	(6)	(42,853)	-	2,022,423

A. MOVEMENTS FOR THE YEAR

During the years 2019 and 2018, the main increase in the capitalised development costs is due to the development of new wind turbine models, software and the optimization of the components' performance for an amount of EUR 159 million and EUR 129 million, respectively. These additions are mainly in Denmark amounting to EUR 123 million during 2019 (EUR 103 million during 2018) and in Spain amounting to EUR 29 million during 2019 (EUR 23 million during 2018).

Not capitalised research and development expenses for the years ended September 30, 2019 and 2018 amounted to EUR 208 million and EUR 166 million, respectively.

The impairment provision (included under internally generated technology) for the year ended September 30, 2019 amounts to EUR 14 million and relates mainly to development costs for the evolution of platforms incurred in Denmark, on which there are doubts about its capacity to generate future cash flows. For the year ended September 30, 2018 no impairments were booked.

B. ACQUIRED TECHNOLOGY, CUSTOMER RELATIONSHIPS AND ORDER BACKLOG

Acquired technology includes technologies identified in line with the SIEMENS GAMESA Merger valued on platform basis amounting to EUR 729 million as of September 30, 2019 (EUR 899 million as of September 30, 2018). The fair value at the Merger effective date of technology identified in line with the Merger amounted to EUR 1,147 million. The remaining useful life for these intangible assets, depending on the different platform types, is between 2.5 and 17.5 years (in average 6.01 years).

The fair value of customer relationships identified in line with the SIEMENS GAMESA Merger amounted at the Merger effective date to EUR 958 million. The remaining useful life depends on the business segment for which the customer relationship has been identified: 3.5 years on average for the Wind Turbine segment and 17.41 years on average for the Operation and Maintenance segment.

Furthermore, an order backlog amounting to EUR 385 million was identified at the Merger effective date (Note 2.E of the Consolidated Financial Statements for the year ended September 30, 2018). The remaining useful life depends on the individual contracts and is between 1.25 and 17.25 years (14.48 years in average) for the Operation and Maintenance segment (the ones that refer to the Wind Turbines segment are fully amortized as of September 30, 2019).

The carrying amount of customer relationships and order backlog as of September 30, 2019 is EUR 874 million (EUR 926 million as of September 30, 2018).

C. FULLY AMORTIZED ASSETS

The acquisition cost of fully amortized intangible assets that remained in use as of September 30, 2019 and 2018 amount to EUR 140 million and EUR 41 million, respectively.

D. COMMITMENTS FOR THE ACQUISITION OF ASSETS

As of September 30, 2019 and 2018, the SIEMENS GAMESA Group has no significant contractual commitments for the acquisition of intangible assets.

15. Property, plant and equipment

The development in “Property, Plant and Equipment” in the Consolidated Balance Sheet in the years 2019 and 2018 is as follows:

Thousands of euros	Balance at 10.01.2018	Additions	Disposals	Exchange differences	Transfers	Balance at 09.30.2019
Cost						
Land and buildings	893,670	14,528	(19,671)	15,496	5,685	909,708
Technical facilities and machinery	681,596	95,292	(68,858)	17,914	35,052	760,996
Other property, plant and equipment	821,356	99,806	(77,077)	7,935	42,383	894,403
Property, plant and equipment under construction	121,559	128,275	(11,573)	2,729	(83,120)	157,870
	2,518,181	337,901	(177,179)	44,074	-	2,722,977
Depreciation						
Buildings	(186,502)	(41,453)	10,495	(3,461)	-	(220,921)
Technical facilities and machinery	(270,994)	(127,636)	48,191	(8,926)	(1,946)	(361,311)
Other property, plant and equipment	(575,825)	(157,614)	74,887	(4,229)	1,946	(660,835)
	(1,033,321)	(326,703)	133,573	(16,616)	-	(1,243,067)
Impairment						
Land and buildings	(9,937)	(339)	-	-	-	(10,276)
Technical facilities and machinery	(26,788)	(5,748)	-	-	-	(32,536)
Other property, plant and equipment	(5,632)	(2,613)	-	-	-	(8,245)
Property, plant and equipment under construction	-	(2,952)	-	-	-	(2,952)
	(42,357)	(11,652)	-	-	-	(54,009)
Total tangible assets	1,442,503	(454)	(43,606)	27,458	-	1,425,901

Thousands of euros	Balance at 10.01.2017	Additions	Disposals	Exchange differences	Transfers	Balance at 09.30.2018
Cost						
Land and buildings	789,781	24,783	(18,113)	(725)	97,944	893,670
Technical facilities and machinery	613,067	115,901	(52,327)	(3,973)	8,928	681,596
Other property, plant and equipment	835,198	75,266	(105,756)	(9,640)	26,288	821,356
Property, plant and equipment under construction	187,563	70,030	(2,353)	(521)	(133,160)	121,559
	2,425,609	285,980	(178,549)	(14,859)	-	2,518,181
Depreciation						
Buildings	(171,872)	(31,653)	16,495	528	-	(186,502)
Technical facilities and machinery	(172,631)	(136,920)	38,215	342	-	(270,994)
Other property, plant and equipment	(525,709)	(147,106)	96,193	797	-	(575,825)
	(870,212)	(315,679)	150,903	1,667	-	(1,033,321)
Impairment						
Land and buildings	(9,915)	(22)	-	-	-	(9,937)
Technical facilities and machinery	(20,971)	(5,817)	-	-	-	(26,788)
Other property, plant and equipment	(4,995)	(637)	-	-	-	(5,632)
	(35,881)	(6,476)	-	-	-	(42,357)
Total tangible assets	1,519,516	(36,175)	(27,646)	(13,192)	-	1,442,503

A. MOVEMENTS FOR THE YEAR

The main acquisitions for the year ended September 30, 2019 are mainly related to improvements in different factories and prototypes in Denmark, capacity increase of equipment in Spain as well as the normal maintenance capital expenditure in India. The acquisitions in 2018 were mainly related to the Cuxhaven plant in Germany, the improvements of prototypes in Denmark and the renovation or increase of Spanish equipment's capacity, as well as, to the normal maintenance capital expenditure in Denmark, Spain and Germany.

The main impairment losses and disposals of the year ended September 30, 2019 are related to low return on assets in use in Denmark and the impairment of production tooling in Spain, India and United States. The impairment losses of the year ended September 30, 2018, were related to the closure of a production line in Morocco, as well as the impairment and disposals of production tooling in various locations, mainly México, Brazil, China and Spain.

B. LEASING CONTRACTS

As of September 30, 2019 and 2018, the SIEMENS GAMESA Group has no significant finance leases (Note 18).

C. FULLY DEPRECIATED ASSETS

The acquisition cost of fully depreciated fixed assets that are still in use as of September 30, 2019 and 2018 amounted EUR 632 million and EUR 489 million, respectively. As of September 30, 2019 and 2018, most of these assets correspond to tools and test equipment.

D. COMMITMENTS FOR THE ACQUISITION OF ASSETS

As of September 30, 2019, the SIEMENS GAMESA Group companies have property, plant and equipment purchase commitments amounting to EUR 64.1 million approximately (EUR 71.9 million as of September 30, 2018), which are mainly related to production facilities for new developments of wind facilities and its components.

E. INSURANCE COVERAGE

The SIEMENS GAMESA Group arranges insurance policies to adequately cover its property, plant and equipment. Also, the SIEMENS GAMESA Group has entered into insurance policies to cover the wind turbines generators while they are being assembled.

16. Investments accounting for using the equity method

The breakdown of the investments in associates of the SIEMENS GAMESA Group as of September 30, 2019 and 2018 is as follows:

Company	Shareholding %	Thousands of euros	
		09.30.2019	09.30.2018
Windar Renovables, S.L.	32%	65,223	64,525
Nuevas Estrategias de Mantenimiento, S.L.	50%	1,692	3,645
Other	-	3,961	4,866
Total		70,876	73,036

The changes occurred in the years 2019 and 2018 under this heading in the Consolidated Balance Sheet were as follows:

Thousands of euros	
Balance at 10.01.2018	73,036
Profit for the year	(1,479)
Other	(681)
Balance at 09.30.2019	70,876

Thousands of euros	
Balance at 10.01.2017	73,609
Profit for the year	(431)
Other	(142)
Balance at 09.30.2018	73,036

The breakdown of consolidated assets, liabilities, revenues and expenses of companies recognized using the equity method as of September 30, 2019 and 2018 is as follows:

A. FINANCIAL INFORMATION RELATED TO JOINT VENTURES

Summarised financial information as of September 30, 2019 and 2018 (at 100% and before intercompany eliminations) related to the most significant joint ventures booked using the equity method is as follows:

Nuevas Estrategias de Mantenimiento, S.L.	Thousands of euros	
	09.30.2019	09.30.2018
Total current assets	3,284	4,721
Total non-current assets	1,653	799
Total Assets	4,937	5,520
Total current liabilities	893	808
Total non-current liabilities	660	563
Total equity	3,384	4,149
Total Liabilities and Equity	4,937	5,520

Nuevas Estrategias de Mantenimiento, S.L.	Thousands of euros	
	09.30.2019	09.30.2018
Profit and Loss information		
Income from ordinary activities	3,973	4,484
Depreciation and amortization	(195)	(115)
Interest income	6	3
Interest expenses	(28)	(11)
Net profit from continued operations	(497)	(574)
Balance sheet information		
Cash and cash equivalents	1,703	2,426
Current financial liabilities	841	615
Non-current financial liabilities	660	563

During the periods ended September 30, 2019 and 2018 no dividends have been received from this company.

B. FINANCIAL INFORMATION RELATED TO ASSOCIATED COMPANIES

Summarised financial information as of September 30, 2019 and 2018 (at 100% and before the intercompany eliminations) related to the most significant associated companies booked using the equity method is as follows:

Windar Renovables, S.L. and subsidiaries	Thousands of euros	
	09.30.2019	09.30.2018
Total current assets	158,262	174,099
Total non-current assets	69,719	72,836
Total Assets	227,981	246,935
Total current liabilities	118,437	138,801
Total non-current liabilities	12,206	18,673
Total equity	97,338	89,461
Parent company's total equity	91,640	89,461
Non-controlling interests' total equity	5,698	-
Total Equity and Liabilities	227,981	246,935

Windar Renovables, S.L. and subsidiaries	Thousands of euros	
	09.30.2019	09.30.2018
Profit and Loss information		
Income from ordinary activities	149,920	239,611
Net profit from continued operations	1,040	1,731
Net profit attributable to the parent company	337	1,731
Net profit attributable to non-controlling interests	703	-

During the periods ended September 30, 2019 and 2018 no dividends have been received from this company.

The book value of the investment in Windar Renovables, S.L. as of September 30, 2019 and 2018 amounts EUR 65 million and it includes the capital gain which arose at the moment of the acquisition of the investment in the associate (approximately EUR 35 million, representing the difference between the price paid and the share of the entity's book value at the date of the acquisition as of April 3, 2017).

17. Other non – current financial assets

The breakdown of “Other non-current financial assets” of the Consolidated Balance Sheet as of September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019
Derivatives (Note 9)	76,233
Financial assets measured at fair value through Profit and Loss (Notes 2.D and 9)	28,043
Other concepts in non-current financial assets (Note 9)	39,186
Total other non-current financial assets	143,462

Thousands of euros	09.30.2018
Derivatives (Note 9)	103,800
Available-for-sale financial assets (Notes 2.D and 9)	28,158
Other concepts in non-current financial assets (Note 9)	108,269
Total other non-current financial assets	240,227

A. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

The detail of the most representative financial assets measured at fair value through Profit and Loss (available-for-sale financial assets in the year 2018) as of September 30, 2019 and 2018 is as follows:

Company	09.30.2019		09.30.2018	
	Thousands of euros	% of shareholding	Thousands of euros	% of shareholding
Wendeng Zhangjiachan Wind Power Co., Ltd.	8,494	40%	7,651	40%
CGN Anqiu Wind Power Co., Ltd.	-	-%	5,114	25%
Jianping Shiyingzi Wind Power Co., Ltd.	4,438	25%	4,438	25%
Beipiao CGN Changgao Wind Power Co., Ltd.	6,024	25%	4,318	25%
Beipiao Yangshugou Wind Power Co., Ltd.	2,349	25%	2,349	25%
Datang (Jianping) New Energy Co., Ltd.	2,779	25%	1,812	25%
Jinan Wohushan Wind Power Co., Ltd.	1,164	25%	1,164	25%
Other	2,795	Several	1,312	Several
Total	28,043		28,158	

As of September 30, 2019 and 2018, the SIEMENS GAMESA Group holds investments in various Chinese companies (wind farms) with ownership interests generally ranging from 25% to 40%. Despite holding ownership interests are above 20%, the SIEMENS GAMESA Group’s management considers that there is no significant influence in these companies since there is no power to participate in the decision making process regarding the financial and operating policies of these companies. In general, the SIEMENS GAMESA Group takes part in the capital of these companies with the sole objective of promoting relevant licences for the development of the plants and the construction and sale of wind turbines for those windfarms.

During the year ended 30 September 2019, there was a dividend income of EUR 5,384 thousand, as well as the sale of one of the companies, which has yielded a positive result of EUR 285 thousand. During the year ended September 30, 2018, there were no significant dividend income from these investments or gains from their sale.

As of September 30, 2019, the financial instruments under this heading are classified at Category 3, and correspond to equity instruments that have been valued using valuation techniques in which one or another significant input is not based on observable market data. The unobservable market inputs used in estimating the fair value of these instruments include financial information, projections or internal reports, combined with other assumptions or available market data which, in general, for each type of risk, are obtained from organized markets, sector reports or data providers, among others. At valuation date, the discount rate interval, understood as the weighted average cost of capital allocated to the business, was 6-7%.

The movement in the balances of the Financial assets measured at fair value through Profit and Loss classified at Category 3 is as follows:

Thousands of euros	
Balance at 10.01.2018	28,158
Changes in fair value allocated to Profit and Loss	2,799
Additions	2,286
Disposals	(5,200)
Balance at 09.30.2019	28,043

Sensitivity analysis

Sensitivity analysis is performed on assets included in Category 3, i.e. with significant inputs that are not based on observable market variables in order to obtain a reasonable range of possible alternative valuations. Based on asset types, methodology and availability of inputs, the Group reviews bi-annually the evolution of the main assumptions and their possible impact on valuation, and performs a complete update of these valuations annually.

As of September 30, 2019, the effect on the results of modifying the main assumptions used (discount rate) in the valuation of Category 3 financial instruments by other reasonably possible hypothesis would be as follows:

	Fair value at 09.30.2019	Potential impact on Profit and Loss	
		Favorable scenario	Non- favorable scenario
Financial assets measured at fair value through Profit and Loss	28,043	561	(237)
Total	28,043	561	(237)

B. OTHER CONCEPTS IN NON-CURRENT FINANCIAL ASSETS

The amount of other concepts in non-current financial assets as of September 30, 2019 and 2018 is mainly related to the long-term portion of an indemnification that will be received from the former ADWEN shareholder, Areva.

18. Financial debt

The “Financial debt” in the Consolidated Balance Sheet as of September 30, 2019 and 2018 as well as the maturity dates are as follows:

	Book value	Debt at 09.30.2019 maturing at:						Total
		Current	Non-current					
Thousands of euros	09.30.2019	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Non-current
Loans from banks	542,985	32,170	501,201	3,030	2,138	1,859	2,587	510,815
In euros	542,985	32,170	501,201	3,030	2,138	1,859	2,587	510,815
Indian Rupee	303,957	303,957	-	-	-	-	-	-
Turkish lira	12,397	12,397	-	-	-	-	-	-
Other	5,096	3,685	166	166	166	166	747	1,411
In foreign currency (Note 3.C)	321,450	320,039	166	166	166	166	747	1,411
Total of loans and credit facilities	864,435	352,209	501,367	3,196	2,304	2,025	3,334	512,226

	Book value	Debt at 09.30.2018 maturing at:						Total
		Current	Non-current					
Thousands of euros	09.30.2018	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Non-current
Loans from banks	1,591,428	775,540	52,253	538,231	18,075	202,523	4,806	815,888
Finance leases	6,596	732	782	839	550	3,693	-	5,864
In euros	1,598,024	776,272	53,035	539,070	18,625	206,216	4,806	821,752
Indian Rupee	139,911	139,911	-	-	-	-	-	-
Chinese Yuan	37,400	37,400	-	-	-	-	-	-
United States Dollar	34,605	34,605	-	-	-	-	-	-
Other	3,846	2,350	149	150	150	150	897	1,496
In foreign currency (Note 3.C)	215,762	214,266	149	150	150	150	897	1,496
Total of loans and credit facilities	1,813,786	990,538	53,184	539,220	18,775	206,366	5,703	823,248

In order to provide information about the historical cash and cash equivalents' flows according to IAS 7, changes in liabilities arising from financing activities are as follows:

Thousands of euros	01.10.2018	Cash flows	Foreign exchange movements	Other	09.30.2019
Current loans and credits (excluding the below mentioned)	989,703	(653,669)	16,175	-	352,209
Current obligations arising from finance leases and purchase contracts	835	(752)	-	(83)	-
Current financial debt	990,538	(654,421)	16,175	(83)	352,209
Non-current loans and credits (excluding the below mentioned)	815,888	(305,023)	(129)	-	510,736
Non-current obligations arising from finance leases and purchase contracts	7,360	(5,953)	-	83	1,490
Non-current financial debt	823,248	(310,976)	(129)	83	512,226
Total of liabilities arising from financing activities	1,813,786	(965,397)	16,046	-	864,435

Thousands of euros	10.01.2017	Cash flows	Foreign exchange movements	Other	09.30.2018
Current loans and credits (excluding the below mentioned)	796,176	154,393	(21,099)	60,233	989,703
Current obligations arising from finance leases and purchase contracts	842	(822)	-	815	835
Current financial debt	797,018	153,571	(21,099)	61,048	990,538
Non-current loans and credits (excluding the below mentioned)	478,331	397,790	-	(60,233)	815,888
Non-current obligations arising from finance leases and purchase contracts	6,785	1,397	(7)	(815)	7,360
Non-current financial debt	485,116	399,187	(7)	(61,048)	823,248
Total of liabilities arising from financing activities	1,282,134	552,758	(21,106)	-	1,813,786

The debt in the Consolidated Balance Sheet as of September 30, 2019 and 2018 mainly relates to the multi-currency revolving credit facility and the loan signed as of May 30, 2018, amounting both to a total of EUR 2,500 million, replacing the EUR 750 million credit facility from 2017. The facility includes a fully drawn term loan tranche of EUR 500 million maturing in 2021 and a revolving credit line tranche of EUR 2,000 million maturing in 2023 with two one-year extension options. As of September 30, 2019 and 2018, EUR 500 million and EUR 700 million, respectively, have been drawn. It may be used for general corporate purposes and to refinance outstanding debt.

The reduction in the use of the credit lines is due to the optimization of the available cash.

In March and May 2019, SIEMENS GAMESA has signed new bilateral credit lines amounting to EUR 512 million, of which EUR 412 million mature in 2020 and EUR 100 million are extendable by tacit agreement until 2022, accruing an average interest rate of 0.33%. As of September 30, 2019 the Group has not drawn any amount related to these credit lines.

As of September 30, 2019, SIEMENS GAMESA has bilateral credit lines in India with annual maturities, for an amount of EUR 304 million, accruing an average interest rate of around 8%.

The rest of the financing is located in countries such as Spain and Turkey.

As of September 30, 2019, the SIEMENS GAMESA Group companies had been granted loans and had drawn from credit facilities that accounted for 23% of the total financing granted to them maturing between 2019 and 2029 (46% as of September 30, 2018 maturing between 2018 and 2026) and bearing a weighted average interest at Euribor plus a market spread. The outstanding loans as of September 30, 2019 bore annual weighted average interest at approximately 2.55% (2.51% as of September 30, 2018).

As of September 30, 2019 and 2018 the heading "Financial Debt" (current and non-current) also includes EUR 24 million and EUR 32 million, respectively, of interest-free advances provided to Siemens Gamesa Renewable Energy Innovation & Technology, S.L. U, Gamesa Energy Transmission, S.A.U. and Gamesa Electric, S.A.U. by the Ministry of Science and Technology and other public agencies for financing R&D projects, which are refundable in 7 or 10 years, after a three-year grace period.

The fair value, taking into consideration the counterparty credit risk, of bank borrowings as of September 30, 2019 and 2018 is similar to the book value since the debt is either subject to variable interest rates and market spreads, or subject to fixed rates that are at a market level (Note 3.B).

As of September 30, 2019 and 2018, the sensitivity of the market value of bank borrowings in relation to interest rate changes is as follows:

Thousands of euros	Interest rate change			
	09.30.2019		09.30.2018	
	+0.25%	-0.25%	+0.25%	-0.25%
Change in the value of the debt (*)	3,838	(3,838)	3,742	(3,742)

(*) Income and equity increase in negative and expenses and equity decrease in positive.

As of September 30, 2019 and 2018, the sensitivity of the market value of foreign currency bank borrowings in relation to exchange rate and interest rate changes is as follows:

Thousands of euros	09.30.2019				09.30.2018			
	Change in the interest rate		Change in Exchange rate (EUR/foreign currency)		Change in the interest rate		Change in Exchange rate (EUR/foreign currency)	
	+0.25%	-0.25%	+5%	-5%	+0.25%	-0.25%	+5%	-5%
Change in the value of the debt (*)								
Indian Rupee	574	(574)	15,198	(15,198)	543	(543)	6,996	(6,996)
Chinese Yuan	50	(50)	-	-	67	(67)	1,870	(1,870)
Danish Krone (**)	4	(4)	32	(35)	3	(3)	37	(35)
United States Dollar	-	-	-	-	5	(5)	1,730	(1,730)
Philippine Peso	2	(2)	-	-	2	(2)	35	(35)
Turkish lira	28	(28)	620	(620)	-	-	-	-
Egyptian pound	2	(2)	71	(71)	1	(1)	40	(40)
South African rand	1	(1)	109	(109)	-	-	37	(37)

(*) Income and equity increase in negative and expenses and equity decrease in positive.

(**) To calculate the sensitivity of the change of the Danish Krone's exchange rate, the fluctuation band fixed by the European Central Bank and the Danish Bank is used (2.25% over the 7.4604 DKK/EUR fixed rate).

Previous to the restructuring of its financial debt in 2018, the SIEMENS GAMESA Group hedged part of the risk associated with the volatility of cash flows relating to the interest payments on borrowings tied to floating interest rates through derivative financial instruments (Notes 5.A and 10). As explained in Note 10, as this type of loans have been cancelled during the fiscal year 2018, the related derivatives were also cancelled.

The balance of unmatured receivables assigned to non-recourse factoring transactions as of September 30, 2019, amounts to EUR 339 million (EUR 183 million as of September 30, 2018). The average amount of factored receivables during the year ended September 30, 2019 has been EUR 122 million (EUR 89 million in 2018).

19. Provisions

The breakdown of current and non-current provisions as of September 30, 2019 and 2018 is as follows:

Thousands of euros	Balance at 10.01.2018	Charges Reversals	Provisions applied	Exchange differences	Other changes	Balance at 09.30.2019	Thereof non-current
Warranties	2,024,604	174,336	(451,305)	15,646	189,217	1,952,498	1,266,681
Order related losses and risks	346,584	55,272	(61,756)	1,982	(185,522)	156,560	113,102
Others	61,442	6,995	(11,633)	537	(4,417)	52,924	20,469
Total	2,432,630	236,603	(524,694)	18,165	(722)	2,161,982	1,400,252

Thousands of euros	Balance at 10.01.2017	Charges Reversals	Provisions applied	Exchange differences	Other changes	Balance at 09.30.2018	Thereof non-current
Warranties	2,111,198	252,707	(461,738)	(7,219)	129,656	2,024,604	1,437,981
Order related losses and risks	570,014	3,030	(103,103)	736	(124,093)	346,584	237,708
Others	66,946	11,114	(8,011)	(3,044)	(5,563)	61,442	26,419
Total	2,748,158	266,851	(572,852)	(9,527)	-	2,432,630	1,702,108

Provisions are recognized whenever the SIEMENS GAMESA Group has a present legal or constructive obligation as a result of past events, which will lead to a probable future outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. Provisions are recognized at the present value of the expenditure required to settle the present obligation. The majority of the provisions of the Group are generally expected to result in cash outflows during the next 1 to 10 years, but exceptional technical issues could reach beyond that time frame.

Warranties

Warranty provisions are related to repair and replacement costs resulting from component defects or functional errors, which are covered by the SIEMENS GAMESA Group during the warranty period. In addition to this, non-recurring provisions are recorded derived from various factors, such as customer claims and quality issues that, in general, relate to situations in which the expected failure rates are above normal levels.

The change in these provisions during 2019 is fundamentally due to the charges for the normal course of the business, the result of recurring re-estimation of warranty provisions (updating failure rates, expected costs and customer claims, among others), as well as the application of the provisions to its intended purpose.

Order related losses and risks and others

The SIEMENS GAMESA Group recognizes provisions for order related losses and risks when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. In this regard, in relation to loss incurring contracts, the amount as of September 30, 2019 and 2018 includes, fundamentally, expected losses of onerous contracts signed in previous years by a SIEMENS GAMESA Group subsidiary (ADWEN) for the construction and subsequent maintenance of an offshore wind farm in northern Europe.

Other provisions include, among others, provisions for legal proceedings or personnel-related provisions.

20. Other current assets and liabilities

The detail of other current assets and liabilities as of September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019	09.30.2018
Other current tax assets		
Other tax receivables	408,469	307,493
Non-tax related current assets		
Prepaid expenses	38,908	40,061
Other current assets	13,888	14,828
Total	461,265	362,382

Thousands of euros	09.30.2019	09.30.2018
Other current tax liabilities		
Other tax liabilities	176,088	148,550
Non-tax related current liabilities		
Current liabilities to personnel	287,899	255,481
Other current liabilities	333,576	279,528
Total	797,563	683,559

21. Post-employment benefits

The Group provides post-employment defined benefit plans or defined contribution plans to certain Group employees.

The amount recognized as expense for defined contribution plans amounts to EUR 53 million in fiscal year 2019 (EUR 52 million in fiscal year 2018).

The Group provides post-employment defined benefit plans to almost all of the Group's employees in Germany. Outside Germany predominantly service gratuities and severance indemnities from legislative requirements or industry arrangements are provided by a limited number of entities in several jurisdictions.

The Group's major plans are funded with assets in separate legal entities. In accordance with local laws these plans are managed in the interest of the beneficiaries by way of contractual trust agreements with each separate legal entity.

The defined benefit plans cover about 6,000 participants virtually completely constituted by active employees.

In Germany, the Group provides pension benefits through the plan "Siemens Gamesa Renewable Energy BSAV" (*Beitragsorientierte Siemens Altersversorgung*), frozen legacy plans and deferred compensation plans. The majority of the Group's active employees participate in the "Siemens Gamesa Renewable Energy BSAV". Those benefits are predominantly based on contributions made by the Group and returns earned on such contributions, subject to a minimum return guaranteed by the Group. The frozen plans expose the employer to investment risk, interest rate risk and longevity risk. The effects of compensation increases are substantially eliminated. No legal or regulatory minimum funding requirements apply. Instead, the pension plans are funded via contractual trust arrangements (CTA).

A. DEVELOPMENT OF THE DEFINED BENEFIT PLANS

Thousands of euros	Defined benefit obligation (DBO) (I)		Fair value of plan assets (II)		Net defined benefit liability (I)-(II)	
	Fiscal year		Fiscal year		Fiscal year	
	2019	2018	2019	2018	2019	2018
Balance at the begin of fiscal year	41,383	36,091	28,748	23,473	12,635	12,617
Current service cost	5,650	4,893	-	-	5,650	4,893
Interest expense	820	741	-	-	820	741
Interest income	-	-	612	528	(612)	(528)
Past service cost	1,310	-	-	-	1,310	-
Components of defined benefit recognized in the Consolidated Statement of Profit and Loss	7,780	5,634	612	528	7,168	5,106
Return on plan assets excluding amounts included in net interest income and net interest expenses	-	-	562	(417)	(562)	417
Actuarial (gains) losses	325	(737)	-	-	325	(737)
Remeasurements recognized in the Consolidated Statement of Other Comprehensive Income	325	(737)	562	(417)	(237)	(321)
Employer contributions	-	-	4,374	4,669	(4,374)	(4,669)
Benefits paid	(40)	(107)	-	(7)	(40)	(100)
Plan participants' contributions	349	495	349	495	-	-
Foreign currency translation effects	82	(78)	-	-	82	(78)
Other changes	4,359	85	4,771	7	(411)	78
	4,750	395	9,494	5,164	(4,743)	(4,768)
Balance at fiscal year end	54,238	41,383	39,416	28,748	14,823	12,635
thereof:						
Germany	44,518	38,672	33,299	27,562	11,219	11,110
Other (*)	9,720	2,710	6,116	1,185	3,604	1,525

(*) Mainly from India

The net interest expenses related to provisions for pensions and similar obligations amount to EUR 208 thousand in the fiscal year ended September 30, 2019 (EUR 212 thousand in the fiscal year ended September 30, 2018).

The remeasurement comprises actuarial (gains) and losses resulting from:

Thousands of euros	2019	2018
Changes in demographic assumptions	(262)	143
Changes in financial assumptions	1,662	(77)
Experience (gains) losses	(1,075)	(804)
Total	325	(737)

B. ACTUARIAL ASSUMPTIONS

The weighted-average discount rate used for the actuarial valuation of the DBO of the German plans was 1.00% according to the Mercer Yield Curve approach for discount rates (1.90% in 2018 based on sub index method from Aon Hewitt for discount rates).

Starting September 30, 2019, the mortality tables used in Germany (Siemens specific tables - Siemens Bio 2017) are mainly derived from data of the German Siemens population and to a lesser extent from data of the Federal Statistical Office in Germany by applying formulas in accordance with recognized actuarial standards. The pension progression rate was 1.50% in Germany (as in the previous year).

C. SENSITIVITY ANALYSIS

A one-half-percentage-point change of the above assumptions would result in the following increase (decrease) of the German DBO:

Thousands of euros	Effect on DBO (Germany) due to one-half percentage-point			
	Increase	Decrease	Increase	Decrease
	2019	2019	2018	2018
Discount rate	(2,230)	3,175	(2,052)	2,319
Rate of pension progressions	699	(630)	605	(547)

The (German) DBO effect of a 10% reduction in mortality rates for all beneficiaries would be an increase of EUR 561 thousand in 2019 (EUR 472 thousand in 2018).

D. DISAGGREGATION OF PLAN ASSETS

	Thousands of euros	
	2019	2018
Equity securities	5,126	4,296
Fixed income securities	9,891	8,690
<i>Thereof:</i>		
Government bonds	2,552	1,789
Corporate bonds	7,339	6,901
Alternative investments	828	783
Multi-strategy funds	17,453	13,794
Cash and cash equivalents	9	7
Derivatives	-	-
Other assets	6,109	1,178
Total	39,416	28,748

Virtually all equity securities had quoted prices in active markets. The fair value of fixed income securities was based on prices provided by price service agencies. The fixed income securities were traded in active markets and the majority of the fixed income securities were investment grade. Alternative investments mostly included real estate investments. Multi strategy funds mainly comprised absolute return funds and diversified growth funds that invest in various asset classes within a single fund and aim to stabilize return and reduce volatility.

E. FUTURE CASH FLOWS

Employer contributions expected to be paid to the German defined benefit plans in fiscal year 2020 amount to approximately EUR 4 million. Over the next 10 fiscal years, global average annual benefit payments of approximately EUR 1.0 million are expected as of September 30, 2019 (EUR 0.8 million as of September 30, 2018). The weighted average duration of the German DBO is 12.2 years as of September 30, 2019 (11.8 years as of September 30, 2018).

22. Other non-current liabilities

The breakdown of “Other non-current liabilities” of the accompanying Consolidated Balance Sheet is as follows:

Thousands of euros	09.30.2019	09.30.2018
Long-term accruals	13,859	18,185
Deferred income	11,043	8,204
Other non-current liabilities	6,066	4,671
Total	30,968	31,060

23. Equity of the Parent Company

A. ISSUED CAPITAL

The SIEMENS GAMESA Group’s issued capital as of September 30, 2019 and 2018 amounts to EUR 115,794 thousand being composed of 681,143,382 ordinary shares of EUR 0.17 of nominal value each, represented by means of annotations into account, fully subscribed and disbursed.

According to information of the Company, the shareholder structure of SIEMENS GAMESA as of September 30, 2019 and 2018 is as follows:

Shareholders	% shareholding	
	09.30.2019	09.30.2018
SIEMENS AG (*)	59.000%	59.000%
Iberdrola, S.A.	8.071%	8.071%
Other (**)	32.929%	32.929%
Total	100.000%	100.000%

(*) 28.877% by Siemens Beteiligungen Inland GmbH.

(**) Includes all shareholders with an ownership stake of less than 3%, who are not considered as significant shareholders according to the article 32 of the Royal Decree 1362/2007 of October 19 on shareholders required to notify their stake due to the residence in a tax haven or in a country of 0 taxation or with no effective exchange of tax information.

SIEMENS GAMESA’s shares are listed in the IBEX 35 through the Automated Quotation System (*Mercado Continuo*) at the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges.

The main objectives of SIEMENS GAMESA Group share capital management are to ensure short and long term financial stability, the positive market performance of the shares of SIEMENS GAMESA, the adequate financing of its investments and maintaining levels of the Group’s external financing in line with the development of the business, so to ensure that the SIEMENS GAMESA Group maintains its financial strengths and the soundness of its financial ratios, supporting its business and maximizing its value for the shareholders.

As of September 30, 2019 and 2018, the SIEMENS GAMESA Group was within the parameters set by management for the purpose of managing this risk, as the ratio of debt (net of cash) to equity attributable to the Parent company is -13.76% and -10.38%, respectively.

The ratios of debt (net of cash) to equity attributable to the Parent company that are reflected throughout this note are as follows:

Thousands of euros	09.30.2019	09.30.2018
Current liabilities		
Financial debt (Note 18)	352,209	990,538
Non-current liabilities		
Financial debt (Note 18)	512,226	823,248
Total financial debt	864,435	1,813,786
Cash and other cash equivalents (Note 7)	(1,727,457)	(2,429,034)
Financial debt net of cash	(863,022)	(615,248)
Total Equity of the Parent Company	6,270,104	5,928,725
Proportion of Financial debt (net of cash) and Equity attributable to the Parent Company	(13.76%)	(10.38%)

In May 2019, the rating agencies gave the following credit rating to the SIEMENS GAMESA Group:

Issuer rating of SIEMENS GAMESA ⁽¹⁾			
Agency	Rating	Outlook	Date
Standard & Poor's	BBB-	Positive	May 6, 2019
Moody's	Baa3	Stable	May 6, 2019
Fitch	BBB	Stable	May 22, 2019

⁽¹⁾Long term: the above ratings may be revised, suspended or withdrawn by the rating agency at any time.

B. CAPITAL RESERVE

The Spanish Companies Act expressly allows the use of the capital reserve to increase issued capital and there are no specific restrictions for the availability of that amount.

C. UNREALISED ASSET AND LIABILITY REVALUATION RESERVE

The changes in this reserve in the years 2019 and 2018 were as follows:

Thousands of euros	10.01.2018	Movement between reserves	Change in fair value and/or other movements	Allocated Profit and Loss	09.30.2019
Cash-flow hedges					
Interest rate swaps	-	-	-	-	-
Securities of electricity price hedge	(1,693)	-	302	470	(921)
Currency forwards	53,185	-	(67,310)	7,740	(6,385)
	51,492	-	(67,008)	8,210	(7,306)
Deferred taxes due to the remeasurement of unrealised assets and liabilities	(11,417)	-	16,672	(2,469)	2,786
Total	40,075	-	(50,336)	5,741	(4,520)

Thousands of euros	10.01.2017	Movement between reserves	Change in fair value and/or other movements	Allocated to Profit and Loss	09.30.2018
Cash-flow hedges					
Interest rate swaps	381	-	(2,325)	1,944	-
Securities of electricity price hedge	(521)	-	(1,172)	-	(1,693)
Currency forwards	75,663	(20,941)	(21,914)	20,377	53,185
	75,523	(20,941)	(25,411)	22,321	51,492
Deferred taxes due to the remeasurement of unrealised assets and liabilities	(19,741)	5,583	8,606	(5,865)	(11,417)
Total	55,782	(15,358)	(16,805)	16,456	40,075

D. LEGAL RESERVE

Under the Spanish Companies Act, the parent company must transfer each year 10% of net profit to the Legal Reserve until the balance of this reserve reaches at least 20% of the "Issued Capital"

The Legal Reserve can be used to increase capital, as long as the remaining reserve balance does not fall below 10% of the increased "Issued Capital" amount. Otherwise, until the legal reserve exceeds 20% of "Issued Capital", it can only be used to offset losses, as long as other reserves are not available for this purpose.

As of September 30, 2019 and 2018 this reserve is not fully set up.

E. TREASURY SHARES, AT COST

The change in treasury shares held, as well as of the item "Treasury shares, at cost" of "Total Equity" as a consequence of the transactions during the years 2019 and 2018, is as follows:

	Number of shares	Thousands of euros	Average price
Balance at 10.01.2018	1,698,730	(20,343)	11.975
Acquisitions	18,136,391	(235,668)	12.994
Disposals	(18,199,696)	234,395	12.879
Balance at 09.30.2019	1,635,425	(21,616)	13.217

	Number of shares	Thousands of euros	Average price
Balance at 10.01.2017	1,707,508	(21,505)	12.594
Acquisitions	22,995,111	(281,552)	12.244
Disposals	(23,003,889)	282,714	12.290
Balance at 09.30.2018	1,698,730	(20,343)	11.975

The nominal value of the treasury shares acquired directly or indirectly by SIEMENS GAMESA, together with those already held by the SIEMENS GAMESA Group and its subsidiaries does not exceed 10% of the "Issued Capital" for the years ended September 30, 2019 and 2018.

On July 10, 2017, the SIEMENS GAMESA Group entered into a liquidity contract with Santander Investment Bolsa, which was communicated to the CNMV through a notice of a Significant Event on the same date. Under this contract, during the period between October 1, 2018 and September 30, 2019, the SIEMENS GAMESA Group has acquired 18,136,391 own shares at the average price of EUR 12.99 per share, and has sold 18,199,696 own shares at an average price of EUR 12.88 per share and during the period between October 1, 2017 and September 30, 2018 the SIEMENS GAMESA Group acquired 22,995,111

own shares at the average price of EUR 12.24 per share, and sold 23,003,889 own shares at an average price of EUR 12.29 per share.

The difference between the cost and sales price, has led to an increase of EUR 811 thousand as of September 30, 2019 (a decrease of EUR 22 thousand as of September 30, 2018), recognized under "Total Equity".

F. LONG-TERM INCENTIVE

The General Shareholders' Meeting held on March 23, 2018 approved a Long-Term Incentive Plan for the period between 2018 and 2020, which includes the delivery of shares of the Company linked to the achievement of certain strategic objectives after measurement periods of 3 years. This Long-Term Incentive Plan is addressed to the Chief Executive Officer, Senior Management, certain Managers and employees of the Company and, where appropriate, of subsidiaries of the SIEMENS GAMESA Group.

The plan has a duration of 5 years divided into three independent cycles with a measurement period of 3 years each.

The settlement period of the Plan will fall within fiscal years 2021, 2022 and 2023. The shares will be delivered, as appropriate, within sixty (60) calendar days from the date on which the Company's Board of Directors prepares the Financial Statements for the relevant period, in order to determine the degree of achievement of the objectives for each cycle ("Delivery Date"). The Plan will end on the Delivery Date for cycle FY2020 (i.e. following the preparation of the 2022 Financial Statements).

The Plan is addressed to a maximum of 300 beneficiaries, and the designation of an individual as a beneficiary of a Plan cycle will not necessarily entitle the participation in other Plan cycles.

The Plan could not exceed, as a maximum, the delivery of a total of 5,600,000 shares. This total limit, which represents a 0.82% of SIEMENS GAMESA's capital, was calculated considering the potential inclusion of additional beneficiaries. The Company will allocate Shares of treasury stock to cover the Plan or otherwise meet the commitments derived from the Plan with a financial instrument that provides adequate coverage. As a result of the amendments to the Plan for the second and third cycles, as described below, the total number of shares allocated to the Plan has increased to the limit of 7,560,000 shares, which represent 1.1% of the share capital of SIEMENS GAMESA.

First cycle of the Plan

With respect to the first cycle, the SIEMENS GAMESA Group has recorded the rendering of services from the beneficiaries relating to the incentive payable in shares as personnel expenses on an accrual basis, accruing the estimate of the fair value of the equity instruments assigned over the term of the plan (between October 1, 2017 and October 1, 2020), which have given rise to a debit amounting EUR 4.2 million in "Personnel expenses" in the Consolidated Statement of Profit and Loss by nature for the year ended September 30, 2019 (EUR 1.2 million for the year ended 30, 2018), crediting the heading "Other reserves" under Equity in the accompanying Consolidated Balance Sheet as of September 30, 2019 and 2018, respectively.

To value this programme, the SIEMENS GAMESA Group used the futures pricing formula and the Monte Carlo method simulation based on the assumptions of the Black Scholes pricing model, which is widely used in financial practice to measure options, in order to include the effect of market conditions on the value of the transferred equity instruments. The main market parameters used in the measurement were as follows:

- The risk-free rate was -0.05%.
- The share price volatility was 43.6% which corresponds to the average value of the historic share price variations since January 2010.

- Estimate of the degree of achievement of the strategic objectives from the first cycle: 78% (55% for the year 2018).

The number of employees entitled to the plan's first cycle amounts to 174.

Second and third cycles of the Plan

In the General Shareholders' Meeting held on March 27, 2019, it has been approved a modification of the Long-Term Incentive for the FY2019 and FY2020 cycles.

The objective of this modification is to improve and to better align the Plan with the Company's strategic priorities, like the L3AD2020 programme. Finally, these improvements will eliminate the redundancies with the short-term incentive system and will enforce the property culture among the Company.

With respect to the second cycle, the SIEMENS GAMESA Group has recorded the rendering of services from the beneficiaries relating to the incentive payable in shares as personnel expenses on an accrual basis, accruing the estimate of the fair value of the equity instruments assigned over the term of the plan (between October 1, 2018 and October 1, 2021), which have given rise to a debit amounting EUR 2.5 million in "Personnel expenses" in the Consolidated Statement of Profit and Loss by nature for the year ended September 30, 2019, crediting the heading "Other reserves" under "Total Equity" in the accompanying Consolidated Balance Sheet as of September 30, 2019.

To value this programme, the SIEMENS GAMESA Group used the futures pricing formula and the Monte Carlo method simulation based on the assumptions of the Black Scholes pricing model, which is widely used in financial practice to measure options, in order to include the effect of market conditions on the value of the transferred equity instruments. The main market parameters used in the measurement have been as follows:

- The risk-free rate is 0.18%.
- The share price volatility is 42.98% which corresponds to the average value of the historic share price variations since January 2010.
- Estimate of the degree of achievement of the strategic objectives from the second cycle: 100%.

The number of employees entitled to the Plan's second cycle amounts to 191.

G. DIVIDENDS

The General Shareholders' Meeting of SIEMENS GAMESA held on March 27, 2019 approved a dividend amounting to EUR 17.5 million, charged to the results of the year ended September 30, 2018. This dividend has been paid in April 4, 2019.

No dividends were paid during the year ended September 30, 2018.

24. Non - controlling interests

The development of the non-controlling interests from non-wholly owned subsidiaries in the years 2019 and 2018 is as follows:

Thousands of euros	
Balance at 10.01.2018	2,226
Profit for the year	936
Other movements	(461)
Balance at 09.30.2019	2,701

Thousands of euros	
Balance at 10.01.2017	2,814
Profit for the year	(63)
Other movements	(525)
Balance at 09.30.2018	2,226

These non-controlling interests are not material over the assets, liabilities, profit and cash-flows of the Consolidated Financial Statements of the SIEMENS GAMESA Group as of September 30, 2019 and 2018.

25. Financial reporting by segment

The reportable segments of the SIEMENS GAMESA Group are adapted to the operating configuration of the business units and to the financial and management information used by the executive boards of the Group, being the following in 2019 and 2018:

- Wind Turbines (*)
- Operation and Maintenance

(*) Wind Turbines segment includes the manufacturing of wind turbine generators and the development, construction and sale of wind farms (onshore and offshore).

The segments taken into account are Wind Turbines and Operation and Maintenance, since the SIEMENS GAMESA Group is organisationally structured in this manner, and the internal information generated for the Board of Directors is also presented in this way.

A. *INFORMATION BY SEGMENT*

Revenue

The breakdown, by segment, of the "Revenue" for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019	09.30.2018
Wind Turbines	8,733,498	7,847,191
Operation and Maintenance	1,493,381	1,275,081
Revenue	10,226,879	9,122,272

The performance obligations related to Wind Turbines and Operation and Maintenance are generally satisfied over time.

Net Income

The breakdown, by segment, of the contribution to the net income after tax for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019	09.30.2018
Continuing Operations		
Wind Turbines	(22,434)	(10,318)
Operation and Maintenance	275,096	221,188
Total results of operations by segment	252,662	210,870
Unassigned results (*)	(63,170)	(43,020)
Income tax expenses	(49,490)	(97,857)
Net income attributable to the Parent Company	140,002	69,993

(*) This item includes financial results, results attributable to non-controlling interests and income (loss) from investments accounted for using the equity method.

Structure costs supporting both business units, whose amount is subject to allocation among both segments, are allocated to the business units according mainly to each business unit's contribution to the amount of the Group's consolidated turnover.

Financial expenses and income, the results attributable to non-controlling interests and the results from investments accounted for using the equity method and Income tax expense have not been assigned to the operating segments because those concepts are jointly managed by the Group.

B. GEOGRAPHICAL INFORMATION

The SIEMENS GAMESA Group currently operates in several geographical markets. The main areas are EMEA (including Spain), AMERICA and APAC. The main countries included in each of those areas are the following:

- EMEA: Denmark, Germany and Great Britain
- AMERICA: USA, Brazil and Mexico
- APAC: India, China and Australia

In this sense, the most significant figures detailed by geographical area are the following:

Revenue

The breakdown, by geographical area, of the "Revenue" for the years ended September 30, 2019 and 2018 is as follows:

Geographical area	09.30.2019		09.30.2018	
	Thousands of euros	%	Thousands of euros	%
Spain	999,588	9.7%	400,193	4.4%
EMEA	5,653,797	55.3%	4,774,839	52.3%
AMERICA	2,030,644	19.9%	2,235,461	24.5%
APAC	1,542,850	15.1%	1,711,779	18.8%
Total	10,226,879	100%	9,122,272	100%

In 2019, countries where the "Revenue" is more than 10% of the total heading are the United States with a "Revenue" amount of EUR 1,514,168 thousand, United Kingdom EUR 1,497,027 thousand, Denmark EUR 1,115,637 thousand and Germany EUR 1,037,575 thousand. In 2018, Germany with an amount of EUR 1,174,116 thousand, United Kingdom EUR 1,062,202 thousand and United States EUR 997,999 thousand.

Total assets

The breakdown, by geographical area, of the total assets as of September 30, 2019 and 2018 is as follows:

Geographical area	09.30.2019		09.30.2018	
	Thousands of euros	%	Thousands of euros	%
Spain	4,378,038	26.2%	5,215,776	32.3%
EMEA	4,743,648	28.4%	4,226,197	26.2%
AMERICA	2,882,524	17.3%	2,672,949	16.5%
APAC	4,685,203	28.1%	4,037,815	25.0%
Total	16,689,413	100%	16,152,737	100%

The disclosure above includes the amount corresponding to the Goodwill resulting from the Merger (Note 13).

In 2019, the countries in which the "Total asset" exceeds 10% of the total assets heading are Spain with an amount of "Total assets" of EUR 4,378,038 thousand, Denmark EUR 3,172,840 thousand, India EUR 3,152,955 thousand and United States EUR 1,979,380 thousand. In the 2018 Spain with an amount of EUR 5,215,858 thousand, Denmark EUR 2,654,443 thousand, India EUR 2,620,279 thousand and the United States EUR 1,827,416 thousand.

Investment in assets

The breakdown, by geographical area, of the investments in "Other intangible assets" (Note 14) and "Property, plant and equipment" (Note 15) for the years ended September 30, 2019 and 2018 is as follows:

Geographical area	09.30.2019		09.30.2018	
	Thousands of euros	%	Thousands of euros	%
Spain	86,869	17.5%	80,378	19.4%
EMEA	303,542	61.0%	258,618	62.3%
AMERICA	43,055	8.6%	39,111	9.4%
APAC	64,300	12.9%	36,969	8.9%
Total	497,766	100%	415,076	100%

26. Income tax

Since 2002 SIEMENS GAMESA and some of its subsidiaries located in the Basque Country, subject to *Bizkaia's* corporate tax regulations, are taxed under the Special Consolidated Tax Regime, being SIEMENS GAMESA the Parent company of this Tax Group. This regime is now regulated under the chapter VI of the title VI of the *Norma Foral 11/2013* (Local Income Tax regulation), of December 5, of the *Bizkaia* Historical Territory.

Moreover, since 2009, SIEMENS GAMESA and its subsidiaries which meet the requirements are resolved to be under the Group's Special Regime of Value Added Tax included in chapter IX of the *Norma Foral 7/1994* of November 9 of *Bizkaia* which regulates this tax at its basic level, being SIEMENS GAMESA the Parent Company of the Tax Group.

The companies that integrate the Consolidated Tax Group under the Regional Regulations of Bizkaia for the purposes of Income tax for the fiscal year 2019 are the following:

Siemens Gamesa Renewable Energy, S.A. (Parent company)	Sistemas Energéticos Sierra de Valdefuentes, S.L.U.
Siemens Gamesa Renewable Energy Europa, S.L.U.	Sistemas Energéticos Fonseca, S.A.U.
Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	Sistemas Energéticos Serra de Lourenza, S.A.U.
Siemens Gamesa Renewable Energy International Wind Services, S.A.U.	Sistemas Energéticos Balazote, S.A.U.
Siemens Gamesa Renewable Energy Invest, S.A.U.	Adwen Offshore, S.L.U.
Sistemas Energéticos Tablero Tabordo, S.L.U.	Sistemas Energéticos Argañoso, S.L.U.
Sistemas Energéticos Tarifa, S.L.U.	Sistemas Energéticos Carril, S.L.U.
Parque Eólico Dos Picos, S.L.U.	Sistemas Energéticos Jaralón, S.A.U.
Sistemas Energéticos Loma del Viento, S.A.U.	Sistemas Energéticos Loma del Reposo, S.L.U.
Sistemas Energéticos Sierra de Las Estancias, S.A.U.	Sistemas Energéticos Cabezo Negro, S.A.U.
International Windfarm Developments II, S.L.U.	International Windfarm Developments IX, S.L.U.
Sistemas Energéticos Cuntis, S.A.U.	Sistemas Energéticos Cuerda Gitana, S.A.U.
Sistemas Energéticos La Cámara, S.L.U.	Sistemas Energéticos Tomillo, S.A.U.
Sistemas Energéticos La Plana, S.A.	Sistemas Energéticos Ladera Negra, S.A.U.
Sistemas Energéticos Cabanelas, S.A.U.	

The following companies are subject to the aforementioned Group's Special Regime of Value Added Tax in the year 2019:

Siemens Gamesa Renewable Energy, S.A. (Parent company)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.
Adwen Offshore, S.L.U.	Sistemas Energéticos La Cámara, S.L.U.
Sistemas Energéticos La Plana S.A.	Sistemas Energéticos Cabezo Negro S.A.

Also, since 2010 the subsidiaries located in the Autonomous Community of *Navarra* Siemens Gamesa Renewable Energy Eólica, S.L.U., Siemens Gamesa Renewable Energy Innovation & Technology, S.L.U. and Estructuras Metálicas Singulares, S.A.U. have filed consolidated tax returns pursuant to *Navarra* Corporation Tax Regulation 26/2016 of December 28, (*Ley Foral 26/2016, de 28 de diciembre, del impuesto de sociedades*). Three more companies were incorporated to this Group in 2016, Siemens Gamesa Renewable Energy Latam, S.L., Siemens Gamesa Renewable Energy Apac, S.L.U. and Sistemas Energéticos El Valle, S.L.

Since 2005, Siemens Gamesa Renewable Energy USA, Inc. and its subsidiaries were taxed by the Federal Income Tax under the Consolidated Tax of the United States, being Siemens Gamesa Renewable Energy USA, Inc. the parent company of the Tax Group. Since October 1, 2018 Siemens Gamesa Renewable Energy, Inc. is the parent company of such group after merging with Siemens Gamesa Renewable Energy USA, Inc.

Since 2005, Siemens Gamesa Renewable Energy A/S is part of the Danish national joint taxation Group, being Siemens A/S nominated as the administration company of that Group.

The rest of the Group's companies are taxed on an individual return basis in accordance with the legislation in force in their respective jurisdictions.

The breakdown of income tax between current and deferred taxes is as follows:

Thousands of euros	09.30.2019	09.30.2018
Current tax	(114,894)	(194,670)
Deferred tax	65,404	96,813
Income tax income (expense)	(49,490)	(97,857)

The income tax income (expense) in the years ended September 30, 2019 and 2018 includes adjustments recognized for current tax of prior years amounting to EUR 8,664 thousand and EUR 10,745 thousand, respectively. The deferred tax income (expense) in the year ended September 30, 2019 and 2018 includes tax effects of the creation and reversal of temporary differences amounting to EUR 131,385 thousand and EUR 67,926 thousand, respectively.

Income tax expense (current and deferred) differs from the amounts computed by applying the tax rate corresponding to the parent company, of 26% (28% in the year 2018), as follows:

Thousands of euros	09.30.2019	09.30.2018
Income before taxes	190,428	167,787
Expected income tax income (expense)	(49,511)	(46,980)
(Increase) decrease resulting from		
- Non-deductible losses and expenses	(52,896)	(48,508)
- Tax-free income	27,052	34,338
- Taxes from prior years	1,195	6,860
- Changes in realizability of deferred tax assets and tax credits	(40,435)	(36,708)
- Changes in tax rates	33,990	(40,545)
- Foreign tax rate differential	30,456	33,533
- Other, net	659	153
Income tax income (expense)	(49,490)	(97,857)

27. Deferred taxes

The balances recognized under “Deferred tax assets” and “Deferred tax liabilities” of the Consolidated Balance Sheet as of September 30, 2019 and 2018 arose as a result of the following circumstances:

- The different accounting and tax methods for recognising certain provisions.
- Temporary differences deriving from the limit for deductions of financial expenses for tax purposes.
- The Purchase Price Allocation (PPA) effect.

The breakdown of “Deferred tax assets” and “Deferred tax liabilities” on a gross basis in the Consolidated Balance Sheet as of September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019	09.30.2018
Assets		
Non-current and current assets	333,328	307,833
Liabilities	317,034	414,492
Other	498	553
Tax loss carryforwards	381,884	208,637
Tax credit carryforwards	77,193	71,381
Deferred tax assets	1,109,937	1,002,896
Liabilities		
Non-current and current assets	(765,452)	(836,851)
Liabilities	(262,573)	(161,942)
Other	(1,820)	(1,304)
Deferred tax liabilities	(1,029,845)	(1,000,097)
Total deferred tax assets (liabilities), net	80,092	2,799

On 20 September 2019, a Tax Ordinance was promulgated in India introducing new measures and sections in the Income Tax Act that was in force.

Prior to the Ordinance, domestic companies in India were liable to an effective tax rate ranged from 26% to 34.94% (including 10% surcharge and 4% health & education “cess”).

With the new Tax Ordinance, and with effect April 2019 the Indian companies have an option to pay income tax at the effective rate of 25.17% subject to certain conditions, including the not availing of specified tax exemption and incentives foreseen in the previous rule.

The Indian Group’s subsidiaries fulfill the foreseen conditions and has decided to opt for applying the new Tax Ordinance. Therefore, the deferred tax assets and liabilities of the Indian subsidiaries have been measured at the new rate (25.17%) and, as a consequence of that, the income tax expense as of September 30, 2019 includes a positive impact amounting to, approximately, EUR 27 million.

The Tax Cuts and Jobs Act, signed into law on December 22, 2017, effective from January 1, 2018, established a flat federal corporate income tax rate of 21% to replace previous rates that ranged from 15% to 35%. A blended rate for the fiscal year ended September 30, 2018 of 24.53% was applicable for the Group subsidiaries in the United States. The blended rate of 24.53% is based upon a weighted average of the ratio of days in the fiscal year 2018 prior to and after enactment of the new rule.

Additionally, the corporate Alternative Minimum Tax (AMT) was repealed. AMT credit carryovers can be used to offset regular tax liabilities corresponding to future periods. In addition, the AMT credit is refundable in fiscal years beginning after 2017 and before 2022.

During the fiscal year 2018, the deferred tax assets and liabilities of the Group’s United States subsidiaries were measured after the entry into effect of the new legislation, and, as a consequence of that, the income tax expense as of September 30, 2018 included a negative impact, without effect in the cash-flows in the period, estimated at EUR 38 million.

SIEMENS GAMESA Group recognizes deferred tax assets, tax loss carryforwards and unused tax credits and tax relief only to the extent that their future realisation or utilisation is sufficiently assured.

Deferred tax assets have not been recognized with respect of the following items (gross and net amounts):

Thousands of euros	09.30.2019	09.30.2018
Deductible temporary differences	223,991	903,681
Tax loss carryforwards	2,242,421	1,933,857
Total (gross amounts)	2,466,412	2,837,538

Thousands of euros	09.30.2019	09.30.2018
Tax credit carryforwards, net	193,789	191,239
Total (net amounts)	193,789	191,239

Out of the total amount of unrecognized tax loss carry-forwards as of September 30, 2019, an amount of EUR 60,880 thousand will expire in the following years until 2028 and EUR 1,389,563 thousand will expire in 2029 and onwards (EUR 446,548 thousand as of September 30, 2018 over the periods to 2028).

Out of the unrecognized tax credits as of September 30, 2019 EUR 190,327 thousand will expire in 2028 and subsequent years (EUR 191,233 thousand as of September 30, 2018).

SIEMENS GAMESA Group has not recognized deferred tax liabilities for income taxes or foreign withholding taxes on the cumulative earnings of subsidiaries of EUR 844,292 thousand and EUR 715,150 thousand, respectively in fiscal years 2019 and 2018, because the earnings are intended to be permanently reinvested in the subsidiaries.

Including items charged or credited directly to equity and the income (expense) from continuing and discontinued operations, the income tax income (expense) consists of the following:

Thousands of euros	09.30.2019	09.30.2018
Continuing operations	(49,490)	(97,857)
Income (expense) recognized directly in "Total Equity"	14,109	2,642
Total	(35,381)	(95,215)

28. Commitments, warranties to third parties and contingent liabilities

As of September 30, 2019 and 2018, different financial and insurance entities have provided financial warranties and warranties provided to public entities amounting to EUR 101,960 thousand and EUR 128,328 thousand, respectively. The breakdown by type of warranty is as follows:

Thousands of euros	09.30.2019	09.30.2018
Financing warranties	74,352	94,612
Warranties provided to public entities	27,608	33,716
Total	101,960	128,328

The SIEMENS GAMESA Group considers that liabilities, if any, which might arise from the obligations and warranties shown in the table above, in addition to those for which provisions had been recognized as of September 30, 2019 and 2018, would not be significant.

In addition, the SIEMENS GAMESA Group provides credit warranties which cover the financial obligations of third parties generally in cases where the SIEMENS GAMESA Group is the vendor and (or) contractual partner or the SIEMENS GAMESA Group is liable for obligations of associate companies accounted for using the equity method. As of September 30, 2019 and 2018, there are no outstanding credit warranties.

Furthermore, the SIEMENS GAMESA Group issues guarantees of third-party performance for project partners. In the event of non-fulfilment of contractual obligations by the partner, the SIEMENS GAMESA Group will be required to pay up to an agreed-upon maximum amount. The total amount of guarantees of third-party performance as of September 30, 2019 is EUR 2,786 thousand (EUR 3,298 thousand as of September 30, 2018).

Additionally, in line with widespread industry practice, the Group obtains warranties and commitments to cover its obligations arising from the ordinary course of its business, coming from the sale of assets and from potential risks of its activities. As at the date of these Consolidated Financial Statements, the probability of a breach that would trigger a liability for these commitments to any material extent is remote.

29. Revenues and expenses

A. REVENUE

The detail of this heading of the Consolidated Statement of Profit and Loss for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Wind Turbines	8,733,498	7,847,191
Operation and Maintenance	1,493,381	1,275,081
Total revenue	10,226,879	9,122,272

B. PROCUREMENTS

The detail of procurements of the Consolidated Statement of Profit and Loss by nature for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Supplies	6,821,582	5,129,977
Changes in inventories of finished products and work in progress	(35,937)	673,659
Total	6,785,645	5,803,636

C. STAFF COSTS

The detail of staff cost of the Consolidated Statement of Profit and Loss by nature for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Wages and salaries	1,376,215	1,360,625
Social welfare contributions	173,044	161,511
Expenses related to pension plans and other social benefits	64,512	59,961
Total staff costs	1,613,771	1,582,097

During the year ended September 30, 2019, the SIEMENS GAMESA Group has recognized personnel restructuring costs amounting to EUR 32 million, of which EUR 16 million are related to the agreement signed with the workers council related to the ADWEN entities in Germany on October 15, 2018 and which has affected 166 employees.

During 2018, the SIEMENS GAMESA Group recognized personnel restructuring costs amounting to EUR 86 million related, among others, to the execution of its voluntary redundancy scheme in Spain, as well as the closure of the plant of Miranda de Ebro (Burgos) in total amount of EUR 46 million for both.

Likewise, in April 2018, the SIEMENS GAMESA Group signed a restructuring agreement that mainly affected the Hamburg and Bremen locations. In relation to this agreement, the Group recognized a cost of approximately EUR 17 million for the year ended September 30, 2018. Along with Spain, Denmark, United States and United Kingdom were the main countries affected by the restructuring plan.

Linked to the achievement of strategic medium and long-term objectives, the Board of SIEMENS GAMESA approved in 2016 a 2016-2017 incentive of which the key personnel were beneficiaries (100 employees approximately), linked to achieving an operating result (EBIT) for the period beginning January 1, 2016, up to the Effective Date of the Merger. This incentive plan included a period of permanence of two years for its full payment. Based on this agreement, the Group has recognized during the years 2019 and 2018 a cost amounting EUR 0.515 million and EUR 5.06 million, respectively, having completed the period of permanence during the year 2019 with the subsequent final settlement of the plan.

The average number of employees in the years 2019 and 2018, by professional category, is as follows:

Average number of employees	2019			2018		
	Male	Female	Total	Male	Female	Total
Board Members	10	3	13	7	6	13
Executive / Senior management	287	31	318	257	29	286
Managers	2,548	599	3,147	2,582	535	3,117
Employees	16,549	3,855	20,404	16,552	3,831	20,383
Total	19,394	4,488	23,882	19,398	4,401	23,799

The Executive Management of SIEMENS GAMESA Group is formed as average during the year ended September 30, 2019 and 2018 by 6 and 7 members, respectively, all of them male.

The distribution of employees by gender in September 30, 2019 and 2018 is as follows:

Number of employees	09.30.2019			09.30.2018		
	Male	Female	Total	Male	Female	Total
Board Members	10	3	13	7	6	13
Executive / Senior management	298	34	332	248	30	278
Managers	2,616	625	3,241	2,574	568	3,142
Employees	16,944	3,936	20,880	15,858	3,756	19,614
Total	19,868	4,598	24,466	18,687	4,360	23,047

The Executive Management is formed by 7 members as of September 30, 2019 and 2018, all of them male.

The average number of employees of the SIEMENS GAMESA Group in the years 2019 and 2018, with a disability equal to or greater than 33%, by category, is as follows:

Categories	2019	2018
Managers	13	13
Employees	19	20
Total	32	33

This average number of employees with a disability equal to or greater than 33% is referred to the employees of the Spanish companies of the consolidated scope.

D. OTHER OPERATING EXPENSES

The breakdown of other operating expenses of the Consolidated Statement of Profit and Loss by nature for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Rent and royalties	280,852	379,265
Professional services	424,054	217,247
Insurance	64,109	49,747
Communications, security and advertising	67,284	41,381
Utilities	41,037	33,824
Travel expenses	115,100	110,340
Training and staff development	33,622	21,936
Other services	77,721	182,889
Taxes and other	13,664	14,633
Total other operating expenses	1,117,443	1,051,262

As of September 30, 2019 and 2018, the future minimum lease payments under non-cancellable operating leases arranged by the SIEMENS GAMESA Group amount approximately to EUR 786,975 thousand (Note 2.D) and EUR 619,600 thousand, respectively. The breakdown by maturity of payments of the non - cancellable operating lease instalments is as follows:

Thousands of euros 09.30.2019	2020	2021-2024	2025 onwards
Non - cancellable operating lease instalments	132,897	251,683	402,395

Thousands of euros 09.30.2018	2019	2020-2023	2024 onwards
Non - cancellable operating lease instalments	122,519	164,072	333,009

The most significant leasing agreements are related with leasing of office buildings, in the different locations where the Company develops its activity, in addition to industrial units for the production of components such as nacelles or rotors and for several warehouses.

The amount differs from the effect of the application of IFRS 16 "Leases" for the first time as explained in Note 2.D.

E. DEPRECIATION / AMORTIZATION CHARGE AND IMPAIRMENT OF INTANGIBLE AND FIXED ASSETS

The detail of depreciation / amortization charge and impairment of intangible and fixed assets of the Consolidated Statement of Profit and Loss by nature for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Intangible asset amortization charge (Note 14)	294,504	323,067
Property, plant and equipment depreciation charge (Note 15)	326,703	315,679
Amortization and depreciation charge of intangible and fixed assets	621,207	638,746
Intangible asset impairment (Note 14)	13,932	-
Property, plant and equipment impairment (Note 15)	11,652	6,476
Impairment of intangible and fixed assets	25,584	6,476
Amortization / depreciation and impairment of intangible and fixed assets	646,791	645,222

F. INTEREST INCOME

The detail of “Interest income” of the Consolidated Statement of Profit and Loss by nature for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Interest income of operations	11,851	12,832
Other interest income	1,959	2,335
Total interest income	13,810	15,167

G. INTEREST EXPENSES

The “Interest expenses” detail of the Consolidated Statement of Profit and Loss by nature for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Interest expenses of operations	27,043	43,391
Other interest expenses	25,897	11,237
Total interest expenses	52,940	54,628

H. OTHER FINANCIAL INCOME (EXPENSES), NET

The “Other financial income (expenses), net” detail of the Consolidated Statement of Profit and Loss by nature for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Income (expenses) from equity instruments	8,468	(287)
Other financial and similar income / (loss)	(30,093)	(2,903)
Total other financial income (expenses), net	(21,625)	(3,190)

30. Related party balances and transactions

All the balances between the consolidated companies and the effect of the transactions between them during the year are eliminated in the consolidation process. The breakdown of the balances with related parties which are not eliminated in consolidation in the years 2019 and 2018 is as follows:

Thousands of euros	09.30.2019					
	Contract Assets	Receivables	Other financial assets	Payables	Other financial liabilities	Contract liabilities
SIEMENS AG	-	19,914	-	272,452	-	-
Other SIEMENS Group entities	-	1,602	-	13,238	-	-
Group SIEMENS	-	21,516	-	285,690	-	-
Iberdrola Group	72,316	14,769	-	555	1,374	29,018
Windar Renovables	-	1,359	-	77,604	-	-
VejaMate Offshore Project GmbH	14,492	-	-	-	-	25,040
Galloper Wind Farm Limited	26,412	4,082	-	1,042	-	6,716
ZeeEnergie C.V. Amsterdam	-	-	-	-	-	21,395
Buitengaats C.V. Amsterdam	-	-	-	-	-	21,395
OWP Butendiek GmbH & Co. KG	-	-	-	-	-	55,455
Tromsø Vind AS	55,178	5,457	-	-	-	8,850
Other	365	1,403	17,880	4,813	-	-
Total	168,763	48,586	17,880	369,704	1,374	167,869

Thousands of euros	09.30.2018					
	Contract		Other	Other		Contract
	Assets	Receivables	financial assets	Payables	financial liabilities	liabilities
SIEMENS AG	-	28,161	-	249,426	-	-
Other SIEMENS Group entities	-	325	-	92,284	-	-
SIEMENS Group	-	28,486	-	341,710	-	-
Iberdrola Group	35,812	48,676	-	2,371	-	5,925
Windar Renovables	-	706	-	50,837	-	-
VejaMate Offshore Project GmbH	25,806	500	-	-	-	11,659
Galloper Wind Farm Limited	29,206	3,152	-	-	-	4,209
ZeeEnergie C.V., Amsterdam	-	-	-	-	-	16,036
Buitengaats C.V., Amsterdam	-	-	-	-	-	16,036
OWP Butendiek GmbH & Co. KG	1,681	-	-	-	-	42,010
Other	22,247	4,154	1,485	-	-	26,984
Total	114,752	85,674	1,485	394,918	-	122,859

The breakdown of the transactions with related parties which are not eliminated in consolidation in the years 2019 and 2018 is as follows:

Thousands of euros	2019		2018	
	Sales and services rendered	Purchases and services received	Sales and services rendered	Purchases and services received
SIEMENS AG	662	339,610	1,270	254,830
Other SIEMENS Group entities	1,653	273,743	1,704	240,806
Group SIEMENS	2,315	613,353	2,974	495,636
Iberdrola Group	716,352	5,905	374,820	8,165
Windar Renovables	1,214	114,871	780	88,983
VejaMate Offshore Project GmbH	24,338	-	70,727	-
Galloper Wind Farm Limited	26,900	1,017	293,686	486
ZeeEnergie C.V. Amsterdam	16,189	-	15,254	-
Buitengaats C.V. Amsterdam	16,189	-	15,254	-
OWP Butendiek GmbH & Co. KG	43,512	-	35,788	-
Tromsø Vind AS	246,274	-	-	-
Other	34,552	20,021	41,600	(4,003)
Total	1,127,835	755,167	850,883	589,267

All transactions with related parties have been carried out under market conditions.

A. TRANSACTIONS WITH SIEMENS GROUP

Goods and services purchased

On June 17, 2016, SIEMENS GAMESA and Siemens Aktiengesellschaft (SIEMENS) signed a strategic alliance agreement, featuring a strategic supply contract by virtue of which SIEMENS became the strategic SIEMENS GAMESA supplier of gears, segments, and other products and services offered by SIEMENS Group. The abovementioned alliance will continue to be in force during the period in which SIEMENS: (a) directly or indirectly holds more than 50.01% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Director voting rights, with no shareholders which individually or jointly hold less than 15% of share capital. In cases of change of control, the parties are entitled to terminate the strategic alliance, although the strategic supply contract will have a minimum duration of at least 3 years (until April 3, 2020). The award system ensures that the supplies will be carried out at market conditions, as well as the involvement of and access to other suppliers.

On March 31, 2017, SIEMENS GAMESA and Siemens Aktiengesellschaft entered into a licensing agreement by virtue of which SIEMENS GAMESA is entitled to use the SIEMENS brand during the period in which SIEMENS: (a) directly or indirectly holds more than 50.01% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Director voting rights, with no shareholders which individually or jointly hold at least 15% of share capital. In the event of change of control, license would expire subject to certain transition period to discontinue the use of the SIEMENS name and trademark.

Dated on April 28, 2017 SIEMENS GAMESA and Siemens Aktiengesellschaft signed a framework agreement over certain information rights and obligations and related matters concerning the relationship between the parties and certain principles applicable to the rendering of services between the SIEMENS GAMESA Group and the SIEMENS Group, as the main shareholder of SIEMENS GAMESA.

By virtue of certain agreements reached as a result of the Merger between SIEMENS GAMESA and Siemens Wind HoldCo, S.L.U., SIEMENS Group will have and grant certain warranties with regard to the business combination. The above agreements may be terminated and their applicable terms granted amended in case of change of control.

On April 10, 2018, SIEMENS GAMESA, through its subsidiary Siemens Gamesa Renewable Energy GmbH & Co. KG and SIEMENS entered into a contractual agreement by which both parties cooperate in the development and deployment of thermal energy storage systems. The project is co-funded by the Federal Ministry of Economic Affairs and Energy of Germany.

On August 1, 2018, SIEMENS GAMESA and SIEMENS entered into a service agreement by which SIEMENS provides procurement services enabling SIEMENS GAMESA Group to benefit from collective bargaining power. The initial term of the agreement is one year for operational procurement services while the initial term for other procurement services is two years from effective date, both extendable for two additional years. Service agreement is as of September 30, 2019 extended until end of July 2022. For the approval of this related party transaction, the Audit, Compliance and Related Party Transactions Committee was advised by an independent expert.

On September 3, 2018, SIEMENS GAMESA, through its subsidiary Siemens Gamesa Renewable Energy LLC, and SIEMENS, through its subsidiary OOO Siemens Gas Turbine Technologies, entered into a contract manufacturing agreement for the assembly of wind turbines for the Russian market. The initial term is set to three years.

On October 1, 2018, SIEMENS GAMESA and SIEMENS entered into a service agreement by which SIEMENS provides support on specific accounting related topics.

On January 1, 2019, SIEMENS GAMESA and SIEMENS entered into a service agreement by which SIEMENS provides support for administration of Intellectual Property related matters.

On April 1, 2019, SIEMENS GAMESA and SIEMENS entered into a service agreement by which SIEMENS provides additional licenses for Teamcenter software utilized for managing the product development process.

During fiscal year 2019, the SIEMENS GAMESA Group purchased supplies for the Wind Turbines construction from SIEMENS Group, mainly from the SIEMENS divisions "Process Industries and Drives" and "Energy Management". In addition, SIEMENS Group provided services to SIEMENS GAMESA Group based on transitional service agreements and service agreements such as tax services, selling support, human resources, legal and treasury services, among others.

Finally, as is usual for large electricity supply infrastructure projects, there are contracts with clients which regulate a supposed change in control, providing each party reciprocal rights to terminate the contract if such situation arises, especially in cases in which the new controlling party is the other party's competitor.

During fiscal year 2019, SIEMENS GAMESA and SIEMENS extended several existing office lease agreements and also new ones have been signed.

Guarantees provided between the SIEMENS GAMESA Group and the SIEMENS Group

As of September 30, 2019, the SIEMENS Group has provided guarantees to third parties for the performance of the SIEMENS GAMESA Group amounting to EUR 21,204 million (EUR 20,839 million as of September 30, 2018).

In December 2018, SIEMENS GAMESA and SIEMENS entered into an agreement by which SIEMENS GAMESA issued a technical guarantee to SIEMENS related to several repowering projects in USA involving tax equity investment from SIEMENS.

Share-based payments

Certain employees of SIEMENS GAMESA Group that have transferred from other SIEMENS Group entities participate in share-based payment awards implemented by SIEMENS. SIEMENS delivers the respective shares on behalf of SIEMENS GAMESA. Due to the limited extent of participation in the share-based programmes, the effect on the Consolidated Financial Statements is not significant in the periods presented.

Hedging and derivatives

The SIEMENS GAMESA Group's hedging activities are partially performed via SIEMENS and Siemens Capital Company LLC on an arm's length basis. The consideration is based on market rates. The related receivables and payables are disclosed in the lines "Other financial assets and liabilities". As of September 30, 2019, the amount for this concept recorded in "Other financial assets" and "Other financial liabilities" amounts to EUR 133,320 thousand and 126,225 thousand, respectively (114,422 and 72,093, respectively as of September 30, 2018).

On February, 2019, SIEMENS GAMESA, has issued a parent company guarantee to SIEMENS regarding the provided Hedging services amounting for approximately 3% of the outstanding hedging volume.

Insurance programme

At the end of September 2017, SIEMENS GAMESA, as a company member of SIEMENS Group, adhered, with an effective date from October 1, 2017, to a global stand-alone insurance programme including all-risk property damages insurance policies, civil liability insurance policies, transport, chartering of ships and all-risk construction insurance policies. Siemens Financial Services acts as insurance broker and service provider for the Global Insurance Programme. This ends on September 30, 2019.

B. AGREEMENTS WITH THE IBERDROLA GROUP RELATED TO THE WIND TURBINES AND OPERATIONS AND MAINTENANCE SEGMENTS

The SIEMENS GAMESA Group, through its subsidiary Siemens Gamesa Renewable Energy Eólica, S.L.U. and Iberdrola, S.A., concluded on December 21, 2011 a framework agreement relating to the supply and maintenance of wind turbines. Under that framework agreement, SIEMENS GAMESA Group and Iberdrola, S.A assumed the following commitments:

- Iberdrola, S.A. shall acquire from the SIEMENS GAMESA Group a quota of megawatts equivalent to 50% of the total onshore wind turbine fleet that Iberdrola, S.A. acquires for its Renewables Business Unit during the term of the framework agreement.

This commitment will be in force between January 1, 2013 and December 31, 2022 or the date on which the number of megawatts acquired by the Iberdrola Group from the SIEMENS GAMESA Group totals 3,800 MW, whichever occurs first.

During this fiscal year, several sales have been made within the framework of the above mentioned contract amounting approximately 178 MW (approximately 512 MW during the fiscal year 2018).

- SIEMENS GAMESA and Iberdrola, S.A. will closely collaborate for new opportunities relating to the offshore wind business.
- SIEMENS GAMESA and Iberdrola, S.A. will collaborate within the area of maintenance services so that Siemens Gamesa Renewable Energy Eólica, S.L.U. will become a company of reference with respect to wind farm maintenance throughout the Iberdrola Group's business.
- Likewise, during the period different minor components have been delivered, mainly spare parts.

In April 2018 SIEMENS GAMESA, through its subsidiary Siemens Gamesa Renewable Energy Eólica S.L.U., closed an agreement with the Iberdrola Group for the maintenance of wind farms in the Iberian Peninsula of about 1,265 MW for a period of two years plus another optional year.

Currently, the total of MW under maintenance with Iberdrola Group's wind farms amounts to approximately 3,800 MW and also an agreement for the supply of spare parts and repairs is currently in force, with an end date of December 2020.

In addition, in October 2015, SIEMENS GAMESA Group and Iberdrola Group reached an agreement to implement the product Energy Thrust, aimed to increase the efficiency of the turbines and their production ratios, for a total of approximately 1,602 MW.

In December 2016, a later addendum to the previous contract was signed extending it by additional 612 MW for the 2 MW platform. Moreover, for different companies of the Iberdrola Group an additional 795 MW was negotiated.

In July 2018, an agreement has been reached with Iberdrola Group for the installation and activation of the Energy Thrust product in 941 Wind Turbines of the Avangrid Fleet, and in August 2018, for the installation and activation of the same product in part of the Scottish Power's fleet. The former, finalized in December 2018 and the latter is still ongoing in 2019.

In December 2018 SIEMENS GAMESA signed an agreement with Iberdrola Group for the sale of two special purpose vehicles for two windfarms in Spain with a total of approximately 70 MW. In July 2019 SIEMENS GAMESA closed an agreement with the Iberdrola Group for the sale of one special purpose vehicle for a windfarm in Spain with a total of approximately 49 MW.

In January and February 2019 SIEMENS GAMESA signed several long-term service agreements with the Iberdrola Group for several windfarms in Spain with a total of 106 MW.

Finally, in May 2019 SIEMENS GAMESA signed a supply agreement contract for high voltage electricity with Iberdrola in Spain for a three year period.

C. AGREEMENTS BETWEEN THE SIEMENS GAMESA GROUP AND WINDAR RENOVABLES, S.L.

On June 25, 2007 the SIEMENS GAMESA Group (through its subsidiary Siemens Gamesa Renewable Energy Eólica, S.L.U.) subscribed a tower supply agreement with Windar Renovables, S.L. On September 4, 2019, both parties subscribed a tower supply agreement for fiscal year 2020 in region SE&A (included in EMEA geographical area). The terms and conditions of transactions with associates are equivalent to the terms and conditions of transactions carried out with independent parties.

D. AGREEMENTS BETWEEN THE SIEMENS GAMESA GROUP AND SCHAEFFLER TECHNOLOGIES AG & CO. KG

On September 28, 2018, SIEMENS GAMESA Group reached a settlement agreement with Schaeffler Technologies AG & Co. KG regarding a previous supply contract. This agreement consisted mainly of a payment to the SIEMENS GAMESA Group in amount of EUR 4,000 thousand. During 2019 this amount has been collected while other aspects of the settlement have been modified mainly related to components supplies.

SIEMENS GAMESA Group and Schaeffler Technologies AG & Co. KG have a Master Framework Agreement on prices and procurement volumes entered into before the Merger effective date (through Siemens AG).

31. Directors' remuneration

In the years 2019 and 2018, the Directors of SIEMENS GAMESA Board earned compensations for membership of the Board and Board's Commissions, when applicable, salary, variable compensation in cash, long-term savings system and other concepts amounting to approximately EUR 3,498 thousand and EUR 3,563 thousand, respectively. The breakdown of Directors' compensation is as follows:

Thousands of euros	2019	2018
Members of the Board of Directors		
Type of remuneration		
Compensation for membership of the Board and Board's Commissions	1,808	1,645
Salary	1,027	1,337
Variable compensation in cash	428	349
Long-term savings system	167	167
	3,430	3,498
Other concepts	68	65
Total	3,498	3,563

The amount of "Other concepts" as of September 30, 2019 and 2018 corresponds to (i) the amount of the premiums paid for the coverage of death and disability insurances amounting to EUR 26 thousand and EUR 23 thousand, respectively; (ii) the allocation of the Group insurance for executives, directors and other employees in amount of EUR 42 thousand and EUR 42 thousand, respectively.

No advances or loans were granted to current or prior Board members, and there are no pension obligations with them. Only the Chief Executive Officer receives contributions for pensions amounting EUR 167 thousand and EUR 167 thousand, respectively, during the years 2019 and 2018. This amount is included as long-term savings systems.

Likewise, derived from its previous relationship with the SIEMENS Group and, therefore, without cost for SIEMENS GAMESA (SIEMENS takes care of these concepts), the Chief Executive Officer has rights on shares of SIEMENS derived from incentives granted before the merger to be paid in cash during the next years. During the year ended 2019 the payment has amounted to EUR 873 thousand and is not included in the table above since there is no cost for the Company.

Also, the remunerations to the Chief Executive Officer do not include, as of September 30, 2019 and 2018, the provision accrued for the first and second cycle of the long-term incentive plan in the amount of EUR 337 thousand and EUR 60 thousand, respectively. Any compensation to this regard will be effective once the measurement period of the plan is completed and its settlement (if applicable) in the fiscal years 2021 and 2022 will depend on the degree of effective achievement of the objectives to which it is subject.

Finally, the current Chief Executive Officer has a contractual agreement to receive a compensation in the event of termination for reasons attributable to the Company. The agreed compensation for such termination consists of the payment of an amount up to a maximum of his annual fixed cash compensation according to the new Board members remuneration policy approved in the General Shareholders meeting of March 27, 2019.

At the end of 2019 the members of the Board of Directors of SIEMENS GAMESA and certain people related to them as defined in the Spanish Companies Act held ownership interests in the following companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the Company's purpose. Also, following is a breakdown of the positions held and functions discharged at those companies:

Owner	Investee company	Line of Business	Number of Shares	Functions
Tacke, Markus	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	10,195	-
Sen, Michael	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	13,904	Member of the Managing Board of Siemens AG, and Chairman of the Supervisory Board, Chairman of the Chairman's Committee, Member of the Audit Committee and Chairman of the Innovation and Finance Committee of Siemens Healthineers AG
López Borrego, Miguel Ángel	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	11,028	Chairman and CEO of Siemens, S.A., and Chairman of Siemens Holding, S.L.U., and Member of the Board of Directors of Siemens, S.A. (Portugal) and Siemens Rail Automation S.A.U, and Member of the Advisory Board of Siemens Healthineers, S.L.U.
von Schumann, Mariel	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	14,542	Chief of Staff Governance and Head of Governance and Markets Department (until July 2019) of Siemens AG and Member of the Board of Directors of Siemens Ltd. India and Siemens Stiftung (Siemens Foundation)
Rubio Reinoso, Sonsoles ⁽¹⁾	Iberdrola S.A.	Power & Utilities	69,943	Internal Audit Director
García García, Rosa María ⁽²⁾	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	5,421	Chairwoman and CEO of Siemens, S.A. and Chairwoman of Siemens Holding, S.L.U. (until December 1, 2018)
Thomas, Ralf	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	23,241	Member of the Managing Board and CFO of Siemens AG, Member of the Supervisory Board and Chairman of the Audit Committee of Siemens Healthineers AG and Siemens Aktiengesellschaft Österreich
Rosenfeld, Klaus	Schaeffler AG	Automotive and Industrial Sector	-	CEO
Davis, Lisa	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	-	Member of the Managing Board of Siemens AG and Chairwoman of Siemens Proprietary Ltd., South Africa
Azagra Blázquez, Pedro	Iberdrola S.A.	Power & Utilities	176,275	Member of the Management Committee and Corporate Development Director of Iberdrola, S.A., and Member of the Managing Board and Audit Committee of Neoenergía Brasil
Rodríguez-Quiroga Menéndez, Carlos	Duro Felguera, S.A.	Power & Utilities and Industrial	200,000 (position sold on June 19, 2019)	-

(1) Sonsoles Rubio Reinoso, has ceased her position as Member of the Board of Directors of SIEMENS GAMESA on December 12, 2018.

(2) Rosa María García García, has ceased her position as Member of the Board of Directors of SIEMENS GAMESA on December 1, 2018.

On the other hand, the members of the Board of Directors were affected by the following conflicts of interest during 2019:

Sen, Michael. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 16, December 12 and 20, 2018, January 28, March 27, April 24, July 3 and 29, 2019, and it happened also in the meetings of the Board of Directors of November 23, 2018 and February 20, May 6 and 29 and September 25, 2019, where she was represented by a proxy and her proxy left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement.

von Schumann, Mariel. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, she left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 16, November 23 and December 12, 2018 and January 28, March 27, May 6 and 29, July 3 and 29 and September 25, 2019, and it happened also in the meetings of the Board of Directors of December 20, 2018, and February 20 and April 24, 2019, where she was represented by a proxy and her proxy left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement.

López Borrego, Miguel Ángel. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of December 12 and 20, 2018 and January 28, February 20, March 27, April 24, May 6 and 29, July 3 and 29 and September 25, 2019.

Rubio Reinoso, Sonsoles. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Iberdrola, S.A. and/or companies of its group were discussed or, if the case, approved, she left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 16, November 5 and 23 and December 12, 2018.

Azagra Blázquez, Pedro. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Iberdrola, S.A. and/or companies of its group were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of December 20, 2018, January 28, February 20, March 27, April 24, May 6 and 29, July 3 and 29 and September 25, 2019.

García García, Rosa María. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, she left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 16 and November 23, 2018.

Thomas, Ralf. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 16, November 23, 2018 and February 20, March 27, May 6 and 29, July 3 and 29 and September 25, 2019, and it happened also in the meetings of the Board of Directors of December 12 and 20, 2018, and January 28 and April 24, 2019, where he was represented by a proxy and his proxy left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement.

Rosenfeld, Klaus. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions including Schaeffler AG, where he holds the post as CEO, were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of November 23, 2018 and September 25, 2019.

Davis, Lisa. According to the procedure established in article 31 of the Regulations of the Board of Directors of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, she left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of December 20, 2018 and February 20, April 24, May 6 and 29, July 3 and 29 and September 25, 2019, and it happened also in the meetings of the Board of Directors of October 16, November 23 and December 12, 2018, and January 28 and March 27, 2019, where she was represented by a proxy and her proxy left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement.

Cendoya Aranzamendi, Andoni. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to the amendment of the Appointments and Remuneration Committee Regulations regarding the elimination of the maximum term period of its Chairman were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meeting of the Appointments and Remuneration Committee of February 12, 2019 and in the meeting of the Board of Directors of February 20, 2019.

32. Remuneration of Senior Management

Excluding those who are simultaneously members of the Board of Directors (whose remuneration is detailed in the Note 31), the compensation for the year, paid or payable, to members of Senior Management for employment services rendered before the closing of the years 2019 and 2018 is disclosed in the following table:

Thousands of euros	2019	2018
Compensation received by the Senior Management	6,752	7,547
Total	6,752	7,547

The Senior Management remuneration includes in fiscal year 2019 the settlement of the 50% of the 2016-2017 long term incentive, whose beneficiaries are certain members of the Senior Management, in the sum of EUR 450 thousand. The remaining 50% was effective in fiscal year 2018 as provided in the plan's rules. It has been accrued during the respective accrual periods amounting to EUR 59 thousand during this period (EUR 228 thousand during fiscal year 2018).

Likewise, deriving from its previous relationship with the SIEMENS Group and, therefore, without cost for SIEMENS GAMESA (SIEMENS takes care of these concepts), certain members of the Senior Management have rights on shares of SIEMENS derived from incentives granted before the Merger to be paid in cash during the next years. During this year the payment has amounted to EUR 261 thousand, and is not included in the table above since there is no cost for the company.

Equally, the remunerations to the Senior Management, do not include, as of September 30, 2019 and 2018, the provision accrued for the first and second cycle of the Long-Term Incentive Plan in the amount of EUR 762 thousand and EUR 185 thousand, respectively. Any compensation to this regard will be effective once the measurement period of the plan is completed and its settlement (if applicable) in the fiscal years 2021 and 2022 will depend on the degree of effective achievement of the objectives to which it is subject.

As of September 30, 2019 and 2018 pension contributions have been made in the amount of EUR 200 thousand and EUR 273 thousand, respectively, and are included as remuneration in the table above.

For dismissal indemnities paid to Senior Management, the current criterion of the Company is the payment of a maximum of one-year fixed remuneration at the date of termination, without prejudice to any pre-existing situations, as well as that the amount might be higher due to the application of prevailing legislation.

During fiscal years 2019 and 2018, there were no transactions with Senior Management, apart from those carried out as part of the normal course of the business.

33. Earnings per share

As of September 30, 2019, the average number of ordinary shares used for the calculation of earnings per share is 679,490,974 (679,489,769 average number of ordinary shares as of September 30, 2018), given that SIEMENS GAMESA has held a weighted average of 1,652,408 treasury shares (1,653,613 as of September 30, 2018).

The basic earnings per share from continuing operations attributable to the Parent company as of September 30, 2019 and 2018 is as follows:

	09.30.2019	09.30.2018
Net profit from continuing operations attributable to the Parent Company (thousands of euros)	140,002	69,993
Average number of outstanding shares	679,490,974	679,489,769
Total basic earnings per share (euros)	0.21	0.10

As of September 30, 2019 and 2018, SIEMENS GAMESA, the Parent company of the SIEMENS GAMESA Group, had not issued financial instruments or other contracts that entitle the holder thereof to receive ordinary shares of the Company. Consequently, diluted earnings per share coincide with basic earnings per share.

34. Information regarding the deferral of payments made to suppliers

In accordance with the requirement of the Resolution of January 29, 2016, of the Accounting and Audit Institute in Spain, about the information to include in the notes to the Financial Statements related to the deferral of payments made to suppliers in commercial operations.

The average payment period to suppliers in the year 2019 and 2018 is the following:

Days	2019	2018
Average payment period	55	49
Settled operations ratio	51	46
Pending operations ratio	97	77
Thousands of euros	2019	2018
Total settled payments	1,546,373	1,362,229
Total pending payments	148,538	145,147

This average payment period refers only to the suppliers of the Spanish companies included in the consolidation scope of SIEMENS GAMESA, where the nature of transactions is that of trade payables for the supply of goods and services, and is therefore related to amounts included in the line items "Trade payables", "Payables to the SIEMENS Group" and "Other current liabilities" of the current liabilities of the Consolidated Balance Sheet.

The Group has put measures in place to continue adjusting the average payment period, in order to meet the payment terms established in the current legislation.

35. Fees for the services rendered by the auditors of the financial statements

During the years 2019 and 2018 the fees for the financial audit and other services provided by the auditor of the Group's Consolidated Financial Statements and the fees billed by the auditors of the separate Statutory Financial Statements of the companies included in the consolidation, and by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows:

Thousands of euros	2019	
	Services rendered by EY	Services provided by other audit firms
Audit services	4,044	14
Attest services related to the audit	235	-
Other attest services	313	-
Total audit and related services	4,592	14
Tax advisory services	-	-
Other services	-	-
Total other services	-	-
Total professional services	4,592	14

Thousands of euros	2018	
	Services rendered by EY	Services provided by other audit firms
Audit services	4,014	16
Attest services related to the audit	202	-
Other attest services	344	-
Total audit and related services	4,560	16
Tax advisory services	-	-
Other services	-	-
Total other services	-	-
Total professional services	4,560	16

Out of the amount relating to the services rendered by the main auditor, EUR 880 thousand relate to audit services and attest services related to the audit provided to SGRE, S.A. in the year 2019 (EUR 731 thousand in the year 2018). Likewise, taking into account the corresponding amount related to other attest services provided by the main auditor, EUR 251 thousand correspond to SGRE, S.A. in the year 2019 (EUR 191 thousand in the year 2018).

36. Subsequent events

On September 16, 2019 it is communicated, through a notice of a Significant Event, that SIEMENS GAMESA has entered into exclusive non-binding negotiations with Servion, in relation to the potential acquisition of Servion's certain assets of Services and Onshore in Europe.

On October 21, 2019 it is communicated, through a notice of a Significant Event, that SIEMENS GAMESA has entered into binding agreements with Servion GmbH and Servion Indústria S.A. (together Servion) regarding the acquisition of:

- All the shares of Servion Deutschland GmbH, including:
 - Carved-out European onshore service business of Servion, with a current fleet under maintenance of 8.9 GW (approximately EUR 1.6 billion order backlog), and certain additional assets associated to the business; and
 - All the intellectual property of Servion, except the one related to India.
- All the shares in Ria Blades, S.A., which owns and operates the business of the wind turbines blade production facility in Vagos (Portugal), and certain additional assets associated to the business.

Shares will be transferred free of any security, encumbrances or charges of any nature whatsoever.

The price payable in cash is EUR 200 million, with certain potential adjustments based on the accounts and condition of the respective target entities at the transfer of such entity.

As part of the eventual acquisition, approximately 2,000 employees from Servion Group are expected to join SIEMENS GAMESA Group.

The consummation of each transaction is subject to the fulfillment of certain closing conditions such as consent of competent authorities, the carve-out and security release completion and operational readiness of the relevant target company. The potential acquisition of each company is expected to be consummated during the first half of fiscal year 2020.

As of October 2019, an agreement has been signed with the workers council in Denmark for the dismissal of 460 employees, with an estimated impact of EUR 7 million. This measure is due to a challenging market environment and a highly

competitive landscape characterized by price pressures affecting the production of direct drive onshore turbines in Brande and the onshore blade production in Aalborg.

Additionally and with the aim of enhancing competitiveness and to maintain its leadership in the sector and secure profitable growth in the long term as well as respond better to its customers' needs in a changing industry, SIEMENS GAMESA has announced, dated November 5, 2019, a programme to adjust its structure that will result in a reduction of its global team of up to 600 white collar headcount worldwide over the next two years. This reduction will fundamentally affect the Wind Turbines segment and corporate areas.

37. Explanation added for translation to English

These Financial Consolidated Statements are presented on the basis of IFRS, as adopted by the European Union. Certain accounting practices applied by the Group that conform to IFRS may not conform to other generally accepted accounting principles in other countries. Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

Appendix: SIEMENS GAMESA Company List - 09/30/2019

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP
A) FULLY CONSOLIDATED COMPANIES				
Jalore Wind Park Private Limited	Other	-	India	100%
Mathak Wind Farms Private Limited	Other	-	India	100%
Tirupur Renewable Energy Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Canada ULC	Service company	-	Canada	100%
Beed Renewable Energy Private Limited	Other	-	India	100%
Tuljapur Wind Farms Private Limited	Other	-	India	100%
Rangareddy Renewable Private Limited	Other	-	India	100%
Nellore Renewable Private Limited	Other	-	India	100%
Gamesa Wind GmbH	Holding company	-	Germany	100%
Gadag Renewable Private Limited	Other	-	India	100%
EBV Holding Verwaltung GmbH	Project company	-	Germany	100%
Channapura Renewable Private Limited	Other	-	India	100%
Windfarm Groß Haßlow GmbH	Project company	-	Germany	100%
Kutch Renewable Private Limited	Other	-	India	100%
Windfarm Ringstedt II GmbH	Project company	-	Germany	100%
Windfarm 35 GmbH	Project company	-	Germany	100%
Siemens Wind Power SpA	Service and distribution company	EY	Chile	100%
Adwen Blades GmbH ⁽¹⁾	Production and distribution company	EY	Germany	100%
Siemens Gamesa Renewable Energy Pty Ltd	Service and distribution company	EY	Australia	100%
Windfarm 40 GmbH	Project company	-	Germany	100%
Siemens Gamesa Renewable Energy d.o.o.	Service and distribution company	EY	Croatia	100%
Uppal Renewable Private Limited	Other	-	India	100%
Siemens Wind Power GmbH	Service and distribution company	-	Austria	100%
International Wind Farm Development IV Limited	Holding company	-	Hong Kong	100%
Adwen GmbH ⁽¹⁾	Holding company	EY	Germany	100%
Siemens Gamesa Renewable Energy Eolica, S.L.	Holding company	EY	Spain	100%
Windfarm 33 GmbH	Project company	-	Germany	100%
Siemens Gamesa Renewable Energy Limited	Service and distribution company	EY	Canada	100%
Siemens Gamesa Renewable Energy Japan K.K.	Service company	EY	Japan	100%
International Wind Farm Development I Limited	Holding company	-	Hong Kong	100%
Siemens Wind Power Energia Eólica Ltda.	Service and distribution company	EY	Brazil	100%
Sistemas Energéticos Sierra de Valdefuentes, S.L.U.	Project company	-	Spain	100%
International Wind Farm Development II Limited	Holding company	-	Hong Kong	100%
Windfarm 41 GmbH	Project company	-	Germany	100%
Siemens Gamesa Renewable Energy PA, LLC	Other	EY	United States	100%
International Wind Farm Development VII Limited	Holding company	-	Hong Kong	100%
Siemens Gamesa Renewable Energy Singapore Private Limited	Service company	-	Singapore	100%
Siemens Gamesa Renewable Energy (Shanghai) Co., Ltd.	Production and distribution company	EY	China	100%
Siemens Gamesa Renewable Energy Limited	Service and distribution company	EY	Thailand	100%
Sistemas Energéticos de Tarifa, S.L. Unipersonal	Project company	-	Spain	100%
Sistemas Energéticos La Cámara, S.L.	Project company	-	Spain	100%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP
Siemens Gamesa Renewable Energy Offshore Wind Limited	Project company	-	Taiwan, Province of China	100%
Siemens Gamesa Renewable Energy Sp.z.o.o.	Production and distribution company	EY	Poland	100%
Estructuras Metalicas Singulares, S.A. Unipersonal	Production and distribution company	-	Spain	100%
SIEMENS WIND POWER (PTY) LTD	Production and distribution company	EY	South Africa	70%
Siemens Gamesa Renewable Energy Limited	Service and distribution company	-	Korea, Republic of	100%
Siemens Wind Power Ruzgar Enerjisi Anonim Sirketi	Production and distribution company	EY	Turkey	100%
Sistemas Energéticos Finca San Juan, S.L.U.	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy Iberica S.L.	Production and distribution company	EY	Spain	100%
Siemens Gamesa Renewable Energy, Inc.	Production and distribution company	EY	Philippines	100%
Siemens Gamesa Renewable Energy S.A.S.	Service and distribution company	EY	France	100%
Siemens Gamesa Renewable Energy BVBA	Service and distribution company	EY	Belgium	100%
Siemens Gamesa Renewable Energy B.V.	Production and distribution company	EY	Netherlands	100%
Gamesa Energy Transmission, S.A. Unipersonal	Production company	EY	Spain	100%
SIEMENS GAMESA RENEWABLE ENERGY S.A.S.	Project Company	-	Colombia	100%
Siemens Gamesa Renewable Energy S.A.C.	Production and distribution company	-	Peru	100%
SIEMENS GAMESA RENEWABLE ENERGY INSTALLATION & MAINTENANCE COMPAÑÍA LIMITADA	Service and distribution company	-	Guatemala	100%
Siemens Gamesa Renewable Energy AB	Production and distribution company	EY	Sweden	100%
Societe d'Exploitation du Parc Eolien de Mantoche SARL	Project company	-	France	100%
Gudadanal Renewable Private Limited	Other	-	India	100%
Sistemas Energéticos La Plana, S.A.	Project company	Attest	Spain	90%
Haveri Renewable Power Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Limited	Production and distribution company	EY	United Kingdom	100%
Nirlotoi Renewable Private Limited	Other	-	India	100%
Gerr Grupo Energético XXI, S.A. Unipersonal	Holding company	-	Spain	100%
Neelagund Renewable Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Kft.	Production and distribution company	EY	Hungary	100%
Hungund Renewable Energy Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Limited	Service and distribution company	EY	Ireland	100%
Sistemas Energéticos del Sur S.A.	Project company	-	Spain	70%
Saunshi Renewable Energy Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Italia S.r.l.	Production and distribution company	EY	Italy	100%
Societe d'Exploitation du Parc Eolien de Pouilly-sur-Vingeanne SARL	Project company	-	France	100%
Chikkodi Renewable Power Private Limited	Other	-	India	100%
Umrani Renewable Private Limited	Other	-	India	100%
SIEMENS GAMESA RENEWABLE ENERGY AS	Production and distribution company	EY	Norway	100%
Siemens Gesa Renewables Energy Services S. de R.L. de C.V.	Service company	EY	Mexico	100%
Zalki Renewable Private Limited	Other	-	India	100%
Sistemas Energéticos Monte Genaro, S.L.U.	Project company	-	Spain	100%
Hattarwat Renewable Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy, Inc.	Production and distribution company	EY	United States	100%
Sistemas Energéticos Cabanelas, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy Europa S.L.	Holding company	-	Spain	100%
Siemens Gamesa Renewable Energy LLC	Service company	-	Ukraine	100%
Sistemas Energéticos Loma del Viento, S.A. Unipersonal	Project company	-	Spain	100%
Cedar Cap Wind, LLC	Project company	-	United States	100%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP
Societe d'Exploitation du Parc Eolien de Vernierfontaine SARL	Project company	-	France	100%
Societe d'Exploitation du Parc Eolien de Songy SARL	Project company	-	France	100%
Gesa Oax I Sociedad Anonima de Capital Variable	Project company	EY	Mexico	100%
Siemens Gamesa Renewable Energy Engineering Centre Private Limited	Production and distribution company	EY	India	100%
Societe d'Exploitation du Parc Eolien de Sommesous SARL	Project company	-	France	100%
Gesa Oax III Sociedad Anonima de Capital Variable	Project company	-	Mexico	100%
Siemens Gamesa Energy Tajdidpazir SSK	Service and distribution company	-	Iran, Islamic Republic of	100%
Sistemas Energéticos Cuerda Gitana, S.A. Unipersonal	Project company	-	Spain	100%
Gesa Oax II Sociedad de Responsabilidad Limitada de Capital Variable	Project company	EY	Mexico	100%
Sistemas Energéticos Loma del Reposo, S.L. Unipersonal	Project company	-	Spain	100%
Societe d'Exploitation du Parc Eolien de Cernon SARL	Project company	-	France	100%
Societe d'Exploitation du Parc Eolien de Broyes SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy SARL	Production and distribution company	-	Morocco	100%
Sistemas Energéticos Sierra de Las Estancias, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy LLC	Service and distribution company	-	Viet Nam	100%
Sistemas Energéticos Cuntis, S.A. Unipersonal	Project company	-	Spain	100%
Sistemas Energéticos Tomillo, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy (Private) Limited	Other	-	Pakistan	100%
Windkraft Trinwillershagen Entwicklungsgesellschaft mbH	Project company	-	Germany	100%
Societe d'Exploitation du Parc Eolien de Saint Bon SARL	Project company	-	France	100%
Sistemas Energéticos Tablero Tabordo, S.L.	Project company	-	Spain	100%
Sistemas Energéticos Carril, S.L. Unipersonal	Project company	-	Spain	100%
CARMODY'S HILL INVESTMENT COMPANY PTY LTD	Project company	-	Australia	100%
Sistemas Energéticos Fonseca, S.A. Unipersonal	Project company	-	Spain	100%
Sistemas Energéticos Argañoso, S.L. Unipersonal	Project company	-	Spain	100%
Pocahontas Prairie Holdings, LLC	Project company	-	United States	100%
Siemens Gamesa Renewable Energy A/S	Production and distribution company	EY	Denmark	100%
Diversified Energy Transmissions, LLC	Development and distribution company	-	United States	100%
Siemens Gamesa Renewable Energy Wind Farms, S.A.	Holding company	EY	Spain	100%
Societe d'Exploitation du Parc Eolien de Champsevraine, SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy International Wind Services, S.A.	Other	EY	Spain	100%
International Wind Farm Developments IX, S.L.	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy Innovation & Technology, S.L.	Research and development company	EY	Spain	100%
Lindom Vindenergi AB	Project company	-	Sweden	100%
Siemens Gamesa Renewable Energy Wind Limited	Holding company	EY	United Kingdom	100%
Sistemas Energéticos Serra de Lourenza, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy UK Limited	Project company	EY	United Kingdom	100%
Gamesa Eólica Costa Rica, S.R.L.	Service company	-	Costa Rica	100%
Societe d'Exploitation du Parc Eolien de Margny SARL	Project company	-	France	100%
Bargrennan Renewable Energy Park Limited	Project company	-	United Kingdom	100%
Siemens Gamesa Renewable Energy AE	Project company	-	Greece	100%
GESA Eólica Honduras, S.A.	Service company	-	Honduras	100%
Sistemas Energéticos Mansilla, S.L.	Project company	-	Spain	78%
Adwen Offshore, S.L.	Holding company	EY	Spain	100%
Parque Eolico Dos Picos, S.L.U.	Project company	-	Spain	100%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP
Siemens Gamesa Renewable Energy Egypt LLC	Service and distribution company	EY	Egypt	100%
Siemens Gamesa Renewable Energy B9 Limited	Service company	EY	United Kingdom	100%
Siemens Gamesa Renewable Energy 9REN, S.L.	Holding company	EY	Spain	100%
Sistemas Energéticos Cabezo Negro, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy Invest, S.A.	Holding company	EY	Spain	100%
Wind Portfolio Memberco, LLC	Project company	-	United States	100%
Societe d'Exploitation du Parc Eolien de Romigny SARL	Project company	-	France	100%
Glenouther Renewables Energy Park Limited	Project company	-	United Kingdom	100%
International Wind Farm Developments II, S.L.	Project company	-	Spain	100%
Siemens Gesa Renewable Energy, S.A. de C.V.	Project company	EY	Mexico	100%
Siemens Gamesa Renewable Energy LLC	Service and distribution company	-	Russian Federation	100%
Siemens Gamesa Renewable Energy Limited Liability Company	Service company	-	Azerbaijan	100%
Siemens Gamesa Renewable Energy Wind SARL	Project company	EY	France	100%
Sistemas Energéticos Balazote, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy E00D	Service company	EY	Bulgaria	100%
Sistemas Energéticos Jaralón, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Megújuló Energia Hungary Kft	Service company	EY	Hungary	100%
EcoHarmony West Wind, LLC	Project company	-	United States	100%
GER Baneasa, S.R.L.	Service company	-	Romania	100%
Sellafirth Renewable Energy Park Limited	Project company	-	United Kingdom	100%
Sistemas Energéticos Ladera Negra, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy Romania S.R.L.	Service company	EY	Romania	100%
Siemens Gamesa Renewable Power Private Limited	Holding company	EY	India	100%
Adwen France SAS	Production and distribution company	EY	France	100%
Societe d'Exploitation du Parc Eolien de Saint-Lumier en Champagne SARL	Project company	-	France	100%
Gamesa Dominicana, S.A.S.	Service company	EY	Dominican Republic	100%
Societe d'Exploitation du Parc Eolien de Saint Amand SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy Wind Farms S.R.L.	Service company	-	Romania	100%
Siemens Gamesa Renewable Energy Australia Pty Ltd	Service company	-	Australia	100%
Societe d'Exploitation du Parc Eolien de Landresse SARL	Project company	-	France	100%
GER Independenta, S.R.L.	Service company	-	Romania	100%
Gesacisa Desarrolladora, S.A. de C.V.	Project company	EY	Mexico	100%
Societe d'Exploitation du Parc Eolien de Clamanges SARL	Project company	-	France	100%
Gamesa Eólica VE, C.A.	Service company	-	Venezuela, Bolivarian Republic of	100%
Sistemas Energéticos Arinaga, S.A. Unipersonal	Project company	-	Spain	100%
Societe d'Exploitation du Parc Eolien de Maily-le-Camp SARL	Project company	-	France	100%
Smardzewo Windfarm Sp. z o.o.	Project company	-	Poland	100%
Osiek Sp. z o.o. w Likwidacji	Project company	-	Poland	100%
Adwen UK Limited	Project company	-	United Kingdom	100%
Sistemas Energéticos El Valle, S.L.	Project company	-	Spain	100%
Societe d'Exploitation du Parc Eolien de la Brie des Etangs SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy Ireland Limited	Service company	EY	Ireland	100%
Sistemas Energéticos Boyal, S.L.	Project company	-	Spain	60%
Siemens Gamesa Renewable Energy Wind S.R.L.	Service company	EY	Italy	100%
GER Baraganu, S.R.L.	Service company	-	Romania	100%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP
Siemens Gamesa Energia Renovável Ltda.	Distribution and service company	EY	Brazil	100%
GM Navarra Wind Energy Private Limited	Development and distribution company	-	India	100%
Lingbo SPW AB	Project company	EY	Sweden	100%
Kadapa Wind Farms Private Limited	Development and distribution company	-	India	100%
Gamesa Eólica Nicaragua S.A.	Service company	-	Nicaragua	100%
Kurnool Wind Farms Private Limited	Development and distribution company	-	India	100%
Siemens Gesa Renewable Energy México, S. de R.L. de C.V.	Project company	EY	Mexico	100%
Societe d'Exploitation du Parc Eolien de Souvans SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy Ltd	Service company	EY	Israel	100%
RSR Power Private Limited	Development and distribution company	-	India	100%
Rajgarh Windpark Private Limited	Development and distribution company	-	India	99%
SIEMENS GAMESA YENILENEBILIR ENERJİ IC VE DIS TICARET LIMITED SIRKETİ	Service and distribution company	-	Turkey	100%
Societe d'Exploitation du Parc Eolien de Plancy l'Abbaye SARL	Project company	-	France	100%
Ujzd Sp. z o.o.	Project company	-	Poland	100%
Societe d'Exploitation du Parc Eolien de Pringy SARL	Project company	-	France	100%
Maski Renewable Energy Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy New Zealand Limited	Service company	-	New Zealand	100%
Gangavathi Renewable Private Limited	Other	-	India	100%
Siemens Gamesa Turkey Yenilenebilir Enerji Limited Sirketi	Other	-	Turkey	100%
Kanigiri Renewable Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy France SAS	Other	EY	France	100%
Kollapur Renewable Private Limited	Other	-	India	100%
Gesan I S.A.P.I de C.V.	Other	-	Mexico	100%
Societe d'Exploitation du Parc Eolien de Chaintrix Bierges SARL	Other	-	France	100%
Jamkhandi Renewable Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Morocco SARL	Other	-	Morocco	100%
Societe d'Exploitation du Parc Eolien de Soude SARL	Other	-	France	100%
Rayachoty Renewable Private Limited	Other	-	India	100%
SIEMENS GAMESA RENEWABLE ENERGY SWEDEN AB	Other	EY	Sweden	100%
Shivamogga Renewable Energy Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Limited	Other	EY	Kenya	100%
Societe d'Exploitation du Parc Eolien de Bouclans SARL	Other	-	France	100%
Nandikeshwar Renewable Energy Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy (Thailand) Co., Ltd.	Other	EY	Thailand	100%
Sindhanur Renewable Energy Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Latam, S.L.	Other	EY	Spain	100%
Pocahontas Prairie Wind, LLC	Other	EY	United States	100%
Vempalli Renewable Energy Private Limited	Other	-	India	100%
Societe d'Exploitation du Parc Eolien de Savoisy SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy Oy	Service company	EY	Finland	100%
Anantapur Wind Farms Private Limited	Development and distribution company	-	India	100%
Societe d'Exploitation du Parc Eolien de Longueville sur Aube SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy Belgium BVBA	Service company	EY	Belgium	100%
Societe d'Exploitation du Parc Eolien de Coupetz SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy Poland Sp. z o.o.	Project company	EY	Poland	100%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP
Societe d'Exploitation du Parc Eolien de la Loye SARL	Project company	-	France	100%
Gamesa Wind South Africa (Proprietary) Limited	Service company	-	South Africa	100%
Societe d'Exploitation du Parc Eolien de Trepot SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy Apac, S.L.	Holding company	EY	Spain	100%
Gamesa Wind (Tianjin) Co., Ltd.	Development and distribution company	EY	China	100%
Central Eólica de México S.A. de C.V.	Project company	EY	Mexico	100%
Societe d'Exploitation du Parc Eolien de Sambourg SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy, S.A.	Project company	EY	Portugal	100%
Gamesa (Beijing) Wind Energy System Development Co, Ltd	Development and distribution company	EY	China	100%
SIEMENS GAMESA RENEWABLE ENERGY SARL	Service and distribution company	-	New Caledonia	100%
Gamesa Electric, S.A. Unipersonal	Production company	EY	Spain	100%
Societe d'Exploitation du Parc Eolien de Sceaux SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy, Ltd	Service company	EY	Mauritius	100%
Societe d'Exploitation du Parc Eolien de Guerfand SARL	Project company	-	France	100%
Societe d'Exploitation du Parc Eolien de Vaudrey SARL	Project company	-	France	100%
Societe d'Exploitation du Parc Eolien d'Orchamps SARL	Project company	-	France	100%
Societe d'Exploitation du Parc Eolien du Vireaux SAS	Project company	EY	France	100%
Societe d'Exploitation du Parc Eolien de Dampierre Prudemanche SAS	Project company	EY	France	100%
Societe d'Exploitation du Parc Eolien de Orge et Ornain SARL	Project company	-	France	100%
Ganquan Chaiguanshan Wind Power Co., Ltd.	Other	-	China	100%
Parco Eolico Manca Vennarda S.r.l.	Project company	EY	Italy	100%
Yongzhou Shuangpai Daguping Wind Power Co., Ltd.	Other	-	China	100%
Societe d'Exploitation du Parc Eolien de Germainville SAS	Project company	EY	France	100%
Societe d'Exploitation du Parc Eolien de Moulins du Puits SAS	Project company	EY	France	100%
Parco Eolico Banzy S.r.l.	Project company	-	Italy	100%
Gamesa Blade (Tianjin) Co., Ltd.	Development and distribution company	EY	China	100%
Shuangpai Majiang Wuxingling Wind Power Co., Ltd	Project company	-	China	100%
Siemens Gamesa Renewable Energy Italy, S.P.A.	Service company	EY	Italy	100%
Siemens Gamesa Renewable Energy Lanka (Private) Limited	Service company	-	Sri Lanka	100%
Siemens Gamesa Renewable Energy Chile SpA	Service company	-	Chile	100%
Jilin Gamesa Wind Co., Ltd.	Development and distribution company	EY	China	100%
Inner Mongolia Gamesa Wind Co., Ltd.	Development and distribution company	EY	China	100%
Societe d'Exploitation du Parc Eolien de Bonboillon SARL	Project company	-	France	100%
Societe d'Exploitation du Parc Eolien de Saint Loup de Saintonge SAS	Project company	EY	France	100%
SIEMENS GAMESA RENEWABLE ENERGY S.R.L.	Service company	EY	Uruguay	100%
Societe d'Exploitation du Parc Eolien de Source de Seves SARL	Other	-	France	100%
Siemens Gamesa Renewable Energy Greece E.P.E.	Service company	EY	Greece	100%
Siemens Gamesa Renewable Energy, SARL	Service company	Others	Mauritania	100%
Societe d'Exploitation du Parc Eolien de la Tete des Boucs SARL	Project company	-	France	100%
Societe d'Exploitation du Parc Eolien de Chepniers SARL	Project company	-	France	100%
Kintech Santalpur Windpark Private Limited	Other	-	India	99%
Siemens Gamesa Renewable Energy Limited	Service company	EY	Cyprus	100%
Fanbyn2 Vindenergi AB	Project company	-	Sweden	100%
Devarabanda Renewable Energy Private Limited	Other	-	India	100%
Ghatpimpri Renewable Private Limited	Other	-	India	100%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP
Siemens Gamesa Renewable Energy Management GmbH	Other	-	Germany	100%
Poovani Wind Farms Private Limited	Other	-	India	100%
Kod Renewable Private Limited	Other	-	India	100%
Viralipatti Renewable Private Limited	Other	-	India	100%
PT Siemens Gamesa Renewable Energy	Service and distribution company	-	Indonesia	95%
Siemens Gamesa Renewable Energy Blades, SARL AU	Production and distribution company	-	Morocco	100%
Gagodar Renewable Energy Private Limited	Other	-	India	100%
Thoothukudi Renewable Energy Private Limited	Other	-	India	100%
Sankanur Renewable Energy Private Limited	Other	-	India	100%
Osmanabad Renewable Private Limited	Other	-	India	100%
Dhone Renewable Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy GmbH & Co. KG	Production and distribution company	EY	Germany	100%
Bhuj Renewable Private Limited	Other	-	India	100%
Bapuram Renewable Private Limited	Other	-	India	100%
Koppal Renewable Private Limited	Other	-	India	100%
B) COMPANIES ACCOUNTED BY EQUITY METHOD				
Windar Renovables, S.L.	Production and distribution company	PWC	Spain	32%
Energía Eólica de Mexico S.A. de C.V.	Project company	-	Mexico	50%
Sistemas Electricos Espluga, S.A.	Project company	-	Spain	50%
Energías Renovables San Adrián de Juarros, S.A.	Project company	-	Spain	45%
Nuevas Estrategias de Mantenimiento, S.L.	Service company	Deloitte	Spain	50%
Baja Wind US LLC	Venture Capital Investment	-	United States	50%
Energía Renovable del Istmo S.A. de C.V.	Operation of Wind Farms	-	Mexico	50%

⁽¹⁾ Exemption pursuant to Section 264 (3) German Commercial Law

CARLOS RODRIGUEZ-QUIROGA MENÉNDEZ, WITH NATIONAL IDENTITY CARD NUMBER 276302-A, SECRETARY OF THE BOARD OF DIRECTORS OF "SIEMENS GAMESA RENEWABLE ENERGY, S.A." WITH REGISTERED OFFICE IN ZAMUDIO (VIZCAYA), AT PARQUE TECNOLÓGICO DE BIZKAIA, BUILDING 222 WITH EMPLOYER IDENTIFICATION NUMBER A-01011253.

HEREBY CERTIFY:

That the text of the consolidated annual accounts for 2019 of SIEMENS GAMESA RENEWABLE ENERGY, S.A., authorised for issue by the Board of Directors at its meeting held on November 27, 2019, is the content of the preceding 98 sheets of unstamped paper, on the obverse only, in respect of balance sheet, statement of profit and loss, statement of changes in equity, statement of other comprehensive income, statement of cash flows and the consolidated notes and for authentication purposes, bear the signature of the Chairman and the Secretary of the Board of Directors on its first sheet and the stamp of the Company in the total remaining sheets.

The directors listed below hereby so ratify by signing below, in conformity with Article 253 of the Spanish Limited Liability Companies Law.

Miguel Ángel López Borrego
Chairman

Markus Tacke
CEO

Lisa Davis
Member of the Board of Directors

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

Michael Sen
Member of the Board of Directors

Klaus Rosenfeld
Member of the Board of Directors

Ralf Thomas
Member of the Board of Directors

Pedro Azagra Blázquez
Member of the Board of Directors

Mariel von Schumann
Member of the Board of Directors

Gloria Hernández García
Member of the Board of Directors

Rudolf Krämmer
Member of the Board of Directors

Alberto Alonso Ureba
Member of the Board of Directors

Andoni Cendoya Aranzamendi
Member of the Board of Directors

Statement by the Secretary of the Board of Directors to let the record reflect that: (i) Mr. Michael Sen does not sign this document as he hasn't physically attended the meeting of the Board of Directors due to force majeure, that (ii) he has delegated his representation and vote for the items included in the agenda to the director Mr. Miguel Angel López Borrego, and that (iii) Mr. Miguel Angel López Borrego, who holds an express authorization conferred for these purposes by Mr. Michael Sen, has signed this document on his behalf. It is also stated that (i) Ms. Lisa Davis, Mr. Ralf Thomas and Mr. Alberto Alonso Ureba attend the meeting by telematic means and therefore they do not sign this document and that (ii) Mr. Miguel Angel López Borrego has signed this document on behalf of Ms. Lisa Davis and Mr. Ralf Thomas in virtue of an express authorization conferred for these purposes by them; and that (iii) Ms. Gloria Hernández García has signed this document on behalf of Mr. Alberto Alonso Ureba in virtue of an express authorization conferred for these purposes by him.

Zamudio, November 27, 2019. In witness whereof

Approval of the Chairman

Miguel Ángel López Borrego
Chairman

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

1. INTRODUCTION

Fiscal year 2019 (FY 19) commenced with the energy market continuing its transition towards an affordable, reliable and sustainable model in which renewable energy plays a fundamental role thanks to its growing competitiveness. Demand for wind power facilities is rising, as prices are very competitive.

FY 19 was also characterized by higher volatility, both political and macroeconomic, in both developed and developing countries, and by adverse conditions arising from global trade tensions and Brexit.

In a growing and complex market for wind power, Siemens Gamesa Renewable Energy¹ fulfilled its guidance in FY 19 after a fourth quarter (Q4) with a solid execution and a level of activity that had been expected to be strong since the beginning of the year. Revenues in the year amounted to €10,227m, while the EBIT margin before PPA and integration and restructuring costs was 7.1%.

Despite the volatility in the main emerging markets, Siemens Gamesa achieved a number of records in commercial activity during the year. Firstly, the order book reached €25,507m at 30 September 2019, providing 90%² coverage of the mid-point of the sales guidance for FY 20, equivalent to €9,360m. Secondly, Offshore WTG order intake in Q3 19 amounted to €2,040m, 33% more than the previous record, set in Q2 17, which pushed Group order intake in said quarter to a record €4,666m. Thirdly, Onshore WTG order intake in Q4 19 amounted to €2,240m, 13% more than in Q4 18 and 9% more than the previous record (set in Q1 14). Order intake in the last twelve months (LTM) amounted to €12,749m, 7% more than in the twelve months to September 2018.

Group revenues in FY 19 amounted to €10,227m (+12% y/y) and EBIT before PPA and integration and restructuring costs amounted to €725m (+5% y/y). Like commercial activity, sales growth was supported by strong performance in all business areas, particularly by double-digit year-on-year growth in Offshore WTG and Service activities. Conversely, sales growth in Q4 19, also +12% y/y to €2,944m, was driven by Onshore WTG with a +22% growth compared with same year-ago quarter. This level of activity in Onshore had been expected since the beginning of the year as planned project execution was concentrated in the fourth quarter of FY 19. EBIT before PPA and integration and restructuring costs, amounting to €725m in FY 19, reflects mainly the effect of declining prices in the order book in all divisions at the beginning of the year, offset by productivity improvements and synergies from the L3AD2020 transformation program and by higher sales volumes. Additionally, profitability was negatively impacted by the project mix and scope and by non-recurring factors, such as the cost increase caused by certain challenges in executing Onshore projects in Northern Europe and India. Q4 19 was particularly strong, as Siemens Gamesa attained its highest EBIT margin before PPA and integration and restructuring costs since the Group was created, 8.5%, beating the 8.2% registered in Q4 18, with EBIT before PPA and integration and restructuring costs amounting to €250m, 16% more than the comparable figure for the year-ago quarter.

¹Siemens Gamesa Renewable Energy (Siemens Gamesa) is the result of merging Siemens Wind Power, which was the wind power division of Siemens AG, with Gamesa Corporación Tecnológica (Gamesa). The Group engages in wind turbine development, manufacture and sale (Wind Turbine business) and provides operation and maintenance services (Service business).

²Revenue coverage: total firm orders (€) received through September 2019 for activity in FY 20 / the mid-point of the sales guidance published for FY 20 (€10,200-10,600m).

The year ended with a net cash position on the balance sheet amounting to €863m, i.e. €248m more than at 2018 year-end and €1,054m more than the net cash position at the end of Q3 19. The change in the net cash position since FY 18 year-end is the result of gross operating cash flow generation, covering the investment needs to face expected growth in following years, and an improvement in working capital derived from a strict control and the positive impact from the strong order intake. Working capital improved from a negative €542m at 30 September 2018 to a negative €833m, equivalent to a -8.1% ratio over LTM revenues, an improvement of 2.2 percentage points on FY 18.

The stronger balance sheet, which is vital in a manufacturing business such as WTG production, was reflected not only in the higher net cash position but also in:

- The obtainment of an investment grade rating from the top three rating agencies: Standard and Poor's (BBB-), Moody's (Baa3) and Fitch (BBB). The three agencies justify the investment grade rating on the basis of the company's leading position in the industry, its diversified business and its conservative financial approach, among other factors.
- The reduction of gross debt by nearly €1bn year over year.
- The implementation of a sustainable funding policy that is compliant with ESG principles.

Consolidated key figures FY 19

- Revenues: €10,227m (+12% y/y)
- EBIT before PPA and integration and restructuring costs³: €725m (+5% y/y)
- Net profit before PPA and integration and restructuring costs⁴: €483m (+16% y/y)
- Net income: €140m (+100% y/y)
- Net cash/(Net financial debt - NFD)⁵: €863m
- MWe sold: 9,492 MWe (+13% y/y)
- Order book: €25,507m (+12% y/y)
- Firm order intake in Q4 19: €3,076m (+17% y/y)
- Firm order intake in the last twelve months: €12,749m (+7% y/y)
- WTG order intake in Q4 19: 3,219 MW (+22% y/y)
- Firm WTG order intake in the last twelve months: 11,465 MW (+2% y/y)
- Installed fleet: 98,735 MW
- Fleet under maintenance: 60,028 MW

³EBIT before PPA, integration and restructuring costs excludes integration and restructuring costs in the amount of €206m and the impact of fair value amortisation of intangible assets as a result of the PPA (purchase price allocation) in the amount of €266m.

⁴Net profit before PPA and integration and restructuring costs excludes €343m of integration and restructuring costs and the impact of fair value amortisation of intangible assets as a result of the PPA (purchase price allocation), net of taxes.

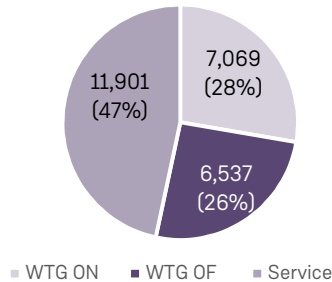
⁵Cash / (Net financial debt) is defined as cash and cash equivalents less long-term plus short-term financial debt.

Markets and orders

In a competitive market with rising demand, solid commercial efforts continue to drive the company's performance, which reached a record order intake and order book. In the last twelve months, Siemens Gamesa signed orders worth €12,749m (+7% y/y) and it ended FY 19 with an order book of €25,507m (+12% y/y), which covers 90% of the mid-point of the sales guidance for FY 20⁶.

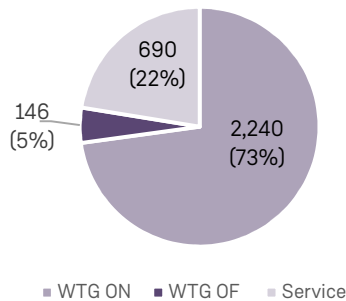
Forty-seven per cent of the order book (€11,901m) is in Service, which has higher returns and expanded by 10% year-on-year. The WTG order book is split €6,537m Offshore (-6% y/y) and €7,069m Onshore (+39% y/y). The Offshore order book reduction is driven by the record level of projects execution in the fiscal year, that compensates the good commercial performance in FY 19.

Figure 1: Order book at 30.09.19 (€m)



Group order intake in Q4 19 amounted to €3,076m, +17% y/y, driven by strong commercial activity in all the Group's businesses, which registered double-digit growth in order intake in year-on-year terms, and particularly by the record order intake in Onshore WTG: €2,240m, 13% more than in the year-ago quarter.

Figure 2: Order intake Q4 19 (€m):



⁶Revenue coverage: total firm orders (€) received through September 2019 for activity in FY 20 / the mid-point of the sales guidance published for FY 20 (€10,200-10,600m).

The recovery in Onshore commercial activity since FY 18 to the record in Q4 19 took place within the context of worldwide growth in the wind market. This expansion reflects the growing role that renewable energies are playing in the transition to a new energy system, thanks to their competitiveness; specifically, it is supported by the strength of the US market in FY 19 and also, to a lesser extent, by the recovery in the Indian market since June 2019. Within this growing market, the increase in order intake reflects the company's solid competitive position, as part of its profitable growth strategy, which enabled it to capture €6,934m (9,389 MW) in firm orders in the last twelve months, equivalent to a book-to-bill ratio of 1.3 times revenues in the period. Orders totalling €2,240m (3,147 MW) were signed in the fourth quarter, 13% more than in the year-ago quarter. Order intake in the quarter was boosted by recovery of commercial activity in India following the high volatility experienced in the first nine months of the year. Orders for 1,188 MW were signed in India in Q4 19, 3.3 times the volume signed in Q4 18 and 1.8 times the volume signed in the first nine months of 2019. In October 2019, Siemens Gamesa India received the coveted Deming Prize for its industrial operations, which encompass its four manufacturing units and other support functions in India. The Deming Award is presented each year by the Union of Japanese Scientists and Engineers (JUSE) to companies that have demonstrated exceptional performance in total quality management (TQM).

Figure 3: Order intake (€m) WTG ON FY 19 (%)

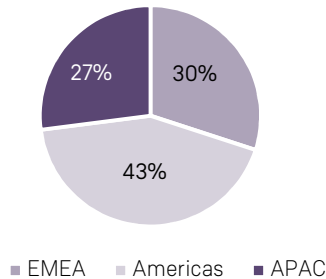
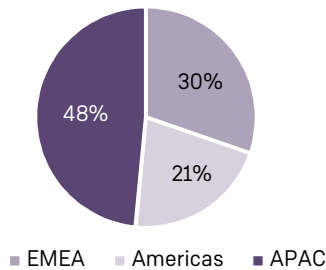


Figure 4: Order intake (€m) WTG ON Q4 19 (%)



Of the 28 countries that contributed new Onshore orders in FY 19, the most outstanding are the US (27% of the total, in terms of MW) and India (20%), followed by Chile and China (7% each). The main sources of new orders in Q4 19 were India (38%) and Chile (12%), followed by China (9%) and Sweden (8%). The 4.X platform was particularly successful in Q4 19, as the first contract was signed in China (for 189 MW) as well as contracts in Chile (369 MW) and the United States (162 MW). This platform accounted for around 25% of order intake in FY 19.

Another notable feature of commercial activity in FY 19 was the contribution by repowering contracts in the US. A 429 MW repowering contract was signed with MidAmerican in Q3 19. The repowering market offers considerable growth opportunities, as 8 GW of installed capacity in the US is suitable for repowering in the coming years out of a total of 16 GW worldwide in 2025⁷.

Table 1: WTG ON order intake (MW)

<i>WTG ON order intake (MW)</i>	FY 19	Q4 19
Americas	4,132	597
US	2,543	162
Brazil	424	66
Mexico	270	0
EMEA	2,435	856
Spain	502	14
APAC	2,821	1,694
India	1,843	1,188
China	633	294
Total (MW)	9,389	3,147

The limited Offshore WTG order intake in Q4 19 reflects the normal volatility in commercial activity in this market.

In FY 19, Offshore WTG logged €3,100m in firm orders, 11% more than in FY 18, due to the successful move into new markets, and specifically into Taiwan, where two orders for a total of 1.5 GW were signed in Q3 19, boosting Offshore order intake in that quarter to a record €2,040m.

- One order was from wpd AG for 640 MW (80 units of the SG 8.0-167 DD model) for the Yunlin wind farm. This is the first large-scale wind project in Taiwan and also the first order from APAC for this model. Turbine installation and commissioning are scheduled from 2020 onwards.
- The second order was from Ørsted for the Greater Changhua 1&2 wind farms. Siemens Gamesa will also install SG 8.0-167 DD WTGs, and construction of the plant will begin in 2021. Under this agreement, the company will establish a nacelle assembly plant near the port of Taichung to be ready by 2021, fulfilling local content requirements ahead of schedule. A lease for a plot measuring over 30,000 square metres was signed with Taiwan International Ports Corporation in Q4 19. The towers will be supplied locally by a joint venture of CS Wind and Chin Fong, which will also supply the towers for the Yunlin wind farm.

The success in Taiwan, a market with great potential for offshore wind power, was made possible not only due to Siemens Gamesa's lead in technology and execution but also to its early participation in market development: establishment of relationships with developers, participation in infrastructure development, creation of a local supply chain, and training of specialised local labour. The government of Taiwan's target is to install 5.5 GW of Offshore wind capacity by 2025⁸.

⁷Source: Wood Mackenzie.

⁸Source: Taiwan's Ministry of Economic Affairs.

Among the successes of the Offshore division during FY 19, in Q3, Siemens Gamesa received a conditional order for 1.7 GW (including the power boost option) from Ørsted and Eversource, the largest-ever order in the US. Referring to three offshore wind farms, that order is contingent upon the customers' final investment decision. The three projects are located off the north-east coast of the US: Sunrise Wind (880 MW), Revolution Wind (704 MW) and South Fork (130 MW). Siemens Gamesa will supply the SG 8.0-167 DD model for all three plants and will provide operation and maintenance services. The projects are scheduled to come into operation between 2022 and 2024.

This conditional order raised the total portfolio of preferential supply agreements and conditional orders⁹ to over 7 GW, enhancing the visibility of the company's future growth prospects in the Offshore segment.

Order intake in Service totalled €2,715m, 13% more than in FY 18. This growth was driven by two Offshore WTG supply contracts signed in Taiwan in Q3 19, both of which include maintenance. The company was also successful in multi-technology in Q3 19. In Europe, Siemens Gamesa signed its first end-to-end multi-technology contract for two wind farms in Poland comprising 29 Vestas turbines (58 MW). Also in Q3 19, the company signed a multi-technology contract with Pattern Energy for a 218 MW wind farm in the US. Siemens Gamesa will maintain the Panhandle Wind 1 project, located in Texas, which comprises 118 General Electric 1.85-87 MW turbines.

In Q4 19, the Service division signed contracts worth a total of €690m, 30% more than in the year-ago quarter.

Table 2: Order intake (M€)

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
WTG	2,313	2,367	2,704	2,093	2,195	1,717	3,735	2,386
Onshore	1,688	1,834	1,175	1,985	1,799	1,200	1,695	2,240
Offshore	625	533	1,529	108	396	517	2,040	146
Service	599	676	588	531	346	749	931	690
Total Group	2,912	3,043	3,292	2,625	2,541	2,466	4,666	3,076

The transition towards affordable, reliable and sustainable energy systems is being accompanied not only by better demand prospects for renewable installations but also by the demand for greater competitiveness in the supply chain: more productive wind turbines at better prices. The introduction of auctions as a mechanism for allocating renewable capacity or production in electricity markets, pressure from alternative renewable sources to wind energy, and the competitive pressure among wind turbine manufacturers themselves are the main reasons for the reduction in prices.

This decline in prices, which became particularly visible after the first auctions in Mexico, India and Spain during 2016 and 2017, has gradually stabilised since the beginning of FY 18, a trend that was maintained in FY 19.

⁹The firm order book does not include preferential supply agreements or conditional orders.

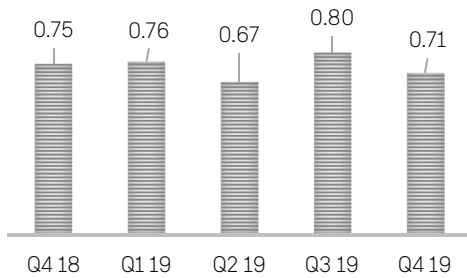
Figure 5: Average sale price (ASP) - Onshore order intake (€/MW)¹⁰



As a result, after initial high-single/low-double digit shrinkage, wind turbine prices are now declining by low single digits (<5%), in line with the historical price decline associated with productivity improvements in manufacturing.

It is important to note that the average sale price is influenced by other factors apart from turbine prices, including the country, the contract scope and the machine mix, and that it is not directly correlated with profitability. These impacts are visible in the quarterly trend in average prices. The trend in average sale prices in Q4 19 with respect to Q3 19 reflects the impact of the geographical mix, with a higher contribution from China, that excludes towers from the product scope. Excluding the impact of China, the ASP was €0.74m/MW in Q4 19. The year-on-year reduction in ASP reflects the geographical mix, with an increase in the contribution from APAC in Q4 19, where prices are lower, contrasting with the higher contribution from EMEA in Q4 18.

Figure 6: Average sale price - Onshore order intake (€/MW)



¹⁰The FY 17 LTM figure is proforma.

Key figures

The table below shows the main financial aggregates for FY 18 and FY 19 and for Q4 19 (July-September), as well as the change with respect to Q4 18.

Table 3: Key figures

€m	FY 18	FY 19	Change y/y	Q4 19	Change y/y
Group revenues	9,122	10,227	12.1%	2,944	12.4%
WTG	7,847	8,733	11.3%	2,527	14.5%
Service	1,275	1,493	17.1%	417	1.3%
WTG volume (MWe)	8,373	9,492	13.4%	2,585	7.3%
Onshore	6,677	6,936	3.9%	2,009	4.3%
Offshore	1,696	2,556	50.7%	576	19.3%
EBIT before PPA and I&R costs	693	725	4.6%	250	16.2%
EBIT margin pre-PPA and I&R costs	7.6%	7.1%	-0.5 p.p.	8.5%	0.3 p.p.
WTG EBIT margin before PPA and I&R costs	5.0%	4.4%	-0.6 p.p.	5.9%	1.0 p.p.
Service EBIT margin before PPA and I&R costs	23.6%	23.0%	-0.6 p.p.	24.1%	-1.7 p.p.
PPA amortization ¹	306	266	-12.9%	67	0.8%
Integration and restructuring costs	176	206	16.8%	116	52.9%
Reported EBIT	211	253	19.8%	67	-8.2%
Net income attributable to the shareholders of SGRE	70	140	100.0%	52	104.1%
Earnings per share attributable to the shareholders of SGRE ²	0.10	0.21	100.0%	0.08	104.1%
Capex	415	498	83	181	25
Capex/revenues (%)	4.6%	4.9%	0.3 p.p.	6.2%	0.2 p.p.
Working capital (WC)	-542	-833	-291	-833	-291
Working capital/revenues LTM (%)	-5.9%	-8.1%	-2.2 p.p.	-8.1%	-2.2 p.p.
Net (debt)/cash	615	863	248	863	248
Net (debt)/EBITDA LTM	0.72	0.96	0.24	0.96	0.24

1. Impact of the Purchase Price Allocation (PPA) on amortization of intangibles.

2. Earnings per share calculated using the weighted average of outstanding shares in the period. FY 18: 679,489,769; FY 19: 679,490,974, and 679,504,347 in Q4 19.

The Group's financial performance in FY 19 was in line with the guidance, in a year in which Onshore activity was planned to be concentrated strongly in the fourth quarter, coupled with complex market conditions.

Group revenues amounted to €10,227m, 12% more than in FY 18. Revenues amounted to €2,944m in Q4 19, 12% more than in the year-ago quarter, driven by strong Onshore activity volumes, where revenues increased by 22%, in line with the planned concentration of activity towards the end of the year.

EBIT before PPA and integration and restructuring costs increased by 5% y/y to €725m, i.e. an EBIT margin before PPA and I&R costs of 7.1%, down 0.5 p.p. on the margin in FY 18. The EBIT margin was 8.5% in the fourth quarter, the highest since the company was created, due to good execution of a sizeable level of activity and to execution of the transformation programme, which offset the impact in the quarter of lower prices in the Group's order book.

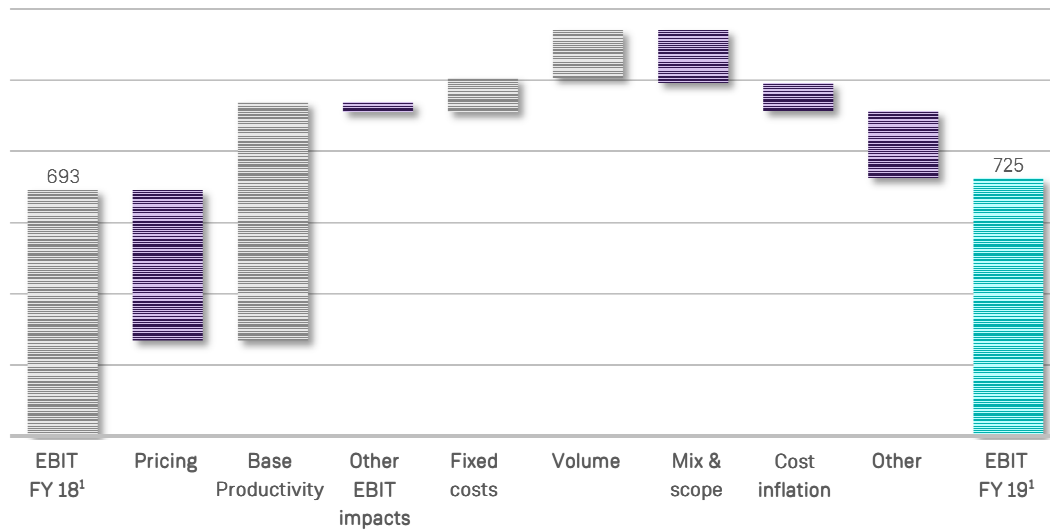
The trend in EBIT before PPA and integration and restructuring costs in FY 19 reflects the impact of the following factors:

(-) The price cuts incorporated into the order book (Onshore, Offshore and Service) at the beginning of the year, which are still the main drag on Group profitability.

(+) Improvements in productivity and fixed costs under the L3AD2020 programme, which offset the price reduction.

(+) The positive impact of the strong sales volume in Onshore (+7% y/y), Offshore (+18% y/y) and Service (+17% y/y).

Figure 7: EBIT before PPA and I&R costs (€m)



1. EBIT before PPA and integration and restructuring (I&R) costs.

In addition to these three main factors, the year-on-year variation was also driven by:

(-) Cost inflation, including that derived from international trade tensions, particularly between the US and China.

(-) Difficulties with execution in Northern Europe and India, which resulted in additional costs.

The impact of the PPA on amortisation of intangible assets was €266m in FY 19 (€306m in FY 18), while integration and restructuring expenses amounted to €206m in the same period (€176m in FY 18).

Net financial expenses amounted to €61m in FY 19 (€43m in FY 18), while the tax expense amounted to €49m (€98m in FY 18). The increase in net financial expenses is due to a higher cost of debt in developing countries with higher interest rates and to the impact of the Euro and Danish Krone interest rate on the net present value of provisions on the balance sheet. The reduction in the tax expense is due to an opposite signed impact coming from the reduction in the tax rate in India and US in FY 19 and FY 18 respectively.

As a result, the Group ended FY 19 with net income before PPA and integration and restructuring costs amounting to €483m. Reported net income, which includes the impact on amortisation of the PPA and integration and restructuring expenses, both net of taxes, totalling €343m in FY 19, amounted to €140m, contrasting with an income of €70m reported in FY 18. Net earnings per share attributable to Siemens Gamesa shareholders was €0.21.

The high level of activity planned and executed in the fourth quarter had required a progressive investment in working capital in the first nine months of the year. As a result, working capital improved by €1,071m between Q3 and Q4 19, to end the year amounting to a negative €833m (-8.1% of revenues). That level of working capital is €291m less than the figure at 30 September 2018 (a reduction of 2.2 percentage points of revenues). This improvement is due to a number of factors: a strict working capital control program, prepayments due to the high level of commercial activity, renegotiation of payment conditions and milestones in the execution of ongoing projects.

Table 4: Working capital (€m)

<i>Working capital (€m)</i>	Q1 18	Q2 18	Q3 18	Q4 18 ¹	Q1 19	Q2 19	Q3 19	Q4 19	Change y/y
Accounts receivable	1,172	1,091	1,158	1,139	1,135	1,171	1,460	1,308	169
Inventories	1,993	1,805	1,700	1,499	1,925	2,006	2,044	1,864	365
Contract assets	1,079	1,148	1,311	1,569	2,033	1,771	1,952	2,056	487
Other current assets	397	404	404	362	417	464	651	461	99
Accounts payable	-2,204	-1,877	-2,040	-2,758	-2,557	-2,505	-2,733	-2,886	-127
Contract liabilities	-1,873	-1,571	-1,570	-1,670	-2,340	-1,991	-2,267	-2,840	-1,169
Other current liabilities	-722	-708	-697	-684	-641	-706	-869	-798	-114
Working capital (WC)	-157	291	265	-542	-27	211	238	-833	-291
Change QoQ		448	-25	-808	515	238	28	-1,071	
Working capital/revenues LTM	-1.5%	3.1%	3.0%	-5.9%	-0.3%	2.2%	2.4%	-8.1%	

1. For the purposes of comparison after the application of IFRS 9, which impacted the opening balance sheet in FY 19: the foregoing table shows a €3m decline in "Trade and other accounts receivable" and a €3m decline in "Contract assets", with a corresponding €4.6m impact on Group equity (including the tax effect).

CAPEX amounted to €498m in FY 19, in line with the objectives communicated in the Capital Markets Day (CMD) 2018-2020. Investment was concentrated in developing new services and Onshore and Offshore platforms, and tooling and equipment.

As a result of the trend in operating performance and strict working capital control, the net cash position on the balance sheet improved to €863m at 30 September 2019.

During the year, the three credit rating agencies granted Siemens Gamesa an investment grade rating — Standard & Poor's (BBB-), Moody's (Baa3) and Fitch (BBB) — confirming the company's leading position, underpinned by geographical diversification, technology strengths and a solid financial position.

WTG

Table 5: WTG (€m)

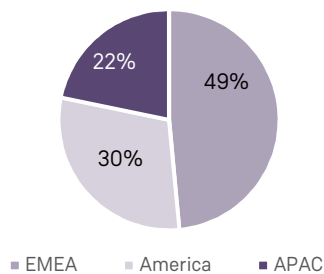
€m	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Change y/y
Revenues	1,840	1,973	1,827	2,207	1,904	2,060	2,242	2,527	14.5%
Onshore	1,197	1,277	1,052	1,349	1,103	1,243	1,229	1,650	22.3%
Offshore	643	696	775	858	801	817	1,013	877	2.3%
Volume (MWe)	1,997	1,830	2,137	2,409	2,129	2,383	2,394	2,585	7.3%
Onshore	1,651	1,397	1,703	1,926	1,520	1,707	1,699	2,009	4.3%
Offshore	346	432	434	483	609	676	694	576	19.3%
EBIT before PPA and I&R costs	69	129	86	109	51	106	76	149	37.4%
EBIT margin before PPA and I&R costs	3.8%	6.5%	4.7%	4.9%	2.7%	5.1%	3.4%	5.9%	+1.0 p.p.

WTG sales in FY 19 amounted to €8,733m, 11% more than in FY 18. WTG sales growth in the year was supported mainly by Offshore (+18%), while Onshore achieved 7% growth year-on-year. Growth in Onshore sales was concentrated in the fourth quarter because of the planned higher volume of activity in that period. As a result, Onshore revenues increased by 22% in Q4 19 and were the main factor that boosted WTG revenues to €2,527m, 14% more than in the same period of 2018.

Onshore volume amounted to 6,936 MWe in the year, a 4% increase year-on-year, while volume in Q4 19 amounted to 2,009 MWe. Sales growth was mainly due to greater installation activity, with MWe installed in FY 19 (7,249 MW) up 53% on FY 18 (4,744 MW), and also to the regional mix, as EMEA made a larger contribution.

The main sources of Onshore sales (MWe) in FY 19 were the US (24%), Spain (17%), Norway and India (13% each). Those countries were also the main contributors to Onshore sales in Q4 19.

Figure 8: Sales (MWe) WTG ON FY 19 (%)



Offshore achieved record revenues of €3,508m in FY 19, 18% more than in FY 18, and volume totalled 2,556 MWe, 51% more than in FY 18. This growth is in line with the record activity that had been planned for FY 19.

EBIT before PPA and integration and restructuring costs declined by 3% to €382m, equivalent to a 4.4% margin on revenues, i.e. 0.6 percentage points below the EBIT margin in the same terms in FY 18. Once again, this reduction was driven mainly by lower prices (principally Onshore but also Offshore), offset by the outcome of the L3AD2020 transformation program and by higher sales volume, but there was also a negative impact from the project mix and scope. WTGs profitability has also been impacted by a non-recurring increase in execution costs in certain projects in Northern Europe and India in Q3 19 and by the cost inflation driven by supply chain tightness and US tariffs on products from China.

Operation and Maintenance Service

Table 6: Operation and maintenance (€m)

€m	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Change y/y
Revenues	287	268	308	411	358	330	390	417	1.3%
EBIT before PPA and I&R costs	64	60	70	106	87	73	83	100	-5.5%
EBIT margin before PPA and I&R costs	22.2%	22.3%	22.8%	25.8%	24.3%	22.0%	21.3%	24.1%	-1.7 p.p.
Fleet under maintenance (MW)	55,446	55,454	56,670	56,725	56,828	56,875	58,708	60,028	5.8%

The Service business increased revenues by 17% with respect to FY 18, to €1,493m. This growth was driven by a significant expansion in the sale of maintenance contracts and by the sale of value-added solutions during the year. The deceleration to 1% growth in the fourth quarter was due to lower sales of spare parts and of value-added service in comparison with Q4 18, which concentrated the bulk of those services in FY 18.

The fleet under maintenance totals 60 GW, 6% more than at the end of FY 18. The Offshore fleet under maintenance, 11.2 GW, expanded by 13% y/y, while the Onshore fleet expanded by 4% y/y to 48.8 GW. Fleet growth was supported by a higher renewal rate: 75% in the year. The fleet of third-party technologies under maintenance was 2,614 MW¹¹ at the end of FY 19.

Service EBIT before PPA and integration and restructuring costs amounted to €343m, equivalent to an EBIT margin before PPA and integration and restructuring costs of 23.0%, 0.6 percentage points lower than in FY 18. EBIT performance year-on-year reflects not only the negative effect of lower prices, offset by the positive impact of the transformation process, but also the negative impact of inflation.

¹¹The fleet of third-party technologies under maintenance includes 425 MW of MADE technology, 10 MW of Bonus technology and 1,005 MW of Adwen technology.

Sustainability

The table below shows the main social development and sustainability figures for FY 18 and FY 19, and the inter-year variation.

Table 7: Main sustainability figures

	09.30.2018	09.30.2019	Change y/y
Workplace health and safety			
Lost Time Injury Frequency per million hours worked Rate (LTIFR)	2.14	1.67 ⁽¹⁾	-22% ⁽¹⁾
Total Recordable Incident per million hours worked Rate (TRIR)	5.10	4.71 ⁽¹⁾	-8% ⁽¹⁾
Environment			
CO ₂ emissions (Scope 1; direct) ¹²	22,865	26,437 ⁽¹⁾	-16% ⁽¹⁾
CO ₂ emissions (Scope 2; indirect) ¹³	38,502	44,261 ⁽¹⁾	+15% ⁽¹⁾
Primary energy used (GJ)	386,459	454,549	+17%
Electricity used (GJ)	663,138	706,891	+7%
from renewable sources (GJ)	402,986	434,958	+8%
from standard combustion sources (GJ)	160,829	271,933	+69%
renewable electricity (%)	71	62	-13%
Mains water consumption (m3)	428,835	473,345	+10%
Waste production (t)	47,805	58,506	+22%
of which, hazardous (t)	4,004	8,099	+102%
of which, non-hazardous (t)	43,801	50,407	+15%
of which, recycled (t)	32,898	45,018	+37%
Employees			
Number of employees (at year-end) (*)	23,034	24,453	+6%
employees aged < 35 (%)	39.12	37.39	-4%
employees aged 35-44 (%)	36.16	36.95	+2%
employees aged 45-54 (%)	18.54	18.66	+1%
employees aged 55-60 (%)	4.24	5.19	+22%
employees aged > 60 (%)	1.94	1.81	-7%
Women in workforce (%)	18.90	18.79	0%
Women in management positions (%)	10.79	10.24	-5%
Supply chain			
No. of Tier 1 suppliers	17,051	17,890	+5%
Purchase volume (€m)	6,030	8,237	+37%

(*) For the purpose of the age structure breakdown, there is 0,5% of employees that are not classified.

⁽¹⁾This information has been updated with respect to previously disclosed information due to the process of preparation of the Consolidated Non Financial Statements 2019 and the certification thereof.

¹²These emissions are reported annually, with fiscal year end closing.

¹³These emissions are reported annually, with fiscal year end closing.

Note: Detailed information on the environment, social and governance (ESG) performance will be available in the consolidated non-financial statement on the company's website in December 2019.

Health and safety

Workplace health and safety are a key value for Siemens Gamesa. They constitute a core component of the Group's risk management and internal control. Preserving health and safety is linked to the UN Sustainable Development Goals, specifically health and well-being (SDG 3), decent work and economic growth (SDG 8) and peace and justice (SDG 16).

At the end of the period, the Lost Time Incident Frequency Rate (LTIFR)¹⁴ was 1.67 in FY 19 (2.14 in FY 18). The total recordable incident rate (TRIR)¹⁵ was 4.71 in FY 19 (5.10 in FY 18) at the end of the period.

Siemens Gamesa works proactively to analyse the causes of accidents and has management indicators that track the degree of fulfilment of this work philosophy in day-to-day performance. This includes, for example, FY 19 performing safety inspections (15,770), safety observations (52,310) and health and safety audits (112).

Environment

In 2019, Scope 1 emissions amounted to 26,437 tCO₂-eq. Scope 1 emissions are produced by sources owned or controlled by the company and used to generate energy.

Scope 2 emissions in the reporting period amounted to 44,261 tCO₂-eq. These emissions are associated with the consumption of electricity and heating sourced from third parties.

Total energy consumption in the reporting period amounted to 1,255,935 GJ (19% more than in FY 18). Accordingly, energy consumption per employee and year for the Group was 51.36 GJ.

Total waste production amounted to 58,506 tons in FY 19. The ratio of hazardous to non-hazardous waste produced by the Group is 1:6.2, and 77% of overall waste is recycled.

Employment

The workforce totalled 24,453 employees at the end of FY 19. The bulk of employees are located in the Europe, Middle East and Africa region (67%), followed by Asia and Australia (20%) and Americas (14%).

Women account for 19% of the workforce. Women represent 21% of the workforce in Europe, Middle East and Africa, 20% in Americas and 10% in Asia and Australia.

Siemens Gamesa had 332 employees in management positions at the end of the year, 10.24% of them women (10.79% in FY 18). This proportion is expected to increase in line with the application of employment best practices.

¹⁴LTIFR index is calculated for 1,000,000 hours worked and includes all accidents with at least one work day loss.

¹⁵TRIR index is calculated for 1,000,000 hours worked and includes fatalities, lost time accidents, restricted work and medical treatment cases.

Suppliers

Procurements in FY 19 amounted to €8,200m, from approximately 18,000 tier 1 suppliers. Those suppliers benefit from an impartial selection process and they are evaluated to ensure that they fulfil the high quality standards required by our approach to excellence.

In FY 19, 84% of the total purchase volume (PVO) was from suppliers that have adopted the Supplier Code of Conduct, i.e. a 19 percentage points increase on FY 18, evidencing the progress made in integrating our controls into the supply chain.

ESG indices

Siemens Gamesa is a member of prestigious international sustainability indexes, such as Dow Jones Sustainability Index, FTSE4Good® and Ethibel Sustainability Index.

2. OUTLOOK

Economic situation

Following strong growth in 2017 and early 2018, the world economy is beginning to flag. Escalating trade tensions between the US and China, weakening macroeconomic conditions in such countries as Brazil, Mexico and Russia, tightening credit policies in China and the contraction of financial conditions in parallel with the normalisation of monetary policies in the advanced economies have contributed to the slowdown in growth. Although accommodative monetary policies that should help to achieve a rebound in growth have been re-introduced, both the World Bank¹⁶ (WB) and the International Monetary Fund¹⁷ (IMF) warn that the risks are still to the downside.

The IMF projects a deceleration of global growth from 3.6% in 2018 to 3.0% in 2019, representing the lowest level since 2008-09 and a 0.3 percentage points below the previous report in April 2019. In 2020 estimation returns to 3.3% (0.2 percentage points, lower than in the previous report in April) and stabilising around 3.6% thereafter, supported mainly by growth in China and India and their rising importance in the world economy. Unlike deceleration that has been synchronized, recovery is expected to be precarious and not general. Growth in advanced economies will be reduced to 1.7% in 2019 and 2020, while economies in the emerging and developed countries will peak up from 3.9% in 2019 to 4.6% in 2020. Around half of this improvement is due to the recovery of emerging markets facing tensions, like Turkey, Argentina and Iran, and the remaining, due to recovery in countries with a 2019 growth wide below growth in 2018, like Saudi Arabia, Brazil, Mexico, India and Russia.

The WB expects 2.6% growth in 2019, rising steadily to 2.8% in 2021.

Regionally, the IMF envisages a deceleration in the European Union, from 2.2% in 2018 to 1.5% in 2019 and 1.6% in 2020. The possibility of a no-deal Brexit is still one of the main risks to future growth. The UK is expected to achieve growth of 1.2%-1.4% in 2019 and 2020, which also reflects the uncertainty surrounding Brexit. Germany is projected to achieve 0.5% growth in 2019 and 1.2% in 2020 due to weak consumer spending, weak industrial output because of emission regulations for automobiles, and moderate external demand.

¹⁶Source: World Bank. Global Economic Prospectus. Heightened Tensions, Subdued investment. June 2019.

¹⁷Source: International Monetary Fund. World Economic Outlook. October 2019.

According to the WB, the United States will grow by 2.5% in 2019 and then decelerate to 1.7% in 2020 and 1.6% in 2021, as the positive stimulus of the tax reform tails off. The IMF expects growth of 2.4% in 2019 and 2.1% in 2020. Growth performance beyond 2020 will depend on the continuation of accommodative monetary policies, a sustained increase in productivity and labour force participation, which will be offset by potential additional restrictions on trade.

In Mexico, the reversal of energy and education reforms and the uncertainty about key policies on the part of the new administration is discouraging private investment and negatively impacting the expected growth, which is projected to be below 2% in 2019-20 (IMF), and 2.4% by 2021 (WB). Meanwhile, growth in Brazil is projected to go from 1.1% in 2018 to 0.9% in 2019 and 2.0% in 2020 (IMF). For Latin America, the IMF projects growth in excess of 1.8% in 2020, but under 3% in the medium term, constrained by structural rigidity, moderation in the terms of trade, and fiscal imbalances.

In Asia, the IMF expects India to expand by 6.1% in 2019 and 7.0% in 2020, while the WB projects that India will grow by over 7% in 2019, reaching 7.5% in 2020 due to the recovery of capital expenditure and robust consumer spending in a context of expansionary monetary policy and the momentum of fiscal policy. In the medium term, growth is expected to stabilise below 8% based on the uninterrupted implementation of structural reforms and the attenuation of infrastructure bottlenecks. In China, IMF forecasts a slowdown from 6.6% growth in 2018 to 6.1% in 2019 and 5.8% in 2020, and from 6.6% in 2018 to 6.2% in 2019 and 6% in 2021 according to the WB, reflecting the impact of stricter financial regulation, lower manufacturing activity and trade, and the impact of tariffs imposed by the United States, all offset by greater fiscal and monetary stimuli.

Long-term worldwide prospects for wind

In 2019, the world energy market continued its transition towards an affordable, reliable and sustainable model in which renewable energy plays a fundamental role thanks to its growing competitiveness. This transition is not simple, nor is it guaranteed to achieve its objective without greater sustained efforts on the part of governments. As indicated in the UN report on the gap between the emission reduction targets and actual achievements¹⁸ to date, governments must triple their efforts and introduce new measures on an urgent basis.

The International Energy Agency (IAE) reached similar conclusions in its most recent World Energy Outlook¹⁹. The policies and commitments announced to date by countries and supranational organisations will lead to renewables (currently accounting for 25% of power generation) exchanging places with coal (currently 40%) in the power generation mix by 2040. In this scenario, accumulated wind capacity at the end of the period (2040) will amount to 1,700²⁰ GW, which represents a sustained average level of installations that is similar to the average of recent years (2012-2018: c. 50 GW according to the Global Wind Energy Council or GWEC) for over 20 years. However, this will not be sufficient to fulfil the sustainable development goal that requires greater and faster deployment of renewable energies. A scenario compatible with sustainable growth, which includes the commitments to combat climate change requires, inter alia, that renewables practically triple their share of the generation mix, from the current 25% to two-thirds of total capacity or almost 70% in 2040. Under this projection, the accumulated wind fleet will total 2,800 GW²¹ in 2040, i.e. 1,000 GW more than in the previous scenario and representing an average of 100 GW in installations each year over the next 20 years.

¹⁸"Emissions Gap Report 2018". November 2018.

¹⁹"World Energy Outlook 2018" (WEO 2018). November 2018.

²⁰Data provided by BNEF in its comparison between NEO 2018 and WEO 2018.

²¹Data provided by BNEF in its comparison between NEO 2018 and WEO 2018.

The Bloomberg New Energy Finance (BNEF) New Energy Outlook published in June 2019 (NEO 2019) reached similar conclusions. NEO 2019 projects an energy transition whose end-point is similar to the IEA's sustainable development scenario, in which renewable energies' growing competitiveness and the development of increasingly competitive storage invert the current capacity mix, with renewables accounting for two-thirds of total capacity (the share currently accounted for by fossil fuels) by 2050. In this scenario, cumulative installed wind capacity will amount to 2,965 GW in 2040 (10% more than estimated in NEO 2018), meaning installations at an average pace of over 100 GW per year for the next 20 years. In that same report, BNEF estimates that USD 13.3 trillion will be invested in new power generation assets through 2050, and that 77% (i.e. USD 10.2 trillion) will be in renewable energies, of which USD 5.3 trillion in wind power.

According to NEO 2019, over two-thirds of the world population currently lives in countries where wind or solar, if not both, are the cheapest energy sources. Five years ago, coal and gas occupied that position. By 2030, new wind and solar capacity will be cheaper than existing gas-fired and coal-fired facilities practically everywhere in the world. Since 2010, the cost of wind power has fallen by 49% and it is expected to decline by another 50% in the case of onshore wind power by 2050.

In 2050, wind and solar will be supplying almost 50% of the world's energy, with hydroelectric, nuclear and other renewable sources providing another 21%. Coal-fired output will halve to account for 12% of total output in 2050, compared with 27% today. The structure of installed capacity will change from 57% fossil fuel at present to two-thirds renewables by then.

The growing competitiveness of storage mechanisms will help to drive the increase in the contribution by renewable energies. BNEF estimates that the cost of storage will fall by 64% through 2040, from USD 187/MWh at present to USD 67/MWh.

In October 2019, KPMG published "The Socio-economic Impact of Wind Power in the Context of the Energy Transition", in which it projects that wind's contribution will increase to 34% by 2040, from 4% at present, and that it will provide 23% of the carbon emission reductions required by 2050: 5,600m tons of CO₂. Investment in wind power will rise from USD 110,000m per year at present to USD 200,000m per year in 2040.

Figure 9: Wind installations (cumulative GW)

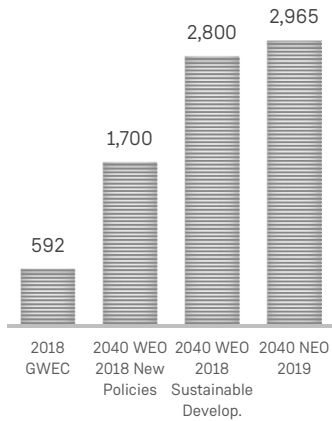
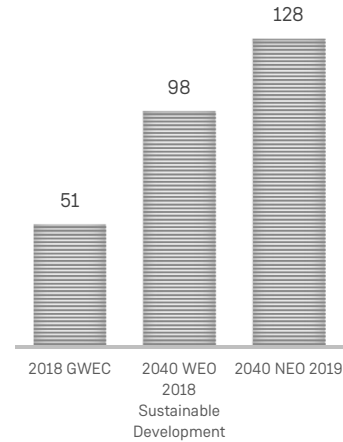


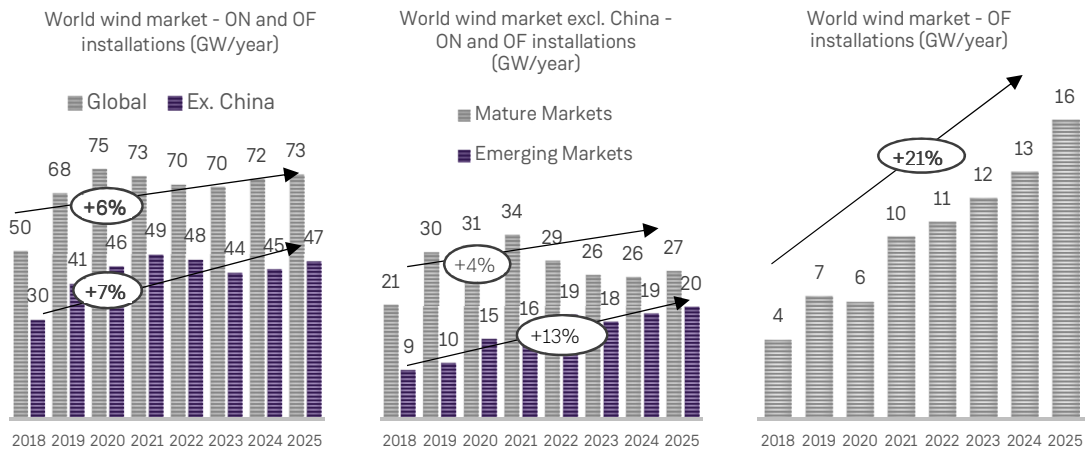
Figure 10: Annual installations 2018-40E (GW/year)



Quarterly update of short- and medium-term demand

Figure 11 below shows the medium-term installation projections (2019-2025)²² as well as final installations reported for 2018²³.

Figure 11: World wind market (GW installed/year)



²²Source: Wood Mackenzie: Q3 19 Global Wind Power Market Outlook. The bubbles indicate compound annual growth rates.

²³Global Wind Report 2018 (April 2019) published by the Global Wind Energy Council (GWEC) reported for 2018 ON + OF installation globally totalling 51 GW and 28 GW excluding China (20 GW in mature markets and 8 GW in emerging markets), and 4 GW for OF installations (like Wood Mackenzie in this case).

The prospects for installations in the period 2019-2025²⁴ continue to assume solid demand and are again higher than the outlook presented in the second quarter of calendar 2019 (both projections by Wood Mackenzie). This 3.9 GW increase refers to the period 2019-2025 and will be attributable entirely to the Onshore market (the projection for the Offshore market was reduced by just 6 MW). There was another notable reduction in the Onshore market in 2019 (-0.9 GW), offset partly in 2020 (+0.2 GW) and exceeded in 2021 (+1.6 GW). However, the Offshore market is projected to decline sharply in 2021 (-1.2 GW) and in 2022 and 2023 (-0.6 GW overall), which will be offset in 2024 (+1.5 GW) and 2025 (+0.2 GW).

China (153 GW), US (56 GW), India (33 GW) and Germany (19 GW) are expected to retain their position as the largest Onshore markets, accounting for more than 60% of the total accumulated installations projected in 2019-2025. France, Brazil, Sweden, Spain and Australia, with between 8 GW and 11 GW in cumulative installations each in the period 2019-2025, will account for more than 10%.

Despite the appearance of new markets, the Offshore segment is still much more concentrated. China, with 32 GW of installations in 2019-2025, will account for 35% of total installations in the period. Europe, led by the United Kingdom (13 GW of installations in the same period), will install 34 GW, accounting for 40% of the total. They will be followed by the US (11.2 GW in 2019-2025) and Taiwan (6.8 GW).

The increase in projections for Onshore installations is mainly in the US, Poland, Ukraine and Russia, offsetting lower projections for Germany and India. Growth in projections for Offshore is mainly concentrated in the US, offsetting the reduction in The Netherlands:

- The increase in projected Onshore installations in the US is due mainly to interest in taking advantage of the 80% production tax credits in 2021, including repowering projects, and to growth in corporate power purchase agreements (PPAs). The increase in Offshore is due to new subsidies at state level.
- The projections for Poland and Ukraine are up due to new auctions.
- The increase in projections for Russia is due to developers' confidence in their ability to fulfil local content requirements.
- In India, there is persisting uncertainty with respect to the dispute over PPAs that have already been signed and because of the low response to auctions, which has resulted in another reduction in projections.
- In Germany, recent auctions have been heavily undersubscribed, aggravating the crisis in the sector, which faces adverse public opinion as well as litigation.

Beyond the pace of installations, price dynamics are unchanged with respect to the previous quarter and Onshore prices continue to stabilize, reflecting mainly the stabilisation of auction prices but also the commercial dynamic in the US, cost inflation and the pressure on margins in the supply chain. In terms of product, the category >3 MW continues to gain market share.

²⁴Source: all projections in this section dated calendar Q2 19 and calendar Q3 19 are from the Wood Mackenzie quarterly Global Wind Power Market Outlook.

Summary of the main events relating to wind power in Q4 1925

During the fourth quarter of FY 19, the following information was published and the following measures were adopted in connection with government commitments and actions aligned with the transition towards a sustainable energy model

United Nations - Climate Action Summit 2019

- Sixty-five countries pledged to cut their greenhouse gas emissions to zero by 2050 and 70 announced or stepped up their national action plans, or are taking steps to do so.

European Union

- The EU announced at the summit that 25% of its budget will be allocated to climate-related activities.

Germany

- At the climate summit, Germany pledged to be carbon neutral by 2050.
- The economy ministers of Germany and The Netherlands plan to jointly evaluate projects in the North Sea and they want to work with the European Commission to assess the need to update the European Union's regulatory framework in order to eliminate barriers to investment.
- The results of the third and fourth wind power auctions of 2019 were published. The third auction awarded 208 MW, out of an initial volume of 650 MW, while the fourth auction awarded 176 MW out of an initial volume of 500 MW, both at an average price of €62/MWh. As in previous auctions, the low participation rate was due to the complexity of obtaining the necessary permits from the state governments and to problems with public opinion.
- The federal government reached an agreement to promote renewable energy, setting a new target of 65% of final energy consumed by 2030 (the previous objective was 50% by 2035). The target for Offshore wind power installed has been increased from 15 GW to 30 GW by 2030.
- Deutsche Bahn signed the first Offshore PPA in Germany. It will begin buying electricity in 2024, acquiring the output of 25 MW, 8% of the Nordsee Ost plant (295 MW).

France

- France announced it will update its National Energy and Climate Plan, raising its target for renewables from 32% to 33% of final energy consumed by 2030.
- The French parliament passed a new regulation under which the last coal-fired plants are to be shut down by 2022, setting 2050 as the deadline for being carbon neutral. In addition, nuclear capacity will be halved by 2035, and the use of fossil fuels will be cut by 40% by 2030.

²⁸This section is a non-exhaustive list of government commitments and actions aligned with the energy transition towards a sustainable model.

Greece

- Greece announced that it will update its National Energy and Climate Plan by increasing its renewable target from 31% to 35% of final energy consumed by 2030.
- The results of the third auction were announced: 179.5 MW of wind capacity were allocated out of a target of 300 MW, with an average price of €67.3/MWh.
- The fourth auction (wind only) was announced with an initial volume of 225 MW and a price cap of €68.25/MWh.

Italy

- Italy passed and published the renewables decree, under which several neutral auctions for wind and solar projects will be organized in the period 2019-2021. The first auction has been officially launched under this scheme, with a total volume of 560 MW, in which wind projects can bid. This auction takes place in October, and final results are expected in December 2019.

UK

- At the climate summit, the UK doubled its contribution to international climate finance to GBP 11.6 billion for the period 2020-2025.
- The outcome of round 3 of the CfD (Contracts for Difference) auctions was published, awarding 5.5 GW in 6 Offshore projects and 275 MW of Onshore projects on remote islands. The price set is GBP 45/MWh for 2023-2024 and GBP 47.22/MWh for 2024-2025.

Australia

- Australia announced that sufficient large-scale renewable capacity has been built to attain the 2020 target of 33 TWh, so the certificate-based scheme has been phased out.
- The Australian Capital Territory (ACT) announced an auction for 250 MW in hybrid solar, wind and storage projects. The contracts should be signed in the first half of 2020 and the projects must be connected in 2022.
- The Queensland “Renewables 400” auction was reactivated, under which 400 MW of renewable capacity will be contracted, including 100 MW of storage. Four wind projects totalling 1,570 MW and 6 solar projects totalling 620 MW have been preselected.

US

- The US government announced that all goods imports from China will bear an additional 5% tariff, raising the tariff on all List 1 & 3 products to 30%. On October 15th the US Government put this increase on hold due to progress in the negotiations with the Chinese government. Accordingly, List 1, 2 & 3 of Chinese imports remains at 25%.
- Michigan: the state issued an RFP for wind (100-200 MW) and solar (25-200 MW) projects. The projects must achieve commercial operation between 2021 and 2023.
- PacifiCorp announced plans to replace 2 GW of coal-fired capacity with 4.5 GW of wind or solar capacity by 2027, and 10.7 GW plus 4.6 GW of storage by 2038.
- Virginia: the state set a target of 2.5 GW Offshore for 2026, on top of the Onshore target of 5.5 GW by 2028, 3 GW of which must be in development by 2022.

- Massachusetts: three proposals have been received for 800 MW of Offshore projects. The selection will be made in November 2019.
- Georgia: Georgia Power is to add 2.26 GW of renewables (wind/solar) and 80 MW of storage by 2024.
- New York: the state announced the winners of the first wind auction: Sunrise Wind (880 MW), owned by Ørsted and Eversource, and Empire Wind (816 MW), developed by Equinor.
- Connecticut: the 2 GW Offshore auction was officially announced. Proposals were received from three developers: Constitution Wind (Ørsted/Eversource), Mayflower Wind (EDPR/ Shell) and Park City Wind (CIP/ Avangrid). The winners are expected to be announced in November 2019.

Argentina

- The forthcoming round 4 is planned to allocate 1 GW of wind and solar capacity. The breakdown is expected to be 750 MW wind and 250 MW solar. Projects will be selected in April 2020 and must attain commercial operation within 4 years.

Brazil

- A6 energy auction was held in October 2019, with an outcome of 1,040 MW awarded to wind, with an average price of 98.89 BRL/MWh (€21/MWh), slightly above previous auctions, confirming price stabilization. Auction A4, held in June 2019, closed at €18/MWh.
- Cemig, Brazil's government-controlled electric utility, has awarded 713 MW of solar and wind capacity in its last three auctions and has announced another auction for November. Copel (Companhia Paranaense de Energia), held its first auction in September, acquiring 118 MW of wind and solar.

Colombia

- At the climate summit, Colombia undertook to achieve 4 GW of renewable capacity by 2030.
- First renewable auction has taken place in October awarding 1,077 MW of wind energy distributed in 6 projects with an average price of 95.65 COP/MWh (€25/MWh). The projects must attain commercial operation by January 2022.

Ecuador

- A 500 MW renewables auction (including wind, solar and small hydro) has been set in motion.

South Korea

- The Energy Ministry released the Third Energy Plan, which increases the target for renewables from 11% to 35% of total output by 2040.

China

- The first unsubsidised wind project entered commercial operation.
- The first Offshore auction concluded at CNY 620/MWh.

India

- At the climate summit, India undertook to increase renewable capacity by 175 GW by 2022 (previously 160 GW).
- The central government amended the rules for wind auctions in order to attract interest from developers. The NTPC 1,200 MW auction will be the first to be held under the new rules.
- Solar Energy Corporation of India (SECI) announced a ninth round of wind auctions for 1,200 MW with prices capped at INR 2.85/kWh. A new requirement for entry is that 100% of the required land must be identified. The eighth round allocated 440 MW out of an initial 1,800 MW (unofficial results). Another auction, for 1,200 MW hybrid wind and solar, was announced in September.
- NTPC, India's largest electric utility, announced an auction for 1,200 MW of wind capacity. The deadline for proposals is currently in October, with prices capped at INR 2.85/kWh.
- Adani Power launched an auction for hybrid projects totalling 700 MW of wind and solar, with the option of including storage (not mandatory). The deadline for proposals was 9 August 2019.
- Rajasthan published plans to install 1.4 GW of wind and 4.9 GW of solar in the next five years.

Auctions summary

Table 8: Summary of auction results published in Q4 19

Auction	Type	Technology	MW targeted	MW awarded ¹	Average price €/MWh ²	COD
Germany - III	Specific	ON	650	208	62	2021
Germany - IV	Specific	ON	500	176	62	2021
Colombia - First action	Neutral	ON	n.a.	1,077	25	2022
Greece - Third auction	Specific	ON	300	179	67	2022
India - SECI VIII	Specific	ON	1,800	440	36	2021
UK - CfD round 3	Neutral	OF	n.a.	5,466	53	2022-2025
UK - CfD round 3	Neutral	ON	n.a.	275	53	2022-2025

1. MW awarded to ON or OF.
2. Using the exchange rate on the date the results were announced.

Table 9: Auctions announced in Q4 19

Auction	Technology	Target	Expected date ¹
Australia - ACT	Hybrid: ON and solar (storage optional)	250 MW	2020
Australia - Queensland - Renewables 400 (reactivated)	Hybrid: ON and solar (storage optional)	400 MW	2020
Denmark	Neutral: ON, OF and solar	175 MW ²	November 2019
Ecuador	Neutral: ON, solar and small hydro	500 MW	October 2019
US - Arizona (APS)	ON	250 MW	September 2019
US - Michigan	ON	100-200 MW	
Greece - Fourth specific auction	ON	225 MW	November 2019
Hungary - Pilot	ON	134 GWh	
India - Adani Power	Hybrid: ON and solar (storage optional)	350 MW ³	August 2019
India - Maharashtra	Hybrid: ON and solar	80 MW	October 2019
India - Maharashtra	Hybrid: ON and solar (storage optional)	No limit	October 2019
India - NTPC II	ON	1,200 MW	September 2019
India - SECI IX	ON	1,200 MW	November 2019
INDIA - SECI 1200 MW	Hybrid: ON and solar (storage mandatory)	1200 MW	November 2019
Ireland	Renewables		June 2020
Lithuania	Neutral - renewable	300 GWh	November 2019
Poland	Neutral: ON and solar	113.97 TWh (2.5 GW) ⁵	December 2019

1. Deadline for proposals. In some cases, the outcome will be published later.
2. Target of DKK 258m, which is estimated by SGRE to correspond to 175 MW.
3. The maximum capacity is 700 MW. 350 MW is the capacity assumed for ON.
4. Target in TWh. This target is estimated to correspond to 2.5 GW.

2020 Guidance

The financial performance in FY 19 was in line with the guidance for the full year.

	FY 19E ¹	FY19	
Revenues (€m)	10,000-11,000	10,227	✓
EBIT margin before PPA and I&R costs	7.0%-8.5%	7.1%	✓

1. This guidance does not include charges for litigation or regulatory issues, and figures are expressed at constant exchange rates.

The guidance was achieved in a challenging market environment, where the Group's business was affected by:

- Cost increases due to tensions in the supply chain, partially derived from global trade tensions, more specifically the tariffs imposed in the US on imports from China.
- Volatility in key emerging markets such as Brazil, Mexico and India, which delayed the projected demand growth.

Some of these adverse conditions, and other additional factors, continue to be present in the fiscal year that is beginning (FY 20) and they play a significant role in the company's short-term performance expectations, although the year begins with strong visibility on revenue growth.

The guidance for FY 20 (next table) reflects a transition year in terms of profitability but one with assured growth in sales. The higher visibility on revenue growth is due to the level of coverage at the beginning of the year: 90%²⁶ of the mid-range of the sales guidance, 10 percentage points more than at the beginning of FY 19.

The following table sets out the company's guidance for fiscal year 2020

	FY 19	FY 20E ¹
Revenues (€m)	10,227	10,200-10,600
EBIT margin before PPA and I&R costs	7.1%	5.5%-7.0%

1. This guidance does not include charges for litigation or regulatory issues, and figures are expressed at constant exchange rates. The guidance excludes any impact from changes in the shareholder structure and from the agreement to acquire certain Servion assets.

In addition to specific targets for Group revenues and the EBIT margin before PPA and integration and restructuring costs, it is also expected:

- The PPA is expected to have an impact of c. €260m on the amortization of intangibles and integration and restructuring costs are expected to amount around €200m.
- A selective investment increase to face expected growth, with local supply chain development in France and Taiwan. These investment needs drive CAPEX/revenues ratio to 6% in FY 20.

The trend in the EBIT margin before PPA and integration and restructuring costs (5.5%-7.0%) reflects the impact of several factors: the fact that the industry will still be transitioning to a totally competitive model, the impact of a number of adverse external events, already materialized in FY 19 and still impacting in FY 20, and finally the development of the top line in FY 20.

Business annual evolution

- Revenue growth in 2020 will be driven mainly by the Onshore business, while the attractive Offshore business contribution will be reduced affected by delays in the execution of certain projects that were initially scheduled for this year.
- Additionally, the most competitive regions in the Onshore business, Americas and APAC, are the largest contributors to sales, while EMEA's contribution will decline notably after a year of high activity.
- The company expects to successfully complete the transformation module of the L3AD2020 program with €600m in expected cost cuts due to productivity improvements and synergies, which will offset price pressure in the order book.

Market environment

- Price trends in the Onshore business are foreseen to remain stable in the single low digit range of reduction (3%-5%) aligned with the achievable annual productivity improvements.
- Price competition in the Offshore market has been accentuated by the introduction of auctions, and strong interest on the part of customers to invest in this business. It is important to highlight that Offshore price dynamics are widely different from those experienced in the Onshore market where high

²⁶Revenue coverage: order backlog (€) as of September 30, 2019 for FY 20 sales activity divided by the FY 20 revenue guidance range of €10.2bn to €10.6bn.

market fragmentation and suboptimal design of auction mechanism in some important markets, drove to irrational behaviours.

- Service competitive dynamics remain stable.

External headwinds

Among previously mentioned external headwinds, it is important to highlight:

- Cost inflation derived from tensions in the supply chain, including those arising in global trade, particularly the tariffs imposed in the US on imports from China.
- Short-term development of demand for wind power is being affected by policy and regulatory uncertainty in mature markets such as Spain and Germany and by political and economic volatility in emerging economies, particularly Latin America.
- Uncertainty about the final terms of Brexit.

However, these factors are expected to be temporary rather than structural, and Siemens Gamesa expects the Group's profitability to improve beyond FY 20. These expectations are supported both by market dynamics and by the expected trend in the company's business beyond 2021.

Market dynamics

Three fundamental trends can be identified in market dynamics:

- Demand growth, supported by wind power's growing competitiveness (onshore and offshore) and by government support. This growth will arise particularly in the Offshore market and in emerging markets in the Onshore market. In the Offshore market, the volume of installations is expected to rise from 6 GW in 2020E to 16 GW in 2025E, equivalent to a CAGR of 21% from 2018. In the Onshore market, installation volume in emerging markets (excluding China) is expected to rise from 10 GW per year in 2020 to 18 GW in 2025, equivalent to a CAGR of 10% from 2018.
- Industry consolidation towards a model of four global manufacturers in the Onshore business and three in the Offshore business. This consolidation is essential to avoid the development of irrational pricing strategies. In this connection, the Onshore market is steadily being consolidated and prices have been stabilising since 2018.
- Price dynamics evidence stabilisation in the Onshore market, greater competition in the Offshore market due to the transition towards a competitive market model (however competitive structure suggests rational behaviour), and stability in the Service business.

Business Development

A number of factors support the projection of higher returns in the medium term:

- Continuous cost optimisation.
- Launch of new technologies and product platforms.
- SGRE competitive positioning.
- Asset acquisitions: agreement to acquire Senvion assets²⁷.
- Revenue evolution beyond FY 20.

Cost optimisation

Since 2018, the company has evidenced its ability to cut costs, as part of its transformation exercise, framed in the L3AD2020 transformation program, with costs improving by more than €1,400m during FY 18 and FY 19, targeting total cuts of €2,000m. This programme enabled the company to offset the pressure from lower prices in the fourth quarter of FY 19 and this effect is expected to persist into FY 20. However, the conclusion of this programme does not mean that Siemens Gamesa will not remain focused on constant cost optimisation.

²⁷Closing of transaction still subject to the fulfillment of certain conditions precedent, such as regulatory approvals.

The company will continue working on optimising its industrial footprint, developing the most cost-competitive locations under a TCO²⁸ approach, and will apply a MAKE & BUY strategy to its supply chain, taking into account the conditions of global trade. As part of the necessary increase in purchasing volume to respond to growth in the new Offshore markets, the company will seek a balance between local supply needs and the global supply chain.

Beyond the company's own manufacturing footprint and that of its suppliers, Siemens Gamesa will continue working to cut fixed and variable costs. In the area of product costs, the company incorporates the design-to-cost approach in both the Onshore and Offshore businesses. In regards to fixed costs, the company will remain focused on bringing down structural costs, including a reduction of 600 headcount already planned in the next two years²⁹.

Launch of new technologies

In Q3 19, Siemens Gamesa unveiled the new Onshore 5.X platform with two models — SG 5.8-155 and SG 5.8-170 (which has the largest rotor in the entire Onshore industry), which increase energy production by 20% and 32% in comparison to the latest models to reach the market. With a flexible design, the new platform optimises the value chain, from manufacturing through transport to construction and maintenance, and is adaptable to sites of any type. Those two models also incorporate distinctive Siemens Gamesa technologies such as a doubly-fed generator, a partial converter, and a compact power train with a three-stage gearbox. The platform also guarantees compliance with the most demanding grid connection requirements thanks to an optional premium converter. The first prototype SG 5.8-155 is expected to be installed in mid-2020, with manufacturing scheduled for the fourth quarter of that year. As for the SG 5.8-170, the first prototype will be installed in the third quarter of 2020 and production will commence in the first quarter of 2021. This new turbine offers 30% more annual energy production (AEP) than its predecessor.

Siemens Gamesa launched the SG 10-X wind turbine in Q2 19. The new SG 10.0-193 DD combines the experience and knowledge of five generations of wind turbines. It offers high performance, an agile market launch and low risk for our customers. The platform's direct drive technology makes it possible to reuse most components from previous models, shortening time to market. The prototype is expected to be assembled in 2019 and this model will be commercialised in 2022.

Competitive positioning

SGRE maintains a strong lead in the areas that will sustain growth in the future: Offshore, emerging markets Onshore, and Service.

The company was able to retain a clear lead in the Offshore business despite the entrance of a third competitor. This lead is evident in a firm order book of 5 GW, conditional orders for over 7 GW, and a very successful entrance into two new markets: Taiwan and the US, supported by two key pillars that enable us to offer customers the best cost of energy:

- Excellence in execution.
- Technology.

Both are set out in the 24/1/99 programme: 24 hours to install 1 offshore wind turbine with 99% availability.

²⁸TCO (total cost of ownership): total cost of supplying to the location, including transport and customs.

²⁹The applied approach might vary by country. The discussions with the employee representatives will start immediately and in accordance with the respective legal frameworks.

Agreement to acquire Servion assets³⁰

The agreement to acquire Servion assets evidences the company's leading position in the next round of industry consolidation and is part of its strategy, announced in the business plan, to expand in the maintenance of third-party technologies. Conclusion of this deal entails:

- Strengthening of the Group's position in Service, a very attractive segment because of its profitability and also its future growth potential through the acquisition of assets in a number of European countries. Completing this deal will expand the Group's fleet under maintenance by 15%, from 60 GW to 69 GW, while the fleet in Europe will rise 51%, from 17 GW to 26 GW. Moreover, the order book for Service will increase by 13%, from €11,900m to €13,500m.
- Contribute to optimising the manufacturing footprint and supply chain through the acquisition of the Vagos (Portugal) blade plant, which can produce 1,300 blades per year at costs that are more competitive than sourcing from China.

Lastly, growth in sales from 2021 onwards is important to be highlighted as a major impact factor on the Group's rising profitability trend since it is leveraged on the most profitable areas: Offshore and Service.

All these factors support the long-term vision presented in the CMD 18-20 in February 2018, which sets the clear goal of making Siemens Gamesa a leader in the wind industry, with above-market sales growth and profitability of between 8% and 10% before PPA and integration and restructuring costs.

The detailed steps to be taken by the company to achieve that goal are expected to be presented to the capital markets in the first half of 2020

Conclusions

Siemens Gamesa Renewable Energy ended FY 19 in an energy market that continued to transition towards an affordable,

reliable and sustainable model in which renewable energy plays a fundamental role thanks to its growing competitiveness. The International Energy Agency projects that fossil fuels' and renewables' shares of the energy mix will be inverted in the next 20 years. In this connection, the policies and commitments announced to date will require slightly over 50 GW of wind capacity to be installed per year between now and 2040. That volume would have to be

practically doubled if the zero emissions target is to be achieved. This potential is corroborated by the latest energy

market report from Bloomberg New Energy Finance (NEO 19), which estimates 128 GW in average annual installations

between 2019 and 2040, with USD 5,3 trillion being invested in wind facilities.

In this context, solid commercial activity enabled the company to attain a record order book at 30 September 2019 of €25,507m (+12% y/y) and reach 90%³¹ of the mid-point of its sales guidance. This coverage is 10 percentage points higher than the coverage at the beginning of FY 19, which lends security to the growth targets for FY 20. Growth in order intake in the last twelve months was supported by all three business areas — Onshore, Offshore and Service — particularly the latter two, which expanded by 11% and 13% y/y, while Onshore orders increased by 4% y/y. Conversely, order intake in Q4 19 was supported by strong Onshore performance: up 13% to a record €2,240m of firm orders.

³⁰Closing of transaction still subject to the fulfillment of certain conditions precedent, such as regulatory approvals.

³¹Revenue coverage: total firm orders (€) received through September 2019 for activity in FY 20 / the mid-point of the sales guidance published for FY 20 (€10,200-10,600m).

The company ended the year with revenues amounting to €10,227m (€2,944m in Q4 19), i.e. 12% more than in FY 18 (+12% y/y in the quarter) and EBIT before PPA and integration and restructuring costs of €725m, equivalent to an EBIT margin of 7.1%, 0.5 percentage points lower than in the FY 18. EBIT before PPA and integration and restructuring costs in the fourth quarter amounted to €250m, equivalent to an EBIT margin of 8.5%, i.e. 0.3 percentage points higher than in the fourth quarter of 2018.

Group revenue growth was supported by strong performance in Offshore and Service, up 18% y/y and 17% y/y, respectively, followed by Onshore (+7% y/y), that showed higher activity in Q4 19.

The pricing dynamics of the ongoing transition to a competitive market, which were built into the order book at the beginning of the year, are still the main drag on the Group's profitability, though this effect was offset by productivity improvements and synergies from the transformation process and higher sales volumes. Additionally, profitability in FY 19 was negatively impacted by execution difficulties in a number of Onshore projects in Northern Europe and India and by cost inflation linked to tensions in the supply chain and in world trade.

The net cash position at 30 September was €863m, €248m more than the net cash position at the end of FY 18. This improvement in the net cash position was due to generating operating cash flow and, in particular, to the strong working capital performance, which ended the year at negative €833mn, equivalent to -8.1% of Group revenues, 2.2 percentage points better than in FY 18. This improvement in working capital is the result of a strong control programme, advance payments driven by strong commercial activity, payment terms renegotiation and project execution.

As indicated earlier, the market environment in which the company operates presented a number of headwinds that will persist this new fiscal year. The industry is also in transition and top-line growth in FY 20 will be supported by the less profitable business. All these factors impact short-term performance and shape the guidance for the year, where growth is assured but profitability will continue to be burdened by temporary pressures. However, beyond FY 20, the prospect is for rising profitability supported by both market dynamics and development of the company's own business, which will also be underpinned by the acquisition of Senvion assets. The company expects to hold a Capital Markets Day in the first half of 2020 in which to share more details of the path to its enduring long-term vision.

3. MAIN BUSINESS RISKS

The SIEMENS GAMESA Group is exposed to certain financial risks that it manages by grouping together risk identification, measurement, concentration limitation and oversight systems. The management and limitation of financial risk is executed in a coordinated manner between SIEMENS GAMESA's Corporate Management and the business units, through the policies approved at the highest executive level, in accordance with the established rules, policies and procedures. The identification, assessment and hedging of financial risks are responsibility of each business unit, together with the Corporate Management.

The risk associated with changes in exchange rates assumed for SIEMENS GAMESA's transactions involve the purchase and sale of products and services relating to its activity, that are denominated in various currencies.

In order to mitigate this risk, SIEMENS GAMESA has entered into financial hedging instruments with several financial institutions.

4. USE OF FINANCIAL INSTRUMENTS

The SIEMENS GAMESA Group uses financial hedges which allow the Group to mitigate risks involving exchange rates, interest rates, and equity volatility that could affect the Groups' estimated results, based on estimates of expected transactions in its various areas of activity.

5. SUBSEQUENT EVENTS

At the date of formal preparation of the Consolidated and Individual Financial Statements of SIEMENS GAMESA as of September 30, 2019 no issue has been revealed that might modify them or give rise to disclosures additional to those already included.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

Technological Development is established within a multi-year framework that is rolled out in the annual technological development plan, where activities and deliverables are established for each year, and to which a budget is finally assigned.

During the years 2019 and 2018, the main increase in the capitalised development costs is due to the development of new wind turbine models, software and the optimization of the components' performance for an amount of EUR 159 million in 2019 (EUR 129 million during 2018). These additions are mainly in Denmark amounting to EUR 123 million during 2019 (EUR 103 million during 2018) and in Spain amounting to EUR 29 million during 2019 (EUR 23 million during 2018).

7. TREASURY SHARE OPERATIONS

As of September 30, 2019 SIEMENS GAMESA holds a total of 1,635,425 treasury shares, representing 0.24% of share capital.

The total cost for these treasury shares amounts EUR 21,616 thousands, each with a par value of EUR 13.217.

A more detailed explanation of transactions involving treasury shares is set out in Note 23.E of the Consolidated Financial Statements and Note 13.D to the Interim Condensed Individual Financial Statements as of September 30, 2019.

8. CAPITAL STRUCTURE

The capital structure, including securities that are not traded on a regulated ECC market, the different classes of share, the rights and obligations conferred by each and the percentage of share capital represented by each class:

In accordance with Article 7 of Siemens Gamesa Renewable Energy, S.A.'s bylaws, reflected in the version approved by the shareholders in general meeting held June 20, 2017, "Share capital amounts to ONE HUNDRED FIFTEEN MILLION SEVEN HUNDRED NINETY FOUR THOUSAND, THREE HUNDRED SEVENTY FOUR EUROS AND NINETY FOUR CENTS (115,794,374.94 EUR), represented by 681,143,382 ordinary shares of seventeen euro cents of nominal value each, in numbers from 1 to 681,143,382, comprised of a sole class and series, all entirely subscribed and paid in."

Significant direct and indirect shareholdings

According to public information for Siemens Gamesa Renewable Energy, S.A., its share capital structure as of September 30, 2019 is as follows:

<i>Name or corporate name of shareholder</i>	Number of direct voting rights	Number of indirect voting rights (*)	Number of voting rights linked to the exercise of financial instruments	% of total voting rights
SIEMENS AKTIENGESELLSCHAFT	205,178,132	196,696,463	-	59.00%
IBERDROLA, S.A.	-	54,977,288	-	8.071%

(*) Through:

<i>Name or corporate name of direct shareholder</i>	Number of direct voting rights	% of total voting rights
SIEMENS BETEILIGUNGEN INLAND GMBH	196,696,463	28.877%
IBERDROLA PARTICIPACIONES, S.A. UNIPERSONAL	54,977,288	8.071%

9. RESTRICTIONS ON THE TRANSFER OF SECURITIES

No restrictions on the transfer of securities exist.

10. SIGNIFICANT % OF DIRECT OR INDIRECT OWNERSHIP

See Point 8.

11. RESTRICTIONS ON VOTING RIGHTS

There are no legal or bylaw stipulated restrictions on exercising voting rights.

12. SIDE AGREEMENTS

In fulfillment of article 531 of the restated text of the Corporate Enterprises Act, approved by the RLD 1/2010, of July 2 (the “Capital Companies Law”), IBERDROLA, S.A. (“IBERDROLA”) informed Gamesa Corporación Tecnológica, S.A. (“GAMESA”) on June 17, 2016 of the signature of a shareholders’ agreement between IBERDROLA and Iberdrola Participaciones, S.A. (Sociedad Unipersonal), as shareholders (non-direct and direct, respectively) of GAMESA, on one hand, and Siemens Aktiengesellschaft (“SIEMENS AG”), on the other hand (significant events number 239899 from June 17, 2016, and number 255530 from August 1, 2017). The contract was signed in the context of the process of combination of the wind energy businesses of GAMESA and SIEMENS AG through the merger by absorption of Siemens Wind Holdco, S.L. (Sociedad Unipersonal) by GAMESA (“Merger”). This shareholders’ agreement governs, among other matters, the relationships of the parties as future shareholders of GAMESA after the Merger, which became effective on April 3, 2017.

The Shareholders’ Agreement includes terms which qualify it as a side agreement under the terms set forth in Article 530 of Capital Companies Law, even when the effectiveness of certain agreements was contingent upon the Merger taking place.

13. RULES GOVERNING THE APPOINTMENT AND REPLACEMENT OF DIRECTORS AND THE AMENDMENT OF THE COMPANY’S BYLAWS

Article 30 of the SIEMENS GAMESA bylaws states that the members of the Board of Directors are *“appointed or approved by the shareholders in general meeting,”* and that *“if there are openings during the period for which Directors were appointed, the Board of Directors can appoint individuals to occupy them until the first Shareholders’ General Meeting is held,”* in accordance with the terms reflected in Capital Companies Law and bylaws which might be applicable.

In conformity with Article 13.2 of the Board of Directors Regulations, *“the proposals for appointing Directors submitted by the Board of Directors for consideration by the General Shareholders’ Meeting and the appointment decisions adopted using the co-option procedure must be preceded by: (a) for Independent Directors, a proposal from the Appointments and Remuneration Committee; and (b) in other cases, a report from the aforementioned committee.”* Article 13.3 of the Board of Directors Regulations states that *“when the Board of Directors declines the proposal or the report from the Appointments and Remuneration Committee mentioned in the above section, it must justify doing so and include a record of it in the minutes.”* Next, Article 13.4 of the referred Regulations states that *“the provisions in this chapter will be understood notwithstanding the complete freedom of the General Shareholders’ Meeting to make decisions on the appointment of Directors”*

Article 14 of the same regulations states 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.”*

Concerning a Legal Entity Director, the natural person representing it in the performance of the duties related to the position will be subject to the conditions included in the previous paragraph.”

Finally, Article 7.4 of the Appointments and Remuneration Committee Regulations grant it the responsibility *“To ensure that, when filling vacancies or appointing new directors, the selection procedures: (i) do not suffer from implicit bias that might involve any discrimination and, in particular, that might hinder the selection of female directors, and (ii) favour the diversity of the members of the Board of Directors, particularly as regards gender, professional experience, competencies, personal skills and sector knowledge, international experience or geographical origin”.*

As regards the reappointment of the Directors, Article 15 of the Board of Directors' Regulations indicates that *"proposals for re-election of Directors submitted by the Board of Directors to the General Shareholders' Meeting must be accompanied by the corresponding explanatory report in the terms set forth by the law. 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.*

Directors that are part of the Appointments and Remuneration Committee must abstain from taking part in the deliberations and votes that affect them.

The re-election of a Director who is part of a committee or who holds an internal position on the Board of Directors or one of its committees will determine his/her continuity in this position without requiring express re-election and notwithstanding the power of revocation which corresponds to the Board of Directors.

Board member removal and resignation is regulated by Article 16 of the Board of Directors Regulations, which 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."*

The steps and criteria established in this regard are set forth in Capital Companies Law and the Mercantile Register Regulations.

Article 16.2 of the Board of Directors Regulations states that *"Directors or the natural person representing a Legal Entity Director must offer their resignation to the Board of Directors and formalize it, if the Board sees fit, subject to a report provided by the Appointments and Remuneration Committee in the following cases:*

- a) Concerning Proprietary Directors, whenever these or the shareholder they represent cease to be the owners of significant stocks in the Company, as well as when such shareholders revoke representation.*
- b) Concerning Executive Directors, when they are removed from the executive positions associated with their appointment as Director and, in all cases, whenever the Board of Directors considers it necessary.*
- c) Concerning Non-executive Directors, when they join the management of the Company or of any of the companies in the Group.*
- d) When, due to circumstances beyond their control, they are involved in cases of incompatibility or prohibition as set forth by law or the Corporate Governance Standards.*
- e) Whenever they are brought to trial for a supposedly criminal act or a court ruling is passed against them to open a trial for any of the offenses set forth in the provisions of the Capital Company Act related to the prohibitions on being an administrator, or whenever they are involved in a sanction for a serious or very serious offense brought by supervisory authorities.*

- f) Whenever they are issued a serious warning by the Board of Directors or are sanctioned for a serious or very serious offense by a public authority for having breached their duties as Directors in the Company.*
- g) Whenever their continuity on the Board of Directors could put the Company's interests at risk, or whenever the reasons for their appointment have ceased to exist.*
- h) When, due to acts attributable to the Director acting in his/her capacity as such, cause significant damage to the Company's assets, or the reputation of the Company, or result in the loss of the business and professional reputation and credibility required for being a Director of the Company."*

In accordance with Sections 3, 4, and 5, "in any of the events indicated in the previous section, the Board of Directors shall require the Director to resign from his/her post, and propose, as appropriate, his/her resignation to the General Shareholders' Meeting. As an exception, the foregoing shall not be applicable in the events of resignation provided in letters a), d), f) and g) above when the Board of Directors considers that reasons exist to justify the continuity of the Director, without prejudice of the occurrence that any new and sudden circumstances may have on his/her qualification.

The Board of Directors may only propose the removal of an Independent Director before the expiration of the period for which they were appointed when just cause is found by the Board of Directors, based on the proposal from the Appointments and Remuneration Committee. Specifically, for having failed to fulfill the duties inherent to his/her position or have unexpectedly incurred in any of the circumstances established by law as incompatible with assignment to such category.

Directors who resign from their position before the end of their term must send a letter explaining the reasons for the resignation to all the members of the Board of Directors."

Rules governing bylaw amendments

Amendments made to the Siemens Gamesa bylaws are governed by the terms of Articles 285 to 290 of Capital Companies Law approved by Royal Decree Law 1/2010 of July 2 ("Capital Companies Law").

Additionally, amendments made to the Siemens Gamesa bylaws are covered by the terms outlined in the Company's bylaws and the Regulations of the General Shareholders' Meeting.

As regards the competencies for making amendments, Articles 14. h) of bylaws and 6.1 h) of the Regulations of the General Shareholders' Meeting indicate that this role corresponds to the Siemens Gamesa General Shareholders' Meeting.

Articles 18 of bylaws, and 26 of the Regulations of the General Shareholders' Meeting include the quorum requirements for the General Shareholders Meeting adoption of agreements. Articles 26 of its bylaws, and 32 of the General Shareholders Regulations indicate the necessary majority for these purposes.

Article 31.4 of the General Shareholder's Regulations indicates that in accordance with legislation,"the Board of Directors, in accordance with the provisions of the law, shall draw up resolution proposals different in relation to those matters that are essentially independent, so that the shareholders can exercise their voting rights separately." The above is specifically applicable in the case of amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.

In accordance with Article 518 of Capital Companies Law, due to the call for a general Shareholders Meeting devoted to amending bylaws, the Company website will include the complete text of the agreement proposals on the Agenda in which the amendments are proposed, as well as reports from competent bodies in this regard.

14. THE POWERS OF BOARD OF DIRECTORS AND, SPECIFICALLY, POWERS TO ISSUE OR BUY BACK SHARES

Powers of Board of Directors

The Board of Directors of SIEMENS GAMESA, in its meeting held on June 20, 2017, unanimously agreed, following a favorable report from the Appointments and Remunerations Committee, to re-elect Mr. Markus Tacke as CEO of the Company delegating in his favor all powers which, according to the law and the By-laws correspond to the Board of Directors, except those which cannot be delegated pursuant the law and the By-laws, an appointment which was accepted by Mr. Tacke in the same act.

Powers to buy back shares

At the date of approval of this Report, authorization was still pending from the Company's General Shareholders Meeting held on May 8, 2015, by virtue of which the Board of Directors will be entitled to acquire treasury shares. The following is the literal text of the agreement adopted by the above reflected under point 9 of the Agenda:

"To expressly authorise the Board of Directors, with the express powers of substitution, as per the dispositions in article 146 of the Companies Law for the derivate acquisition of the Gamesa Corporación Tecnológica, Sociedad Anónima's ("Gamesa" or the "Company") own shares in the following terms:

- a.- *The acquisitions may be made by Gamesa or by any of its depending companies in the same terms of this agreement.*
- b.- *The share acquisitions will be made through sales, swaption or any other legally permitted operations.*
- c.- *The acquisitions may be made, at each time, up to the legally allowed maximum figure.*
- d.- *The minimum share price will be their nominal value and the maximum will not be 110% above their market quotation value on the date of acquisition.*
- e.- *The shares acquired may subsequently be transferred in freely decided conditions.*
- f.- *The present authorisation is awarded for a maximum period of 5 years, expressly repealing the unused part of the authorisation awarded by the Company Shareholders' Ordinary General Meeting held on May 28, 2010.*
- g.- *The shareholders' equity resulting from the acquisition of shares, including those that the Company or the person acting in their own name but for the account of the Company has previously acquired and holds as treasury shares, shall not be less than the amount of share capital plus the reserves that are restricted under the law or the By-Laws, all pursuant to the provisions of letter b) of section 146.1 of the Companies Law.*

Lastly, and in relation to the dispositions in article 146.1.a) last paragraph of the Companies Law, it is stated that the shares that are acquired under the present authorisation, may be used by the Company for, amongst other purposes, giving to Company employees or administrators either directly or deriving from the exercise of option or other rights contemplated in incentive plans of which they are holders and/or beneficiaries as considered in the relevant legislation, statutes or regulations.

15. SIGNIFICANT AGREEMENTS TO WHICH THE COMPANY IS A PARTY AND WHICH TAKE EFFECT, ALTER OR TERMINATE UPON A CHANGE OF CONTROL OF THE COMPANY FOLLOWING A TAKEOVER BID AND THE EFFECTS THEREOF, EXCEPT WHERE DISCLOSURE WOULD SEVERELY PREJUDICE THE COMPANY'S INTERESTS. THIS EXCEPTION IS NOT APPLICABLE WHERE THE COMPANY IS SPECIFICALLY OBLIGED TO DISCLOSE SUCH INFORMATION ON THE BASIS OF OTHER LEGAL REQUIREMENTS

In conformity with the framework agreement dated December 21, 2011 (significant event 155308) between IBERDROLA, S.A. and the subsidiary of SIEMENS GAMESA RENEWABLE ENERGY, S.A. (SIEMENS GAMESA), SIEMENS GAMESA RENEWABLE ENERGY EOLICA, S.L Sociedad Unipersonal, the supposed change of control in SIEMENS GAMESA will permit IBERDROLA, S.A. to terminate the framework agreement, and neither party may make any claims subsequently.

On May 4, 2015, SIEMENS GAMESA and SIEMENS AG signed a Framework Agreement which sets out (i) certain rights and obligations and related matters concerning the relationship of the parties after the merger between SIEMENS GAMESA and Siemens Wind Hold Co.; (ii) certain principles applicable to the provision of services between SIEMENS GAMESA and SIEMENS AG after the merger; and (iii) includes mandatory items to be complied with by SIEMENS GAMESA for the purposes of meeting and complying with Siemens Group Requirements. The Framework Agreement contains a termination event whereby it may be terminated by the Parties at such time that SIEMENS AG ceases to be a Controlling shareholder in SIEMENS GAMESA whereby Control is defined as SIEMENS AG holding the majority of voting rights in SIEMENS GAMESA or having the right to appoint the majority of its board members.

On December 17, 2015, Siemens Gamesa Renewable Energy Wind Farms, S.A.U. (buyer) and GESTIÓN, ELABORACIÓN DE MANUALES INDUSTRIALES INGENIERÍA Y SERVICIOS COMPLEMENTARIOS, S.L., INVERSIONES EN CONCESIONES FERROVIARIAS, S.A.U., CAF POWER & AUTOMATION, S.L.U. y FUNDACIÓN TECNALIA RESEARCH & INNOVATION (seller) signed a purchase-sale agreement for the shares. On the same date, to oversee the relationship between Siemens Gamesa Renewable Energy Wind Farms, S.A.U. and INVERSIONES EN CONCESIONES FERROVIARIAS, S.A.U. (ICF), as future NEM partners (where applicable), the parties signed the Partners' Agreement. By virtue of the terms established in the abovementioned agreement, should control over SIEMENS GAMESA subsequently take place, Siemens Gamesa Renewable Energy Wind Farms, S.A.U. must offer the remaining partners direct acquisition of its NEM shares.

On June 17, 2016, effective April 3, 2017, SIEMENS GAMESA and SIEMENS AKTIENGESELLSCHAFT (Siemens) signed a strategic alliance agreement, featuring a strategic supply contract by virtue of which Siemens became the strategic supplier of gears, segments, and other products and services offered by SIEMENS GAMESA Group. The abovementioned alliance will continue in force during the period during which Siemens: (a) directly or indirectly holds 50.1% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Directors voting rights, with no shareholders which individually or jointly hold at least 15% of share capital. Therefore, in cases of change of control, the parties are

entitled to terminate the strategic alliance, although its minimum duration in any case would be three (3) years (i.e., until April 3, 2020).

On June 17, 2016, SIEMENS GAMESA and SIEMENS AG signed a Merger Agreement which sets out terms and conditions applicable to the Transaction (i.e. the statutory merger of SWP with SIEMENS GAMESA) and certain aspects of SIEMENS GAMESA's future business organization and corporate governance. Although there is no termination possibility for the Merger Agreement as a consequence of a change of control, the Merger Agreement does include a non-compete obligation which prohibits SIEMENS AG from (i) manufacturing wind turbine generators; (ii) selling wind turbine generators manufactured by the Siemens Group; and delivery of product-related maintenance services for wind turbine generators produced and sold by the SIEMENS GAMESA Group or the Siemens Group. This non-compete obligation is enforceable for three years from the merger effective date (i.e. until April 3, 2020) and thereafter as long as Siemens (a) directly or indirectly holds 50.1% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Directors voting rights, with no shareholders which individually or jointly hold at least 15% of share capital. Therefore, the non-compete obligation would expire upon the occurrence of a change in control.

On March 31, 2017, SIEMENS GAMESA and Siemens entered into a licensing agreement by virtue of which SIEMENS GAMESA is entitled to use the Siemens brand in its Company name, corporate brand, and product brands and names. The abovementioned alliance will continue in force during the period in which Siemens: (a) directly or indirectly holds 50.1% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of the share capital, as long as it holds the majority of Board of Directors voting rights, with no shareholders which individually or jointly hold at least 15% of share capital. Therefore, a change of control might lead to termination of the licensing agreement.

By virtue of certain agreements reached as a result of the merger between SIEMENS GAMESA and Siemens Wind HoldCo, S.L. (Sociedad Unipersonal), the Siemens Group will have and grant certain guarantees with regard to the joint venture. The above agreements may be terminated and their applicable terms granted may be amended in case a change of control take place.

Likewise, as is customary for large electricity supply infrastructure projects, there are contracts with clients which regulate a supposed change in control, thereby providing each reciprocal power to terminate them should such a situation arise, especially in cases in which the new controlling party is the other party's competitor.

On April 3, 2017, SIEMENS GAMESA and Siemens entered into a master agreement for the contracting of financial derivatives between both companies. The agreement will remain in force while Siemens (a) owns, directly or indirectly, the majority of the shares in SIEMENS GAMESA, and/or (b) SIEMENS GAMESA keeps as a fully consolidated subsidiary in Siemens. Therefore, a change of control might lead to termination of the master agreement.

On August 1, 2018, (as amended) SIEMENS GAMESA and Siemens entered into an external services agreement for procurement area by virtue of which, during an initial period of 1 year for sourcing services, and 2 years for other procurement services, SIEMENS GAMESA Group shall benefit from the collective negotiation strength. Such agreement will be in force while Siemens remains as mayor shareholder of SIEMENS GAMESA. Therefore, in case of change of control, both parties are entitled to terminate the agreement with a 36 months prior notice.

Finally, it shall be pointed out that on May 30, 2018 SIEMENS GAMESA executed a Syndicated Multi-Currency Term and Revolving Credit Facility with a group of domestic and international banks (Significant Event 266275). In the event that any person or group of persons in a concerted manner (a) hold, directly or indirectly, more than 50% of the share capital of SIEMENS GAMESA; or (b) have the right to appoint the majority of members of the Board of Directors, and therefore exercise control over the Company, each of the participating financial entities may negotiate in good faith for a period of 30 days the maintenance of its commitments derived from the contract. In the event that an agreement is not reached, the financial entity(ies) in question may cancel all or part of the commitments acquired and require full or partial prepayment of their participation in the financing.

16. ANY AGREEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS, OFFICERS OR EMPLOYEES THAT PROVIDE FOR SEVERANCE PAYMENTS IF THEY RESIGN, ARE UNFAIRLY DISMISSED OR IF THEIR EMPLOYMENT CONTRACTS TERMINATE AS A RESULT OF A TAKEOVER BID

The contract of the Chief Executive Officer, according to the Director's remuneration policy approved by the General Meeting of Shareholders on March 27, 2019, recognizes him to receive one year of fixed remuneration for termination of his working relationship

Likewise, for the Top Management and for the termination of the working relationship, the current criterion of the Company is the payment of a maximum of one year of the fixed annual remuneration at the date of termination, without prejudice, in any case, of preexisting situations and that the amount may be higher according to the labour law.

In respect to the rest of managers and non-managers employees, their working relationship, in general, does not include economic compensations in case of its termination, different from the ones established in the current law.

17. NON FINANCIAL INFORMATION CONSOLIDATED STATEMENT

The non-financial information related to environmental and social issues, as well as personnel related issues, human rights and the fight against corruption and bribery is included in the Non Financial Information Consolidated Statement that is attached to this Management Report as an annex.

18. DEFERRAL OF PAYMENTS MADE TO SUPPLIERS

The Group has put measures in place to continue adjusting the average payment period to those established in the current legislation.

19. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

Translation of Management Report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

Annex

Alternative Performance Measures

Siemens Gamesa Renewable Energy (SGRE) financial information contains magnitudes and measurements prepared in accordance with the applicable accounting standards and others referred to as Alternative Performance Measures (APMs). The APMs are considered to be adjusted magnitudes with respect to those presented in accordance with EU-IFRS and, consequently, the reader should view them as supplementary to, but not replacements for, the latter.

The APMs are important for users of the financial information since they are the metrics used by SGRE's Management to assess financial performance, cash flows and the financial position for the purposes of the Group's financial, operational and strategic decisions.

The APMs contained in SGRE's financial disclosures that cannot be directly reconciled with the financial statements in accordance with EU-IFRS are as follows.

Net Financial Debt (NFD)

Net financial debt (NFD) is calculated as the sum of the company's bank borrowings less cash and cash equivalents.

Net financial debt is the main APM used by Siemens Gamesa Renewable Energy's management to measure the Group's indebtedness and leverage.

€m	09.30.2018 (*)	12.31.2018	03.31.2019	06.30.2019	09.30.2019
Cash and cash equivalents	2,429	2,125	1,353	954	1,727
Short-term debt and current maturities of long-term debt	(991)	(705)	(345)	(471)	(352)
Long-term debt	(823)	(1,255)	(1,126)	(674)	(512)
Cash / (Net Financial Debt)	615	165	(118)	(191)	863

(*) 09.30.2018 comparable for IFRS 9. No modification exists in the Net Financial Debt calculation in either case.

Working capital (WC)

Working Capital (WC) is calculated as the difference between current assets and current liabilities. Current assets and liabilities exclude all items classified as Net Financial Debt, such as Cash and cash equivalents.

Working Capital reflects the part of Capital Employed that is invested in net operating assets. Siemens Gamesa Renewable Energy management uses this metric in managing and making decisions with respect to the business's cash conversion cycle, particularly in managing inventory, trade accounts receivable and trade accounts payable. Effective management of working capital involves achieving an optimal amount of working capital without jeopardising the company's ability to honour its obligations in the short term.

€m	03.31.2018 Reported Q3 18 (*)	06.30.2018	09.30.2018	09.30.2018 Comp. (**)
Trade and other receivables	1,050	1,124	1,114	1,111
Trade receivables from related companies	41	34	28	28
Contract assets	1,148	1,311	1,572	1,569
Inventories	1,805	1,700	1,499	1,499
Other current assets	404	404	362	362
Trade payables	(1,807)	(1,962)	(2,416)	(2,416)
Trade payables to related companies	(71)	(77)	(342)	(342)
Contract liabilities	(1,571)	(1,570)	(1,670)	(1,670)
Other current liabilities	(708)	(697)	(684)	(684)
Working Capital	291	265	(536)	(542)

(*) Comparable after the application of IFRS15 and opening balance (PPA). The effects in previous quarters of changes due to the accounting of the Business Combination, as well as to the application of IFRS15, are further disclosed in previously published financial information.

(**) Comparable after the application of IFRS9 starting October 1, 2018, affecting the Opening Balance Sheet of first quarter of FY19: the table above shows a decrease in line item "Trade and other receivables" of €3m and a decrease in line item "Contract assets" of €3m, with the corresponding effect (before taxes) in the Group's Equity that decreases €4.6m (including tax effect).

€m	12.31.2018	03.31.2019	06.30.2019	09.30.2019
Trade and other receivables	1,093	1,137	1,421	1,287
Trade receivables from related companies	42	35	39	22
Contract assets	2,033	1,771	1,952	2,056
Inventories	1,925	2,006	2,044	1,864
Other current assets	417	464	651	461
Trade payables	(2,283)	(2,352)	(2,483)	(2,600)
Trade payables to related companies	(274)	(153)	(250)	(286)
Contract liabilities	(2,340)	(1,991)	(2,267)	(2,840)
Other current liabilities	(641)	(706)	(869)	(798)
Working Capital	(27)	211	238	(833)

The ratio of working capital to revenue is calculated as working capital at a given date divided by the revenue in the twelve months prior to that date.

Capital Expenditure (CAPEX)

Capital expenditure (CAPEX) refers to investments made in the period in property, plant and equipment and intangible assets to generate future profits (and maintain the current capacity to generate profits, in the case of maintenance CAPEX). This APM does not include the allocation of the purchase price (the PPA exercise) to property, plant and equipment and intangible assets that has been performed in context of the merger transaction of Siemens Wind Power and Gamesa (the business combination).

€m	Q4 18	Q4 19	12M 18	12M 19
Acquisition of intangible assets	(42)	(38)	(129)	(160)
Acquisition of Property, Plant and Equipment	(114)	(143)	(286)	(338)
CAPEX	(156)	(181)	(415)	(498)

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

€m	Q1 19	Q2 19	Q3 19	Q4 19	LTM Sep 19
Acquisition of intangible assets	(31)	(44)	(46)	(38)	(160)
Acquisition of Property, Plant and Equipment	(50)	(64)	(81)	(143)	(338)
CAPEX	(81)	(108)	(127)	(181)	(498)

€m	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Acquisition of intangible assets	(33)	(26)	(28)	(42)	(129)
Acquisition of Property, Plant and Equipment	(50)	(58)	(64)	(114)	(286)
CAPEX	(83)	(84)	(92)	(156)	(415)

Definitions of Cash Flow

Gross operating cash flow: amount of cash generated by the company's ordinary operations, excluding working capital and capital expenditure (CAPEX). SGRE includes the flow of net financial expenses under gross operating cash flow. Gross operating cash flow is obtained by adjusting the reported income for the period, for the ordinary non-cash items (mainly depreciation and amortization and provision charges).

€m	12M 18	12M 19
Net Income before taxes	168	190
Amortization + PPA	645	647
Other P&L (*)	17	17
Charge of provisions	267	236
Provision usage (without Adwen usage)	(441)	(344)
Tax payments	(103)	(191)
Gross Operating Cash Flow	554	555
€m	Q4 18	Q4 19
Net Income before taxes	65	52
Amortization + PPA	185	204
Other P&L (*)	18	19
Charge of provisions	67	83
Provision usage (without Adwen usage)	(140)	(68)
Tax payments	(29)	(22)
Gross Operating Cash Flow	166	268

(*) Other non-cash (income) expenses, including results of companies accounted for using the equity method.

Cash flow is calculated as the variation in Net financial debt (NFD) between two closure dates.

Average Selling Price in Order Intake, Onshore (ASP - Order Intake)

Average monetary order intake collected by Onshore WTG division per unit booked (measured in MW). ASP is affected by several factors (project scope, geographical distribution, product, exchange rate, prices, etc.) and does not represent the level or trend of profitability.

	Q4 18	Q1 19 (*)	Q2 19 (*)	Q3 19 (*)	Q4 19 (*)
Order Intake Onshore Wind (€m)	1,985	1,793	1,167	1,695	2,238
Order Intake Onshore Wind (MW)	2,631	2,370	1,742	2,130	3,147
ASP Order Intake Wind Onshore	0.75	0.76	0.67	0.80	0.71

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €6m in Q1 19, €33m in Q2 19, €1m in Q3 19 and €2m in Q4 19.

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

	Q1 19 (*)	Q2 19 (*)	Q3 19 (*)	Q4 19 (*)	LTM Sep 19
Order Intake Onshore Wind (€m)	1,793	1,167	1,695	2,238	6,893
Order Intake Onshore Wind (MW)	2,370	1,742	2,130	3,147	9,389
ASP Order Intake Wind Onshore	0.76	0.67	0.80	0.71	0.73

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €6m in Q1 19, €33m in Q2 19, €1m in Q3 19 and €2m in Q4 19.

	Q1 18 (*)	Q2 18	Q3 18 (*)	Q4 18	LTM Sep 18
Order Intake Onshore Wind (€m)	1,600	1,834	1,166	1,985	6,585
Order Intake Onshore Wind (MW)	2,208	2,464	1,660	2,631	8,962
ASP Order Intake Wind Onshore	0.72	0.74	0.70	0.75	0.73

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €88m in Q1 18 and €9m in Q3 18.

	Q1 17 (Pro-Forma)	Q2 17 (Pro-Forma)	Q3 17	Q4 17	LTM Sep 17
Order Intake Onshore Wind (€m)	1,491	1,460	680	1,498	5,129
Order Intake Onshore Wind (MW)	1,862	1,599	693	2,167	6,321
ASP Order Intake Wind Onshore	0.80	0.91	0.98	0.69	0.81

The comparable figures corresponding to periods prior to the merger have been calculated on a pro forma basis, as if the merger transaction had occurred before April 17, as appropriate, including the full consolidation of Adwen, standalone savings and normalization adjustments. Further details of this pro forma calculation are as follows:

Q1 17 (Pro-forma)

	Siemens Wind Power	Gamesa	Adwen	SGRE (Pro-forma)
Order Intake Onshore Wind (€m)	439	1,052	-	1,491
Order Intake Onshore Wind (MW)	475	1,386	-	1,862
ASP Order Intake Wind Onshore	0.92	0.76	-	0.80

Q2 17 (Pro-forma)

	Siemens Wind Power	Gamesa	Adwen	SGRE (Pro-forma)
Order Intake Onshore Wind (€m)	758	702	-	1,460
Order Intake Onshore Wind (MW)	772	827	-	1,599
ASP Order Intake Wind Onshore	0.98	0.85	-	0.91

Order Intake, Revenue and EBIT

Order Intake (in €) LTM (Last Twelve Months) is calculated by aggregation of the quarterly order intake (in EUR) for the last four quarters.

€m	Q1 19	Q2 19	Q3 19	Q4 19	LTM Sep 19
Group	2,541	2,466	4,666	3,076	12,749
Of which WTG ON	1,799	1,200	1,695	2,240	6,934

€m	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Group	2,912	3,043	3,292	2,625	11,872
Of which WTG ON	1,688	1,834	1,175	1,985	6,682

Order Intake (in MW) LTM (Last Twelve Months) is calculated by aggregation of the quarterly order intake (in MW) for the last four quarters.

Onshore:

MW	Q1 19	Q2 19	Q3 19	Q4 19	LTM Sep 19
Onshore	2,370	1,742	2,130	3,147	9,389

MW	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Onshore	2,208	2,464	1,660	2,631	8,962

Offshore:

MW	Q1 19	Q2 19	Q3 19	Q4 19	LTM Sep 19
Offshore	12	464	1,528	72	2,076

MW	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Offshore	576	328	1,368	-	2,272

Revenue LTM (Last Twelve Months) is calculated by aggregation of the quarterly revenues for the last four quarters.

€m	Q1 19	Q2 19	Q3 19	Q4 19	LTM Sep 19
WTG	1,904	2,060	2,242	2,527	8,733
Service	358	330	390	417	1,493
TOTAL	2,262	2,389	2,632	2,944	10,227

€m	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
WTG	1,840	1,973	1,827	2,207	7,847
Service	287	268	308	411	1,275
TOTAL	2,127	2,242	2,135	2,619	9,122

EBIT (Earnings Before Interest and Taxes): operating profit as per the consolidated income statement. It is calculated as Income (loss) from continuing operations before income taxes, before 'Income (loss) from investments accounted for using the equity method', interest income and expenses and 'Other financial income (expenses), net'.

EBIT (Earnings Before Interest and Taxes) pre PPA and integration & restructuring costs: EBIT excluding integration and restructuring costs and the impact on amortization of intangibles' fair value from the Purchase Price Allocation (PPA).

• **Integration costs:** are one-time-expenses (temporary nature – limited in time) that are related to the integration of the two legacy companies, or of other acquired companies, excluding any restructuring related costs.

• **Restructuring costs:** personnel and non personnel expenses which arise in connection with a restructuring (e.g. site closures), where restructuring refers to measures that materially modify either the scope of business undertaken or the manner in which this business is conducted

€m	12M 18	12M 19
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	168	190
(-) Income from investments acc. for using the equity method, net	-	1
(-) Interest income	(15)	(14)
(-) Interest expenses	55	53
(-) Other financial income (expenses), net	3	22
EBIT	211	253
(-) Integration and Restructuring costs	176	206
(-) PPA impact	306	266
EBIT pre-PPA and integration & restructuring costs	693	725

€m	Q4 18	Q4 19
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	64	52
(-) Income from investments acc. for using the equity method, net	2	1
(-) Interest income	(5)	(6)
(-) Interest expenses	12	16
(-) Other financial income (expenses), net	(1)	4
EBIT	73	67
(-) Integration and Restructuring costs	76	116
(-) PPA impact	66	67
EBIT pre-PPA and integration & restructuring costs	215	250

EBIT margin: ratio of EBIT to Revenue in the period that is equal to the revenue figure in the consolidated Income Statement for the period.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): It is calculated as EBIT before amortization, depreciation and impairments of goodwill, intangible assets and property, plant and equipment.

€m	12M 18	12M 19
EBIT	211	253
Amortization, depreciation and impairment of intangible assets and PP&E	645	647
EBITDA	856	899

€m	Q4 18	Q4 19
EBIT	73	67
Amortization, depreciation and impairment of intangible assets and PP&E	185	204
EBITDA	258	271

EBITDA LTM (Last Twelve Months) is calculated by aggregation of the quarterly EBITDA for the last four quarters.

€m	Q1 19	Q2 19	Q3 19	Q4 19	LTM Sep 19
EBIT	40	90	56	67	253
Amortization, depreciation and impairment of intangible assets and PP&E	148	147	148	204	647
EBITDA	188	237	204	271	899

€m	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
EBIT	35	54	50	73	211
Amortization, depreciation and impairment of intangible assets and PP&E	160	157	143	185	645
EBITDA	195	210	193	258	856

Net income and Net income per share (EPS)

Net income: consolidated profit for the year attributable to the parent company.

Net income per share (EPS): the result of dividing net income by the average number of shares outstanding in the period (excluding treasury shares).

	Q4 18	12M 18	Q4 19	12M 19
Net Income (€m)	25	70	52	140
Number of shares (units)	679,492,185	679,489,769	679,504,347	679,490,974
Earnings Per Share (€/share)	0.04	0.10	0.08	0.21

Other indicators

Revenue coverage: the revenue coverage ratio expresses the degree of achieving the revenue volume targets set by the company for a given year. It is calculated as the revenue booked until one period (including the activity/revenue expected for the rest of the year) divided by the activity/revenue guidance for that year.

€m	09.30.2019
Order Backlog for delivery in FY20 (1)	9,360
Average revenue guidance for FY20 (2) (*)	10,400
Revenue Coverage (1/2)	90%

(*) Note: 2020 revenue guidance range of €10.2bn to €10.6bn. As a result, average revenue guidance is €10.4bn. 2019 revenue guidance range of €10bn to €11bn. As a result, average revenue guidance was €10.5bn.

Book-to-Bill: ratio of order intake (in EUR) to activity/revenue (in EUR) in the same period. The Book-to-Bill ratio gives an indication of the future trend in revenue volume.

Book-to-Bill LTM (Last Twelve Months): this APM is calculated by aggregation of the quarterly Revenues and Order Intakes for the last four quarters.

€m	Q1 19	Q2 19	Q3 19	Q4 19	LTM Sep 19
Order Intake	2,541	2,466	4,666	3,076	12,749
Revenue	2,262	2,389	2,632	2,944	10,227
Book-to-Bill	1.1	1.0	1.8	1.0	1.2

€m	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Order Intake	2,912	3,043	3,292	2,625	11,872
Revenue	2,127	2,242	2,135	2,619	9,122
Book-to-Bill	1.4	1.4	1.5	1.0	1.3

Reinvestment Rate: ratio of CAPEX divided by amortization, depreciation and impairments (excluding PPA amortization on intangibles' fair value).

€m	Q1 19	Q2 19	Q3 19	Q4 19	LTM Sep 19
CAPEX (1)	81	108	127	181	498
Amortization depreciation & impairments (a)	148	147	148	204	647
PPA Amortization on Intangibles (b)	66	66	67	67	266
Depreciation & Amortization (excl. PPA) (2=a-b)	82	80	81	137	381
Reinvestment rate (1/2)	1.0	1.4	1.6	1.3	1.3

€m	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
CAPEX (1)	83	84	92	156	415
Amortization depreciation & impairments (a)	160	157	143	185	645
PPA Amortization on Intangibles (b)	83	75	82	66	306
Depreciation & Amortization (excl. PPA) (2=a-b)	77	82	61	119	340
Reinvestment rate (1/2)	1.1	1.0	1.5	1.3	1.2

Gross Profit: the difference between revenue and cost of sales, according to the consolidated statements of profit and loss.

Gross Profit (pre PPA, I&R costs): Gross Profit excluding integration and restructuring costs and the impact on amortization of intangibles' fair value from the PPA (purchase price allocation).

- Integration costs: are one-time-expenses (temporary nature – limited in time) that are related to the integration of the two legacy companies, or of other acquired companies, excluding any restructuring related costs.

- Restructuring costs: personnel and non personnel expenses which arise in connection with a restructuring (e.g. site closures), where restructuring refers to measures that materially modify either the scope of business undertaken or the manner in which this business is conducted

The result of dividing this indicator by the sales of the period, which are equal to the revenue figure in the consolidated Income Statement for the period, is denominated Gross Margin pre PPA, I&R costs, and it is expressed as a percentage.

€m	12M 18	12M 19
Gross Profit	954	948
PPA amortization on intangibles	169	174
Integration and Restructuring costs	109	130
Gross Profit (pre PPA, I&R costs)	1,233	1,252

€m	Q4 18	Q4 19
Gross Profit	304	291
PPA amortization on intangibles	3	43
Integration and Restructuring costs	41	67
Gross Profit (pre PPA, I&R costs)	348	401

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

€m	Q1 19	Q2 19	Q3 19	Q4 19	LTM Sep 19
Gross Profit	200	237	220	291	948
PPA amortization on intangibles	44	44	44	43	174
Integration and Restructuring costs	22	9	32	67	130
Gross Profit (pre PPA, I&R costs)	266	289	296	401	1,252

€m	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Gross Profit	198	262	191	304	954
PPA amortization on intangibles	43	43	80	3	169
Integration and Restructuring costs	8	43	17	41	109
Gross Profit (pre PPA, I&R costs)	249	348	288	348	1,233

MWe: an indicator of activity (a physical unit of sale) used to measure wind turbine generator manufacturing progress. The MWe indicator does not reflect post-manufacturing processes (civil engineering, installation, commissioning, etc.), which also generate monetary revenue.

MWe	Q1 19	Q2 19	Q3 19	Q4 19	LTM Sep 19
Onshore	1,520	1,707	1,699	2,009	6,936

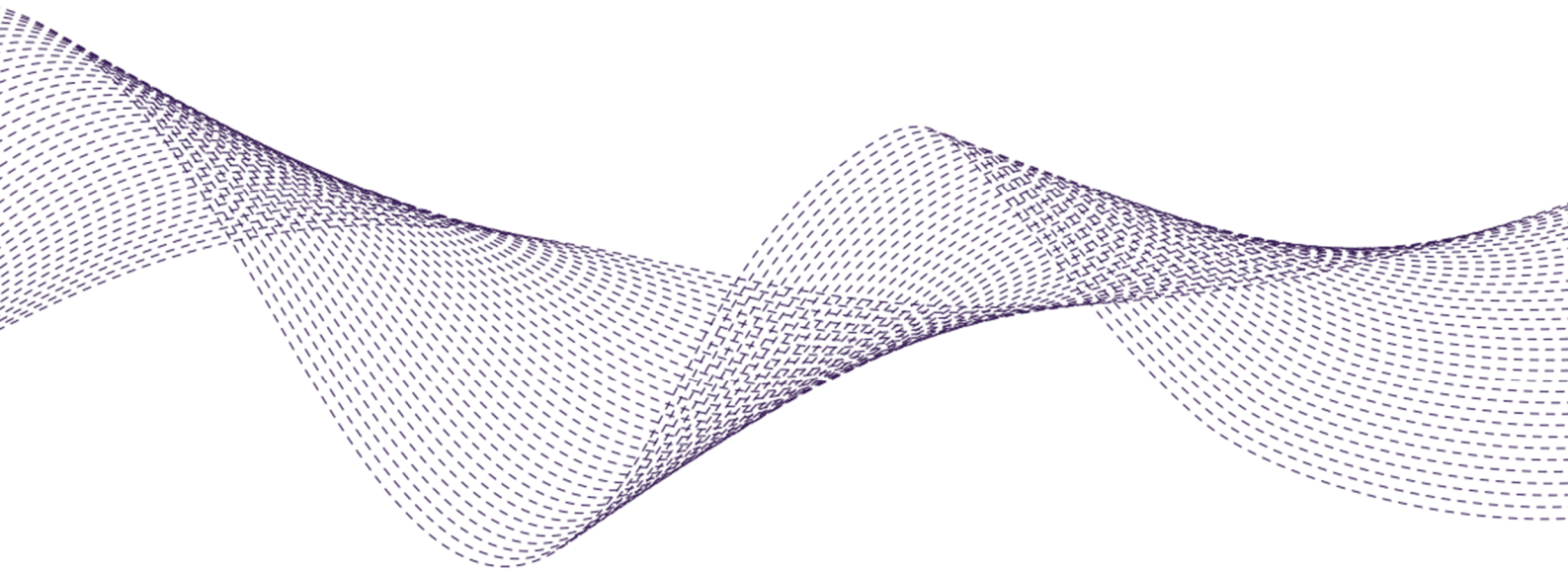
MWe	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Onshore	1,651	1,397	1,703	1,926	6,677

Cost of energy (LCOE/COE): the cost of converting an energy source, e.g. wind, into electricity, measured in monetary units per MWh. It is calculated taking in account all costs incurred during asset's life cycle (including construction, financing, fuel, operation and maintenance, taxes and incentives) divided by the total output expected from the asset during its useful life.

Note that due to rounding, numbers presented in this document may not add up exactly to the totals shown and percentages may not exactly replicate the absolute figures presented.

Consolidated Non-Financial Statement 2019

(former Sustainability Report)



Key figures



4.71

Total Recordable Injury Rate (rate per million hours worked)



1.67

Lost-Time Injury Frequency Rate (rate per million hours worked)



70,698

Tons CO₂-eq Emissions



454,549

Total Primary Energy Consumption in GJ (gigajoules)



62%

Renewables Share of Total Electricity Use in GJ (gigajoules)



>24k

Total Headcount



10%

Female Managers



17,890

Tier-One Supplier



€8.2 bn

Procurement Volume

Letter from

Markus Tacke, CEO

Dear Stakeholder,

The global renewable energy market is expanding at a rapid pace, as society seeks solutions to the growing threat of climate change. At Siemens Gamesa, we are anticipating that the market will continue to expand, with wind power playing a central role. With our scale, global reach, balanced business set-up (Onshore, Offshore, Service) and technological expertise, we are perfectly positioned to lead this growth.

Siemens Gamesa is aware of the responsibility that comes with being an industry leader and believes that sustainable development and business success go hand in hand. Hence, we do not just respond to and align with social progress but are dedicated to drive it. To be able to do that, we have committed ourselves to further drive the United Nations' 2030 agenda forward, by contributing to reach the UN Sustainable Development Goals (SDGs) and related targets.

Our greatest impact on achieving these goals helps drive our own business growth at the same time: ensuring access to affordable, reliable, sustainable and modern energy for all (SDG7). At the end of fiscal year 2019, Siemens Gamesa has installed 99 Gigawatts of wind turbines installed worldwide – in developed and developing countries. And we are exploring other 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.

“Siemens Gamesa is aware of the responsibility that comes with being an industry leader and believes that sustainable development and business success go hand in hand.”

Climate change threatens the lives and livelihoods of billions of people. Siemens Gamesa is taking urgent action to combat climate change and its impacts (SDG13). To avoid its worst effects, energy will have to be carbon-free, which is why we are committed to become carbon-neutral by 2025, for example, by switching from emission-intensive conventional power generation sources to renewable energy-based sources for electricity supply in our operations. Also, our products help fighting climate change by reducing our customers' carbon footprint by more than 259 million tons of CO₂ each year. And Siemens Gamesa embraces climate science to navigate the low-carbon transition by being committed to the Science Based Targets Initiative.

Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work (SDG8) is another Sustainable Development Goal we vastly contribute to as a company. Our over 24,400 employees are our single most important asset worldwide and we are lucky to have such a talented and passionate workforce. Since the merger, one of the key elements of our success has been the identification and embrace of our new set of common values.

Also, protecting labor rights and promoting a safe and secure working environment for all our employees is vital for us: workplace health and safety is our top priority, as is the reinforcement of ethical conduct throughout Siemens Gamesa and right along our supply chain.

“Our CSR pledge is not just an aspirational framework but a roadmap for responsible growth.”



Furthermore, we are a significant driving force for progress in the communities in which we operate, by boosting industrial activity through investments, purchasing from local suppliers, and by contributing economic resources to public administrations.

These elements are part of our corporate social responsibility pledge, which is not just an aspirational framework but a roadmap for responsible growth. It provides compelling reasons to pursue a lasting social and environmental impact and to engage with the global CSR community and the UN Sustainable Development Goals.

Therefore, we remain committed to the principles of the United Nations Global Compact, which means that we continuously work on issues connected to human rights and maintain responsible labor, environmental and anti-corruption practices.

Siemens Gamesa’s responsibility performance has been widely recognized by the financial community and is present in the world’s most prestigious indices such as the Dow Jones Sustainability Indices®, FTSE4Good® and the Ethibel Sustainability Index®, to name a few. We are proud of what we have achieved so far and will continue working on improving ourselves and better the lives of others.

Throughout this report, in alignment with the Spanish law 11/2018 for Non-Financial Information and Diversity that was implemented following the European Directive, we will provide insight into Siemens Gamesa vast variety of actions and our focus on the UN Sustainable Development Goals. The content of this report represents a fair balance of the Group’s activities. We would like to thank all our stakeholders for their continuous support and trust in Siemens Gamesa – accompanying us on our path of further innovation, success and business excellence. [102-14]

With best regards

A handwritten signature in blue ink that reads "Markus Tacke". The signature is written in a cursive, flowing style.

Markus Tacke
CEO, Siemens Gamesa Renewable Energy

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About this report

1.1. Statement

[102-49] [102-50] On April 3, 2017, the merger of Siemens Wind Power with GAMESA was formalized, qualifying for accounting purposes as a reverse acquisition, in which the wind power business of Siemens AG was the acquirer and GAMESA the acquired, respectively.

At the end of 2017, the newly merged company Siemens Gamesa prepared its first Sustainability Report, thus adopting the best practices in reporting and transparency, even in its first year after the integration.

Continuing this commitment, Siemens Gamesa releases the **Consolidated Non-Financial Statement 2019 - CNFS** (former Sustainability Report) again this year, which is approved by the Board of Directors, after report from the Audit, Compliance and Related Party Transactions Committee of said Board of Directors.

1.2. New reporting scene

In 2018, the Law 11/2018 of 28 December on non-financial information and diversity was adopted in Spain. The law implements Directive 2014/95/EU of the Parliament and of the Council amending Directive 2013/34/EU about the "disclosure of non-financial information and information on diversity by certain large undertakings".

The new law expands non-financial reporting requirements, to specifically include the provision of environmental and social aspects, regarding people management, diversity, respect for the environment, and of human rights and the fight against corruption and bribery, describing the risks, and outcomes linked to these issues. Disclosure of non-financial information or related to sustainability or corporate social responsibility becomes, therefore mandatory by law for Siemens Gamesa.

This Consolidated Non-Financial Statement (CNFS) report covers the requirements of the entry into force of this new regulation and is integral part of Management Report of the company. It contributes to measure, monitor and manage the performance of the company and its impact on society. In this context, the report contains information relative, at least, to environmental and social issues, as well as personnel, respect for human rights and the fight against corruption and bribery. It also summarizes the most relevant financial and non-financial information in accordance with the corresponding Materiality Analysis.

The report is a method of satisfying the growing demand from society in general, as well as from shareholders and investors, for companies to explain its performance in non-financial aspects, also called environmental, social and corporate governance (ESG: Environmental, Social, Governance), given that good performance in these areas is directly linked to business excellence.

1.3. Reporting period

Information contained in this Consolidated Non-Financial Statement (NFS) reflects the situation included in the period between October 1, 2018 and September 30, 2019 ("the reporting period"). This period is referred also as "fiscal year 2019" (FY19).

1.4. Reporting framework

[102-54] Siemens Gamesa Renewable Energy has followed the recommendations of the Global Reporting Initiative (GRI reporting standards) and the report was prepared in accordance with the GRI Standards: **Core option** and the 10 Principles established by the United Nations Global Compact in preparing this report, both regarding the scope of its contents and the definition and quality of the information.

Siemens Gamesa has adapted the GRI Reporting Principles for defining report content, by considering the organization's activities, impacts, and the substantive expectations and interests of its stakeholders. They have equally guided the quality of information, enabling stakeholders to make sound and reasonable assessments of our organization.

New in 2019, the report includes an additional reference table covering the reporting elements included in the Law 11/2018 of 28 December on non-financial information and diversity.

[102-32] This report is subject to external review by EY and approval by Siemens Gamesa Renewable Energy S. A.'s Board of Directors.

1.5. Collection of information

Siemens Gamesa Renewable Energy has adequate information systems. Therefore, the compilation of financial and non-financial information guarantees the comprehensiveness and accuracy of the indicators detailed in this report.

1.6. Observations

[102-46] The scope of companies considered by the Siemens Gamesa while preparing the Consolidated Non-Financial Statement coincides with the definition of the Group for the purpose of preparing the consolidated financial statements [102-45].

Year-on-year comparative information is provided along the report. Scope and period comparable to the subject matter of sustainability in 2017 are not the same as in 2018 and 2019. Siemens Gamesa excluded the data from year 2017 to conduct a reliable year-on-year analysis. To analyze trends and data to compare the organization's sustainability performance over time, considers FY18 period to be the baseline. [102-48]

1.7. Reference

For the purposes of this report, the Spanish company Siemens Gamesa Renewable Energy S. A. is the parent company of the Group, hereinafter referred to as "SGRE", "Siemens Gamesa" or the "company".

Siemens Gamesa Renewable Energy S. A. and all the subsidiaries over which it has the capacity to exercise control, or which it jointly controls, are referred to as the "Siemens Gamesa Renewable Energy Group", "Siemens Gamesa Group" or "the group".

The group of companies of which Siemens Gamesa holds a percentage of ownership, but does not have the capacity to exercise control, can be referred to as "investee companies" or "associated companies".

1.8. Calculations

This document refers to CO₂ emission savings that Siemens Gamesa products bring to customers.

It is correctly interpreted as total CO₂ emissions that would be generated annually with conventional fossil fuels to produce the equivalent amount of electricity (kWh) produced by Siemens Gamesa turbines on an annual basis.

Calculation of these annual CO₂ emission savings is based on the wind turbines total installed capacity - both on Onshore and at Offshore. The following conversion factors are applied:

- Emission factor world fossil (grCO₂/KWh): 849
- Offshore wind turbines average capacity factor: 42%
- Onshore wind turbines average capacity factor: 35%
- Average hours equivalent a year (h)= [Average Wind Turbine Generator (WTG) Capacity factor] * 365*24

Company highlights

2.1. Creation of a global leader

The Siemens Gamesa Renewable Energy Group was born in April 2017, with the merger of Gamesa Corporación Tecnológica and Siemens Wind Power.

Gamesa's history is marked by a spirit of innovation and successful expansion into new markets. What started as a small machining workshop in northern Spain quickly grew into a global company focused on industrial facility management, the automotive industry, and new technology development.

In 1995, Gamesa expanded into wind power, installing the first wind turbine in the hills of El Perdón, in Spain, and just four years later the Company had grown into the leading manufacturer of wind turbines in the country. International expansion quickly followed as the Company opened production centers in the United States., China, India and Brazil.

The history of Siemens Wind Power is equally impressive. The Company has been directly involved in the wind power industry since 2004, when it acquired the Danish wind turbine manufacturer Bonus Energy. With the acquisition of Bonus, Siemens gained a wealth of technology and proven experience stretching back to 1980.

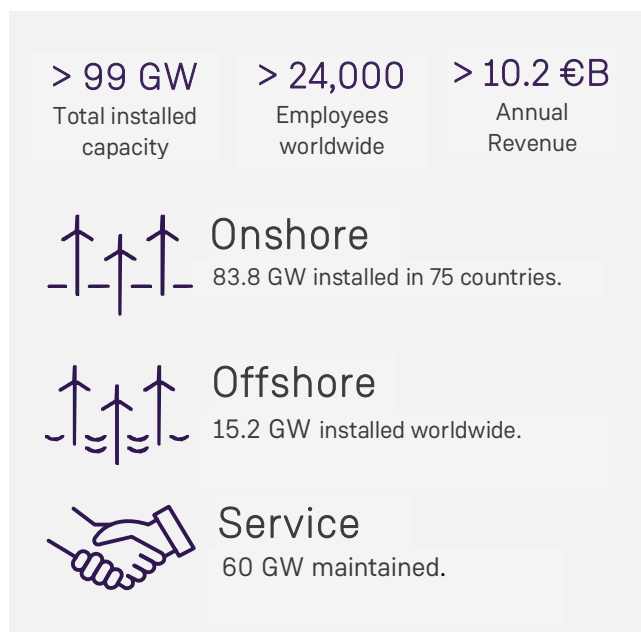
This history includes providing turbines for the world's first offshore wind farm located in Vindeby off the coast of Denmark, in 1991. The Company grew into the global market leader for offshore wind turbines, earning a reputation for technological leadership, strong customer service, and for offering fully integrated end-to-end energy solutions.

Siemens Gamesa Renewable Energy brings these many qualities together under one roof: an innovative spirit, dedication to technological excellence, and a determination to provide real and lasting value to all stakeholders and customers.

Siemens Gamesa Renewable Energy came into being ready to address the challenges and seize the opportunities that the wind business offers in the short, medium and long term, to create value for all stakeholders. In a changing environment with increasingly demanding wind markets, the merger's strategic rationale is even more compelling. Global scale and reach have become essential to compete profitably. Meanwhile, the combined Company's diversification and balance and its leading position in emerging and offshore markets provide resilience and above-average growth potential.

Today, the company is a respected industry leader committed to providing innovative and effective solutions to the energy challenges of tomorrow.

Figure 1 - Key facts fiscal year end 2019



2.2. Company name

Siemens Gamesa Renewable Energy, S.A.

Parque Tecnológico de Bizkaia, Edificio 222,
48170 Zamudio (Vizcaya)
Spain

[102-1] The corporate name, effective since June 20, 2017, was registered with the Mercantile Register on July 18, 2017, when it was notified to Spanish Central Securities Depository (Iberclear) and the Stock Exchanges (Barcelona, Bilbao, Madrid and Valencia). The name was published in the Stock Exchange bulletin on July 21, 2017, and the shares have been listed under Siemens Gamesa Renewable Energy, S.A. since July 24, 2017. The stock ticker symbol (abbreviation used to identify shares on stock markets) is SGRE.

[102-3] For legal purposes Siemens Gamesa Renewable Energy, S.A. corporate details are as follows: "SIEMENS GAMESA RENEWABLE ENERGY, S.A., a Company duly incorporated under the laws of Spain, with its registered office at Parque Tecnológico de Bizkaia, Building 222, Zamudio, Biscay, Spain and registered with the Mercantile Register of Biscay in Volume 5139, Folio 60, Page BI-56858 with VAT number A-01011253".

2.3. Company culture - mission, vision and values

In a company with a global footprint, values and cultural norms vary vastly from place to place. Balancing those cultures can be a delicate matter, with lessons to be learned both sides. One crucial aspect for the success is the development of a shared corporate culture underpinned by a common set of values, beliefs and behaviors. Based on the feedback given by the global employee survey and more than 50 manager interviews conducted throughout the Company during summer and fall 2017, six Company values have been defined for Siemens Gamesa. [102-16]

The Group has defined the following pillars to guide the process of building a shared culture:

- Mission: "We make real what matters - clean energy for generations to come."
- Vision: "To be the global leader in the renewable energy industry, driving the transition towards a sustainable world."
- Purpose: "Empower people to lead the future"

Values:

- Result orientation: Results are relevant, delivered in a timely manner and at appropriate cost.
- Customer focus: Think from a customer's perspective about how we can excel in delivery.
- Innovativeness: New solutions for customers and ourselves.
- Impactful leadership: Inspiring our people and exemplifying the culture and common values.
- Ownership attitude: People are motivated and engaged and see themselves as drivers of business success.
- Valuing people: Valuing the importance of the individual.

These six values together with our company's mission, vision and purpose are the foundation on which our shared company culture will grow as we become more and more integrated.

2.4. Global footprint

[102-4] Siemens Gamesa has a vast global footprint with altogether 337 location, including factories, offices, warehouses and land. A list of the main locations can be found in Annex II.

2.5. Ownership structure

[102-5] Siemens Gamesa Renewable Energy, S.A.'s ownership structure on September 30, 2019, (fiscal year end) was as follows:

Table 1 - Shareholder structure

<i>(in percentage)</i>	30.09.2019	30.09.2018
Siemens AG (*)	59.000	59.000
Iberdrola S.A.	8.071	8.071
Others (**)	32.929	32.929

(*) 28.877% by Siemens Beteiligungen Inland GmbH.

(**) All with an ownership interest of less than 3% and there are no significant shareholders according to the article 32 of the Royal Decree 1362/2007 of October 19 on shareholders required to notify their stake due to the residence in a tax haven or in a country of 0 taxation or with no effective exchange of tax information.

The group's shares are listed in IBEX 35 through the Automated Quotation System (Mercado Continuo) at the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges.

2.6. Share capital

The capital stock of Siemens Gamesa Renewable Energy, S.A. amounts to €115,794,374.94 represented by book entries, and consists of 681,143,382 fully subscribed and paid common stock shares of €0.17 per value each, with identical rights and a single class and series.

Table 2 - Evolution of share capital

	Date	Share capital (€)	Shares
Capital increase (merger exchange)	03/04/17	115,794,374.94	681,143,382
Book building process	08/09/14	47,475,693.79	279,268,787
Paid-up capital increase	25/07/12	43,159,721.89	253,880,717
Paid-up capital increase	15/07/11	42,039,297.28	247,289,984
Paid-up capital increase	19/07/10	41,770,668.89	245,709,817
3 x 1 par value split	28/05/04	41,360,983.68	243,299,904
Capital increase (raising the par value of shares)	28/05/04	41,360,983.68	81,099,968
Stock market flotation	31/10/00	40,549,984.00	81,099,968

2.7. Revenues

[102-7] The group adapted to the operating configuration of the business units and to the financial and management information used by the executive boards of the Group, which for 2019 were: a) Wind Turbines and b) Operation and maintenance.

The breakdown, by segment, of consolidated revenue for the year ended September 30, 2019, is as follows:

Table 3 - Revenues by segment

<i>(in thousand Euros)</i>	FY19	FY18
Wind Turbines	8,733,498	7,847,191
Operation & Maintenance	1,493,381	1,275,081
SGRE total revenue	10,226,879	9,122,272

In addition, the group currently operates in several geographical markets. The main areas are EMEA (including Spain), Americas and APAC. The main countries per each one is as follows:

- Europe, Middle East and Africa (EMEA): Denmark, Germany, Great Britain and Spain
- Americas: USA, Brazil and Mexico
- Asia, Australia (APAC): India, China and Australia

Table 4 - Revenues by geographical area

<i>(in thousand Euros)</i>	FY19	FY18
EMEA	6,653,385	5,175,032
Americas	2,030,644	2,235,461
Asia, Australia	1,542,850	1,711,779
SGRE total	10,226,879	9,122,272

Table 5 - Revenues by country

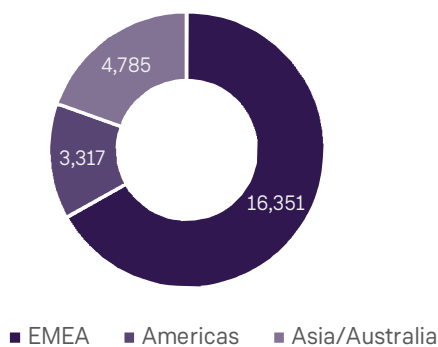
<i>(in thousand Euros)</i>	FY19	FY18
Spain	999,588	400,193
Germany	1,037,575	1,174,116
Denmark	1,115,637	638,729
United Kingdom	1,497,027	1,062,202
United States	1,514,168	997,999
China P.R.	202,759	328,707
India	774,309	888,249
Brazil	198,419	261,402
Mexico	167,335	474,470
Rest of countries	2,720,062	2,896,205
SGRE total	10,226,879	9,122,272

All the economic and financial information of Siemens Gamesa Renewable Energy S. A. and its subsidiaries is available in the Consolidated Financial Statements and Management Report for the period ended September 30, 2019, its fiscal year-end. [201-1]

2.8. Employees worldwide

[102-8] At the end of the reporting period (September 30, 2019), the company had 24,453 employees.

Figure 2 - Distribution of employees FY19



2.9. Wind turbine products

[102-2] Siemens Gamesa embraces technology as the essential core of its activity, making constant efforts in R&D to implement continuous improvements in its products and services.

Wind turbines developed and manufactured by Siemens Gamesa are in permanent evolution, incorporating the latest technological advances and growing, not just in terms of power but also in performance for the customer. With more than 99 GW installed in 75 countries and a full range of product platforms, the Company is established as one of the main worldwide technological leaders in the multi-megawatt segment.

With an optimized and streamlined catalogue, we offer the best product and service for each project and its varying site conditions. Our wind turbine and service portfolios create value that reduces the Levelized Cost of Energy (LCoE), ensuring long-term returns for customers.

Figure 3 - Distribution of wind turbine installations worldwide [102-6]

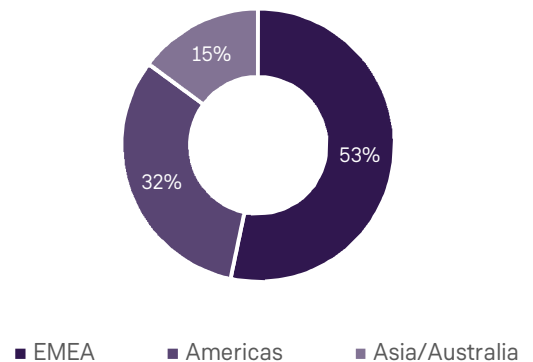


Table 6 - Wind turbine installation track record (cumulative MW)

	Onshore	Offshore	FY 19	FY18
Algeria	10	-	10	10
Argentina	113	-	113	82
Australia	932	-	932	699
Austria	43	-	43	43
Azerbaijan	8	-	8	8
Belgium	195	294	489	454
Bosnia-Herzeg.	87	-	87	41
Brazil	3,316	-	3,316	3,156
Bulgaria	90	-	90	90
Canada	3,021	-	3,021	3,021
Cape Verde	0.05	-	0.05	0.05
Chile	452	-	452	452
China	5,465	48	5,513	5,055
Costa Rica	143	-	143	143
Croatia	162	-	162	162
Cuba	5	-	5	5
Cyprus	20	-	20	20
Czech Republic	14	-	14	14
Denmark	1,064	1,135	2,199	2,199
Dom. Republic	191	-	191	52
Ecuador	2	-	2	2
Egypt	1,253	-	1,253	986
Finland	266	42	309	308
France	1,636	-	1,636	1,545
Germany	2,335	5,174	7,510	6,785
Greece	665	-	665	563
Guatemala	32	-	32	32
Honduras	176	-	176	176
Hungary	182	-	182	182
India	6,358	-	6,358	5,613
Indonesia	151	-	151	122
Ireland	870	-	870	796
Iran	61	-	61	61
Israel	21	-	21	21
Italy	2,375	-	2,375	2,199
Jamaica	24	-	24	24
Japan	495	-	495	361
Jordan	166	-	166	166
Kenya	14	-	14	14
Kuwait	10	-	10	10
Latvia	21	-	21	21
Lithuania	14	-	14	14
Luxemburg	24	-	24	24
Macedonia	37	-	37	37
Mauritania	35	-	35	30
Mauritius	9	-	9	9
Mexico	2,639	-	2,639	2,380
Morocco	856	-	856	856
Netherlands	114	744	858	858
New Zealand	281	-	281	281
Nicaragua	44	-	44	44
Norway	856	2	858	662
Pakistan	50	-	50	50
Peru	124	-	124	124
Poland	1,053	-	1,053	1,045
Portugal	569	-	569	569
Puerto Rico	103	-	103	103
Romania	590	-	590	590
Somalia	0.22	-	0.22	0.22
South Africa	660	-	660	604
South Korea	138	-	138	77
Spain	14,184	-	14,184	13,154

	Onshore	Offshore	FY 19	FY18
Sri Lanka	45	-	45	45
Sweden	1,432	110	1,542	1,458
Switzerland	0.15	-	0.15	0.15
Taiwan	12	120	132	20
Thailand	389	-	389	389
Philippines	259	-	259	243
Tunisia	242	-	242	242
Turkey	1,290	-	1,290	814
United Kingdom	4,135	7,565	11,700	9,822
Uruguay	390	-	390	390
United States	20,669	-	20,669	18,795
Venezuela	71	-	71	71
Vietnam	40	-	40	9
SGRE total	83,799	15,235	99,034	89,504

2.10. Service: Operation & Maintenance

Operation & Maintenance (O&M) is one of the key activities upon which Siemens Gamesa bases its development. With nearly 60% of its installed capacity under O&M contracts and a broad operational knowledge in complex locations, the Group maintains 60 GW in 58 countries. All of this is possible thanks to a team of highly qualified professionals, present worldwide and focused on health and safety as well as on service excellence and customer satisfaction.

To drive down operational costs of wind projects, Siemens Gamesa has announced the extension of its O&M scope to third-party technology. This approach includes not only maintenance of the wind turbines, but also life extension and retrofit solutions for enhanced AEP (annual energy production).

As an alternative to repowering, Siemens Gamesa's Service Business Unit offers an extension of turbine lifetime beyond 20 years to aging fleets in Northern Europe, Spain, China, India and other markets.

Figure 4 - FY19 distribution of fleet under O&M

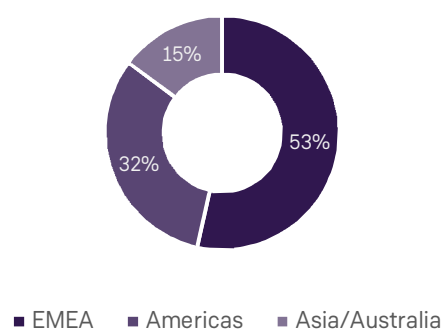


Table 7 - Operation & maintenance track record

<i>(in MW)</i>	Onshore	Offshore	FY 19	FY18
Algeria	-	-	-	11
Argentina	76	-	76	-
Australia	720	-	720	587
Austria	26	-	26	26
Belgium	215	294	509	389
Brazil	3,735	-	3,735	3,565
Bulgaria	90	-	90	90
Canada	1,830	-	1,830	1,808
Chile	452	-	452	452
China	512	-	512	726
Costa Rica	130	-	130	130
Croatia	162	-	162	172
Czech Rep.	14	-	14	14
Denmark	629	28	657	626
Dom. Republic	137	-	137	-
Egypt	834	-	834	564
Finland	228	40	268	280
France	1,280	-	1,280	1,185
Germany	724	4,389	5,113	4,750
Greece	56	-	56	278
Guatemala	32	-	32	-
Honduras	50	-	50	50
Hungary	24	-	24	24
India	6,240	-	6,240	5,563
Indonesia	151	-	151	-
Iran	61	-	61	-
Ireland	963	-	963	891
Israel	-	-	-	21
Italy	1,659	-	1,659	1,309
Jamaica	-	-	-	-
Japan	213	-	213	131
Jordan	82	-	82	166
Korea Rep.	103	-	103	49
Kuwait	10	-	10	10
Lithuania	14	-	14	14
Luxemburg	-	-	-	21
Macedonia	14	-	14	-
Mauritania	30	-	30	30
Mauritius	9	-	9	9
Mexico	2,224	-	2,224	2,040
Morocco	842	-	842	638
Netherlands	60	744	804	785
New Zealand	60	-	60	60
Nicaragua	44	-	44	44
Norway	207	2	209	265
Pakistan	124	-	124	124
Peru	14	-	14	14
Philippines	243	-	243	243
Poland	919	-	919	915
Portugal	402	-	402	402
Puerto Rico	101	-	101	101
Romania	242	-	242	352
South Africa	605	-	605	605
Spain	5,639	-	5,639	5,914
Sri Lanka	-	-	-	-
Sweden	663	-	663	625
Taiwan	-	8	8	8
Thailand	524	-	524	355
Turkey	873	-	873	849
United Kingdom	2,953	5,735	8,688	8,582
United States	9,722	-	9,722	9,450
Uruguay	410	-	410	410
Vietnam	39	-	39	8
SGRE total	48,790	11,240	60,030	56,728

Our CSR approach

3.1. Global CSR collaborations

The Group voluntarily endorsed several codes of ethical principles and good practices. [102-12]

3.1.1. United Nations Global Compact

The Group endorsed the principles of the United Nations Global Compact (participant ID 4098) and reaffirms its commitment to and support for the promotion of the ten principles of labor rights, human rights, environmental protection and the fight against corruption on an annual basis. The company publishes a Communication on Progress Report (COP) each year, which reviews compliance with such principles. This document is made publicly available on the United Nations Global Compact website¹.

3.1.2. Global Reporting Initiative (GRI)

Since 2004, the company has disclosed sustainability information with reference to the evolving guidelines of the Global Reporting Initiative (GRI), a non-governmental organization which aims at high transparency and comparability for corporate sustainability reporting.

Siemens Gamesa has been involved in the GRI community since 2016, first as an organizational stakeholder and currently as a community member and GRI core supporter.

Furthermore, the company actively participates in GRI's Corporate Leadership Group on Reporting on the Sustainable Development Goals, to put forward innovative

solutions to common challenges and ultimately shape the future of reporting.

3.1.3. Paris Pledge for Action

The Group endorsed the Paris Pledge for Action and welcomed the adoption of a new universal agreement at the COP 21 in Paris and pledged support to ensuring that the aspirations established by the agreement will be attained or surpassed.

3.1.4. Caring for Climate: The business leadership platform

"Caring for Climate: The business leadership platform", is a UN Global Compact Initiative. Its goal is to involve businesses and governments in acting on climate change, energy efficiency, reduction of emissions of greenhouse gases (GHGs) and positive collaboration with other public and private institutions. Siemens Gamesa joined voluntarily in June 2007.

3.1.5. Women Empowerment Principles

The "Principles of Empowerment of Women" are promoted by UN Women/UN Global Compact and aim to build stronger economies, establish a more stable and fairer society; achieve compliance development, sustainability and human rights and to improve the quality of life of women, men, families and communities. Siemens Gamesa endorsed the Principle of Empowerment of Women in December 2010.

¹ See United Nations Global Compact website [[Link](#)]

3.1.6. Science Based Targets (SBTi)

Science Based Targets (SBTi), a joint international initiative of the Carbon Disclosure Project, the UN Global Compact, the World Resources Institute, the World Wide Fund for Nature and the We Mean Business coalition. It aims to reduce carbon emissions in a measurable manner and to an enough level to meet the objective of not exceeding 2 degrees Celsius of global warming established in the Paris Climate Agreement. Siemens Gamesa voluntarily joined this initiative on September 12, 2018.

Figure 5 - External commitments



3.2. Performance in sustainability indexes

Siemens Gamesa’s sustainability performance is monitored continuously and has been externally confirmed by the most renowned and relevant sustainability indexes and ratings.

3.2.1. Dow Jones Sustainability Indices/SAM

Again in 2019, Siemens Gamesa became constituent member of the DJSI Index (DJSI Europe) for the 10th time since 2006.

Launched in 1999, the Dow Jones Sustainability Index represents the gold standard for corporate sustainability and is the first global index to track the leading sustainability-driven companies based on RobecoSAM’s analysis of financially material Environmental, Social, and Governance (ESG) factors.

The Group is included in the “Machinery and Electrical Equipment” industry, together with 115 competitors, and scored particularly well in the areas of codes of business

conduct (percentile 99), product stewardship (percentile 98), innovation management (percentile 90), supply chain management (percentile 90) and strategy for emerging markets (percentile 89) in 2019.

These results place Siemens Gamesa as a reputed global sustainability leader in the eyes of stakeholders, financial analysts and the public at large.

3.2.2. Carbon Disclosure Project (CDP)

The Group actively engages with the Carbon Disclosure Project (CDP) and responded to the climate change and supply chain assessment to explain how we reduce our greenhouse gas emissions and mitigate climate change risks.

3.2.3. Financial Times Stock Exchange (FTSE)

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.

The company’s overall ESG rating in 2019, when compared with the same FTSE industry classification benchmark (Oil & Gas), keeps at 68 percentile and outperforms the renewable energy equipment subsector average.

3.2.4. Global Challenges Index (GCX)

The Global Challenges Index (GCX) included Siemens Gamesa among the 50 securities which are promoting sustainable development through products and services. The research is made by Oekom research AG.

3.2.5. Ethibel Excellence Europe Index

The Group is part of the Ethibel Excellence Europe Index, which includes companies that in the Russell Global Index and demonstrate outstanding performances in terms of Corporate Social Responsibility (CSR).

Figure 6 - Sustainability indexes



3.3. Committed to UN Sustainable Development Goals (SDGs)

[102-15] Siemens Gamesa believes that sustainable development and commercial success go hand in hand. That means, we at Siemens Gamesa thrive to lead the social progress by being a global force for sustainable development.

However, there are many factors in the world today that represent enormous potential threats to sustainability, and dramatically affect businesses such as ours. Climate change, water scarcity, geopolitical conflicts, resource depletion, and economic inequality – these must all be acknowledged as the challenges they are, and then they must be met and overcome.

3.3.1. Impact on Agenda 2030

[L11-S001] On January 1, 2016, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development - adopted by world leaders in September 2015 at United Nations Summit - officially came into force. Over the next fifteen years, with these new Goals that universally apply, countries will mobilize efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind.

The SDGs reflect a new understanding that development everywhere must integrate economic growth, social well-being and environmental protection.

[L11-G01] We as a business, have also a self-interest in driving forward this agenda forward and to contribute to reaching the SDGs related targets. We can find our

greatest impact and opportunity in areas that will help drive our own business growth. This creates scalable solutions when our business profits from solving social problems and when we generate profits while simultaneously benefitting society and business performance.

Siemens Gamesa has an impact on most of the SDGs in four important ways: i) through our products and services, ii) by responsibly operating our business, iii) through our expertise and thought leadership, and iv) through our corporate citizenship activities and community engagement programs. Nevertheless, the impact we have on the SDGs varies significantly.

Figure 7 - UN's Sustainable development goals (SDGs)



In fiscal year 2018 we proceeded to identify and prioritize which of the Global Goals are most relevant to our company, given the countries and sectors we operate in. This approach gives us the salient information needed to start the process of engaging with the SDGs in an effective way. It identifies how each country is currently performing against its SDG goals and targets and uses input-output modelling techniques to highlight relevance across both direct operations and the wider supply chain. It also draws on economic research to identify where value could be at risk from countries failing to achieve their SDG commitments and the potential opportunities (i.e. where business activities could help significantly more), on a country by country basis. It thereby helps our business map out and visualize strategic priorities in a more informed way.

According to this methodology, a projected company's gross value added (GVA) for 2030 by country is calculated based on the company's revenue, growth rate, employee costs and EBITDA. SDGs scorings are translated into risk in terms of potential lost gross value added (GVA), if a host country should not achieve its 2030 SDG target.

Therefore, Siemens Gamesa identified high as well as medium and low impact SDGs. For the most part, SDGs we consider having a high impact are strongly correlated to our products and services, often in combination with thought leadership initiatives in collaboration with partners around the world. High impact SDGs also represent the highest Projected Value-At-Risk and the countries in which these SDGs present a higher risk for Siemens Gamesa's operations.

Medium and low impact SDGs are mainly enablers that relate to responsible business practices, including the area of human rights, as well as compliance and supply chain management. Still others are impacted by our corporate citizenship and community engagement activities.

High impact - UN Sustainable Development Goals



Goal 7 - Ensure access to affordable, reliable, sustainable and modern energy for all. Siemens Gamesa Renewable Energy is shaping the renewable energy industry,

leading the way forward in the renewable energy sector. The company provides cleaner, more reliable and affordable wind power and is a leading supplier of wind power solutions to customers all around the world. Our scale, global reach and proven track record ensure that we will play a central role in shaping the energy landscape of the future. Our activity embraces the world's need for access to affordable, reliable and sustainable energy, crucial to achieving many of the UN Sustainable Development Goals, ranging from the eradication of poverty through advances in health, education, water supply and industrialization to mitigating climate change.



Goal 13 - Take urgent action to combat climate change and its impacts. Siemens Gamesa has set the target of becoming CO₂-neutral in all its operations by 2025. The company is thus underlining the need for businesses to contribute to decarbonizing the economy. With our products and services, we help to improve energy

efficiency and reduce CO₂ emissions with a positive business case.



Goal 5 - Achieve gender equality and empower all women and girls. Our main impact on SDG 5 is by managing our own workforce. Siemens Gamesa recognizes that

its employees represent a large variety of cultures, ethnicities, beliefs and languages. This wealth of diversity is what makes the Group more innovative, creative and committed to society.



Goal 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Siemens Gamesa directly impacts SDG 8

through its global operations contributing to GDP development in many countries, our commitment to providing decent jobs and enabling employment and by driving the decoupling of economic growth from energy usage as a thought leader.



Goal 16 - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive

institutions at all levels. We contribute to SDG 16 by anchoring integrity and compliance throughout our company and by driving Siemens Gamesa's integrity initiatives with external stakeholders. Our company is committed to implementing the UN Global Compact's requirements and all other relevant regulations in our supply chain and disseminating them through collaborations with external organizations and institutions.

Medium to low impact - UN Sustainable Development Goals



We impact SDG 4 by promoting inclusive and equitable quality education as well as lifelong learning opportunities for all, such as offering learning and education

opportunities to all Siemens Gamesa employees internally or in partnership with schools and universities. Training of customers and suppliers is also important to us. In addition, numerous corporate citizenship engagement programs around the world build on this objective.



Our activity may impact SDG 14 because we are aiming at using the oceans, seas and marine resources for sustainable development and protecting biodiverse marine sites to ensure the sustainability of marine biodiversity and ecosystems. Our locations worldwide are not operating in water-stressed areas. Thus, we consider water as essential to human well-being and social and economic development.



Our impact on SDG 15 is essential to protect, restore and promote the sustainable use of terrestrial ecosystems. Respect for key biodiversity areas is thoroughly considered in all project developments across the globe.

Our Corporate citizenship programs impact directly Sustainable Development Goals 1, 2, 3 and 6. For example, 'SGRE impact' is a company-wide social action initiative aimed at bringing positive change to the communities in which Siemens Gamesa operates and to heighten the engagement of our employees. Other local and regional-based programs also address different actions with direct impact on these SGD's.



On SDG 1, we believe all people, everywhere, should enjoy a basic standard of living. This includes social protection benefits for the poor and most vulnerable and ensuring that people affected by conflict and natural hazards receive adequate support, including access to basic services.



On SDG 2, we believe that everyone everywhere deserves to have enough good-quality food to lead a healthy life. As far as possible, we strive to foster better access to food and the widespread promotion of sustainable agriculture as part of our programs.



We impact SDG 3 by promoting healthy lifestyles and combating premature mortality by increasing knowledge about diseases and health risks among employees.



Siemens Gamesa's holistic management of the water cycle takes into account the ratio of total fresh water withdrawn to the total renewable freshwater resources in our locations. Water resource quality and sustainability are crucial from the Siemens Gamesa management's perspective.

CSR strategy 2018-2020

[103-1] Siemens Gamesa has identified different strategic lines and actions to work on in the coming years regarding corporate social responsibility (CSR) to support the business, strengthen the overall business strategy and to obtain competitive advantages in specific aspects of management that the company works on over the coming years. These strategic lines and actions define the CSR Strategy 2018-20 and will allow the company to continue maintaining an excellent positioning in the market and for its stakeholders.

This strategy's design is reinforced by the regulations of the Audit, Compliance and Related-Party Transactions Committee of Siemens Gamesa's Board of Directors, which includes "monitoring the strategy and practices in relation to corporate social responsibility and assessing its degree of compliance" (Art. 11b of the Regulations of the Audit, Compliance and Related Party Transactions Committee) as one of its responsibilities.

Hence, the strategy for 2018-20 and its commitments were agreed upon with Siemens Gamesa's top management and with the Audit, Compliance and Related-Party Transactions Committee. The plan sets targets under five pillars and focuses on the company's positioning in the long term by addressing CSR aspects that are relevant to stakeholders and include these expectations in the company's decision-making process and the business' day-to-day management.

4.1. Stakeholder analysis

[102-40] The company's relationship with any stakeholder is maintained in a twofold way: from the standpoint of social responsibility, responding to their expectations and needs and, from a reputational perspective, managing the perception these stakeholders have of the company.

Siemens Gamesa has a large variety of stakeholders, so they are analyzed according to their relevance for the company's activities and have been grouped together under the following categories for practical purposes:

Figure 8 - Siemens Gamesa's stakeholders



[102-42] The identification and selection of the group's stakeholders are carried out through internal processes of reflection involving the management team and based on established relationships with key groups to meet both their expectations and the company's needs.

[102-43] The company consolidates preferential communication channels with these groups to identify the most relevant topics and provide a reasonable response to their expectations, if possible.

These channels have their own specific features regarding format, responsibilities, intensity of the relationship and frequency of use, ranging from permanently available means of engagement, like mailboxes and portals, to annual or multi-annual means, such as surveys. They also include other non-periodic means which configure a relationship which the company views as proximity to its stakeholders.

4.2. Material aspects

[102-47] The nature of the expectations that relevant stakeholders have of our organization involve issues such as good governance, respect for human rights, work practices, environmental impacts, our operational practices and those of our value chain, as well as the positive and negative impacts that we may have on local communities.

[102-44] Siemens Gamesa conducted a specialized CSR diagnosis in FY18. The diagnosis was structured around nine general aspects and then further broken down to allow a more detailed analysis, resulting in a total of 35 materiality aspects. The importance of each specific aspect for Siemens Gamesa's top management and regional managers (internal diagnosis) was analyzed and opinion makers' demands in these areas were also identified, as were the best practices implemented by Siemens Gamesa's peers (external diagnosis).

The results of the internal and external diagnoses have been deployed in the aggregated materiality analysis as:

- internal relevance of each CSR aspect (importance for SGRE – materiality matrix's X axis).
- external relevance of each CSR aspect (importance for stakeholders – materiality matrix's Y axis), with a weighting of i) benchmark: 60%; ii) sector prescribers: 5%; iii) CSR prescribers: 30%; iv) media: 5%

A detailed overview of the materiality analysis can be found in the Annex.

Material aspects to Siemens Gamesa²

- 02 Risks and Opportunities Management
- 03 Corporate Governance
- 06 Ethics, Integrity and Anti-Corruption
- 07 Regulatory Compliance
- 10 Renewable Energy Environment
- 11 Training, Professional Development and Employability
- 12 Equal Opportunity, Diversity and Non-Discrimination
- 15 Health and Safety
- 16 Employee Satisfaction
- 18 R+D+I Programs and Investment
- 19 Communities and Environment Relationship

- 21 Human Rights
- 22 CSR Procurement Practices and Suppliers' Assessment
- 25 GHG Emissions and Climate Change Strategy

Information sources that enable us to identify more and new relevant matters for the stakeholders of the company include:

- Criteria for Environment, Social and Governance (ESG) used by institutional investors and asset managers in the selection of their investment portfolios
- ESG requirements used in the analysis of the company by the specialized indexes
- Reference publications by international organizations that are influential in the ESG scope
- ESG requirements expressed by clients in the framework of the daily commercial relations of the company.

We also take into consideration, at a global level, the analysis of four international standards that currently shape the broader international agreement on responsible behavior of a multinational company:

- The Principles of the United Nations Global Compact.
- The United Nations Guiding Principles on Business and Human Rights.
- The OECD Guidelines for Multinational Enterprises.
- The Global Reporting Initiative Guidelines (GRI), with representation from the business environment, trade unions, civil society, financial markets, auditors and specialists in several disciplines in the business area, regulators and several countries' governing bodies.

4.3. CSR policies

Our corporate social responsibility (CSR) vision addresses the business' accountability to a wide range of stakeholders, besides shareholders and investors. There are many areas that may impact our business footprint such as the overall environmental protection and the well-being of employees, along with the community and civil society in general, both now and in the future.

² The material aspects were not ranked by importance in this list.

Hence, the success of our business is based on a sustainable operating environment, in which access to a skilled workforce, a stable community and healthy environment are ensured on a day-to-day basis.

[102-26] The Board of Directors is acutely aware of the responsibilities of Siemens Gamesa towards society. It is committed to ensuring that its activity is carried out in accordance with a set of values, principles, criteria and attitudes aimed at achieving the sustained creation of value for shareholders, employees, customers and society.

This target is reinforced by the principles contained in Siemens Gamesa's Global Corporate Social Responsibility Policy³:

- **Principle 1.** Comply with applicable law in the countries in which we do business and ensure ethical behavior, adopting international standards and guidelines and fostering and promoting the integration of the principles of the United Nations Global Compact.
- **Principle 2.** Ensure responsible governance and the transparency necessary to convey trust and credibility to stakeholders.
- **Principle 3.** Achieve a work culture based on safe and healthy work, equal opportunity and motivation.
- **Principle 4.** Contribute to sustainable development by reducing the environmental impact of the company's activities and generating new solutions through innovation.
- **Principle 5.** 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.
- **Principle 6.** Promote socially responsible actions within the group to harmonize corporate values and social expectations.

4.4. The 5 pillars

Siemens Gamesa's CSR strategy 2018-2020 currently consists of five master lines (corresponding to the five pillars and, additionally, a communication and awareness action), outlining 41 specific actions to be implemented, which involve seven corporate areas of the company:

Pillar 1: Integrity and transparency

Ensuring ethical and business integrity, generating trust by our stakeholders through transparency and honesty. Siemens Gamesa commitments include:

- By 2019, a framework of policies and procedures to guarantee business integrity to be established.
- By 2019, approval of the Siemens Gamesa Global Labor Agreement based on the International Labor Standards of the ILO.
- 2018-2020, compensation linked to continued presence on the FTSE4Good Index, the Dow Jones Sustainability Index and Ethibel Sustainability Index.
- Report annually important and verified CSR key performance indicators (KPIs) for stakeholders.

Pillar 2: Commitment to people

Engaging people creating a common culture and values based on safety, diversity, trust and transparency, identifying and retaining talent. Key commitments include:

- By 2020, assessment of the values of the company based on the employee's perspective.
- By 2020, 70% of employees with individual performance development.
- By 2020, Diversity & Inclusion Program implemented across the company.
- By 2020, reach 3,36 Total Recordable Injury Rate target.

³ See Global Corporate Social Responsibility policy [[Link](#)]. Text approved by resolution of the Board of Directors dated September 12, 2018

Pillar 3: Green development

Generating sustainable and green development based on innovative circular wind solutions and being an active player in promoting a low carbon economy.

- By 2020, more than 250Mt CO₂eq (metric tons of carbon dioxide equivalent) annual savings for customers.
- By 2025, carbon neutrality.
- By 2020, renewable origin certification available for all new installed turbines.
- By 2020, position Siemens Gamesa in the low carbon economy advocacy and promotion.

Pillar 4: Responsible supply chain

Sharing the responsibility of making things well and creating a commitment with society alongside the supply chain.

- By 2020, acceptance of the Supplier Code of Conduct by our main suppliers accounting for 80% of the annual purchasing volume.
- By 2020, 100% of critical suppliers to be assessed and/or audited against the compliance of Supplier Code of Conduct.
- By 2020, investment in a 'symbiotic' collaboration about improvements with suppliers.

Pillar 5: Community engagement

Contributing to the community development through our expertise, generating engagement and positive impact into the society.

- By 2020, implementing relevant community engagement projects generating positive impacts.
- By 2020, investing in agreements about technology development with universities and other training centers, for attracting and selecting talent.

Table 8 - N° of actions per CSR pillar

CSR Pillar	Number of actions
Integrity and transparency	9
Commitment to people	7
Green development	10
Responsible supply chain	5
Community engagement	6
Communication and awareness	4

Figure 9 - Number of actions per UN Sustainable Development Goal



4.5. Progress report

The progress status of the CSR strategy is disclosed to the Audit, Compliance and Related Party Transactions Committee (ACRPTC) at each end of the fiscal year.

Great progress had also been made in all areas by the end of FY19. 21 of the 37 actions (57%) had been reported to the ACRPTC as closed.

These are some of the actions that were closed in FY19:

- Pillar 1 – Integrity and transparency: compensating of managers was linked to ESG indexes FTSE4Good, Dow Jones Sustainability Index as well as Ethibel Sustainability.
- Pillar 2 – Commitment to people: conducting a global employee satisfaction survey.
- Pillar 2 – Commitment to people: Homogenizing the existing training actions in a single Training Program

Several actions are designed as long-term achievement and they are planned to be closed after end of FY20.

Pillar 1: Integrity and Transparency

5.1. Corporate governance

[102-18] The Group's governance structure is based on two main bodies, namely the General Meeting of Shareholders and the Board of Directors.

5.1.1. General meeting of shareholders

The General Meeting of Shareholders is the meeting of the Company's shareholders that, once duly convened, shall decide by majority voting on the issues within its powers. All shareholders, including those that do not take part in the General Meeting or who have expressed their disagreement, are subject to the resolutions taken at the General Meeting, without prejudice to their legal right to challenge such resolutions.

The General Meeting of Shareholders takes resolutions on all issues that lie within its powers in accordance with the Law, the By-Laws and the Regulations of the General Meeting of Shareholders.⁴

5.1.2. Board of directors

[102-22] The Board of Directors' mission is to promote the Company's interests, represent the Company and its shareholders in the management of its assets, manage the business and direct the business's administration.

Apart from the matters reserved for the powers of the General Meeting of Shareholders, the Board of Directors is the highest representative and decision-making body. It has no substantial constraints apart from those laid down

in legislation and the By-Laws, particularly regarding the Company's corporate purpose.

Full information on the Board of Directors' composition, as well as its members' personal and biographical profiles can be found in section C.1 of the Annual Corporate Governance Report and on the Company's website.⁵

The Board of Directors of Siemens Gamesa is the body responsible for reviewing and approving this Sustainability Report, which is approved prior to the announcement of the General Meeting of Shareholders.

5.1.3. Board committees

The Board of Directors has two specialized committees to deal with specific areas of activity which are entrusted with powers to report, advice, put forward proposals and exercise oversight and control. These are the a) Audit, Compliance and Related Party Transactions Committee, and b) the Appointments and Remunerations Committee. Detailed information on these Committees can be found in the Annual Corporate Governance Report and on the Company's website.

5.1.3.1. Audit, Compliance and Related Party Transactions Committee

This is a permanent internal body of the Board of Directors for information and consultation, entrusted with informing, advising and making recommendations. Articles 5 through 14 in Chapter II of the Regulations of the Audit, Compliance and Related Party Transactions Committee⁶ set forth the duties of this committee.

⁴ See Regulations of the General Meeting of Shareholders of Siemens Gamesa Renewable Energy S.A. (Revised text approved by the General Meeting of Shareholders of June 20, 2017). [[Link](#)]

⁵ See Section C.1 of Siemens Gamesa Renewable Energy, S.A. Annual Corporate Governance Report 2019 at [[Link](#)]

⁶ See Chapter II of the Regulations of the Audit, Compliance and Related Party Transactions Committee (Consolidated text endorsed by the Board of Directors on July 26, 2018) [[Link](#)]

Regarding sustainability, the highest committee or position that formally reviews and approves the sustainability or Corporate Social Responsibility policies, strategy and practices is the Audit, Compliance and Related Party Transactions Committee. Article 11 b) of the Regulations of the Audit, Compliance and Related Party Transactions Committee clearly sets out these duties.

5.1.3.2. Appointments and Remunerations Committee

This Committee is an internal body of the Board of Directors for information and consultation, albeit with no executive functions, entrusted with informing, advising and making recommendations regarding matters within its capacities. Articles 5 through 9 in Chapter II of the Regulations of the Appointments and Remunerations Committee⁷ establish the duties of this Committee. More specifically, its primary functions are to oversee the composition, functioning, and evaluation, as well as the remuneration, of the Company's Board of Directors and of the Top Management.

Table 9 - Composition of the Board of Directors (as of September 30, 2019)

Name of Director	Category	Position on the Board
López Borrego, Miguel Angel	EP	Chair
Tacke, Markus	E	Chief Executive Officer
Rodriguez-Quiroga Menéndez, Carlos	E	Director and Secretary
Davis, Lisa	EP	Director
Krämmmer, Rudolf	I	Director
Rosenfeld, Klaus	I	Director
Azagra Blázquez, Pedro	EP	Director
Thomas, Ralf	EP	Director
von Schumann, Mariel	EP	Director
Hernandez García, Gloria	I	Director
Cendoya Aranzamendi, Andoni	I	Director
Sen, Michael	EP	Director
Alonso Ureba, Alberto	I	Director

Note: [E]: Executive; [EP] External Proprietary; [I]: Independent

⁷ See Chapter II of the Regulations of the Appointments and Remunerations Committee (Consolidated text endorsed by the Board of Directors on July 29, 2019) [Link]

Table 10 - Composition of the Audit, Compliance and Related Parties Transactions Committee (as of September 30, 2019)

Name of Director	Category	Position on the Board
Krämmmer, Rudolf	I	Chair
Hernández García, Gloria	I	Member
Alonso Ureba, Alberto	I	Member

Note: [E]: Executive; [EP] External Proprietary; [I]: Independent

Table 11 - Composition of the Appointments and Remunerations Committee (as of September 30, 2019)

Name of Director	Category	Position on the Board
Cendoya Aranzamendi, Andoni	I	Chair
Krämmmer, Rudolf	I	Member
von Schumann, Mariel	EP	Member
Rosenfeld, Klaus	I	Member
Azagra Blázquez Pedro	EP	Member

Note: [E]: Executive; [EP] External Proprietary; [I]: Independent

Detailed information on the Group's corporate governance model is updated and available in the Corporate Governance section of the Siemens Gamesa website [here](#).

5.1.4. Executive level positions

[102-19] The Board of Directors of Siemens Gamesa, in its meeting held on June 20, 2017, unanimously agreed, following a favorable report from the Appointments and Remunerations Committee, to re-elect Mr. Markus Tacke as CEO of the Company delegating in his favor all powers which, according to the law and the by-laws correspond to the Board of Directors, except those which cannot be delegated pursuant the law and the by-laws, an appointment which was accepted by Mr. Tacke in the same act. For further information please refer to section C.1.9 of the Annual Corporate Governance Report 2019.⁸

[102-20] The Company's organization is equipped with departments holding responsibility for the economic, social and environmental areas attributed to general departments. Aside from the foregoing, the highest-

⁸ See Annual Corporate Governance Report 2019 [Link]

ranking officers of these departments appear before the Board of Directors when they are required to do so.

Table 12 - Organizational structure (September 30, 2019)

Name	Position
Tacke, Markus	Chief Executive Officer (CEO)
Mesonero Molina, David	Chief Financial Officer
Albenze, Mark	Service CEO
Faubel Frauendorff, Alfonso	Onshore CEO
Nauen, Andreas	Offshore CEO
Bartl, Jürgen	General Secretary
Wollny, Christoph	Chief Operations Officer
Zarza Yabar, Félix	Director of Internal Audit

Additional information about top management and its global remuneration is referred to in section C.1.14 of the Annual Corporate Governance Report 2019.⁹

5.1.5. Remuneration of the Board of Directors [L11-S06] [102-38] [102-39]

Table 13 - Remuneration of the Board of Directors¹⁰

M: male F:Female; (€thousands)	Gender	FY19	FY18
Alonso Ureba, Alberto	M	215	177
Azagra Blázquez, Pedro	M	130	-
Cendoya Aranzamendi, Andoni	M	219	204
Conrad, Swantje	F	106	231
Davis, Lisa	F	0	0
García García, Rosa María	F	49	287
Hernandez García, Gloria	F	255	243
Krämmer, Rudolf	M	177	-
López Borrego, Miguel Angel	M	241	-
Rodríguez-Quiroga Menéndez, Carlos	M	422	424
Rosenfeld, Klaus	M	151	147
Rubio Reinoso, Sonsoles	F	42	172
Sen, Michael	M	0	0
Tacke, Markus	M	1,329	1,555
Thomas, Ralf	M	0	0
von Schumann, Mariel	F	162	123
Total		3,498	3,563

⁹ See Annual Corporate Governance Report 2019 [Link]

5.2. Compliance

[102-17] Compliance provides the foundation for all our decisions and activities and is the key component of our business integrity. Compliance is not a program; it is the way we conduct business.

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

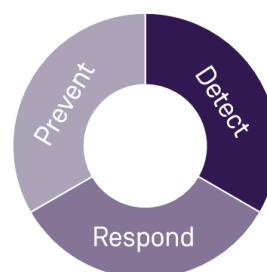
Our Business Conduct Guidelines lay the foundation for our internal regulations and give expression to the Siemens Gamesa values, compliance related responsibilities, and behavioral framework for all managers, employees, and Managing Board members worldwide.

5.2.1. Compliance system

The company has developed and implemented a robust compliance system to provide the foundation for all our decisions and activities by strictly complying with all laws and internal regulations as well as principles of ethical business conduct.

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

Figure 10 - Compliance system



¹⁰ See Annual Corporate Governance Report 2019 for further details [Link]

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

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

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

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

In other words, our Group applies the well-known “three lines of defense” system. Those three lines are (from the top to the bottom):

- The Internal Audit department is responsible for adapting internal control systems and examines Siemens Gamesa’s compliance organization. When requested by the Chief Compliance Officer, the Internal Audit department also conduct reviews on certain compliance regulations and processes up to a complete check of the compliance system. The compliance organization provides support to the performance of such audit and review activities.
- The Compliance department oversees the prevention supervision of the ethics culture and the creation thereof.
- Each individual employee must be accountable to and responsible for the controls.

5.2.2. Compliance responsibilities

Compliance starts at the very top. The management of Siemens Gamesa units and its affiliated companies must emphasize the importance of ethical conduct and compliance, enforce it as a regular topic of everyday business and promote it through personal leadership and training.

Management: Overall responsibility for compliance lies with the Management of Siemens Gamesa and the Managing Directors/Heads of the individual Siemens Gamesa units. They remain responsible, even if they delegate tasks. They act as role models in matters of compliance and integrity and ensure that all employees act in accordance with the law and with Siemens Gamesa

regulations. All Compliance Officers are requested to provide appropriate guidance for managers to fulfil their duties in accordance with local law.

Board of Directors: The Board of Directors, as Siemens Gamesa’s highest ranking authority, is ultimately responsible for compliance in the company.

Audit, Compliance and Related Party Transactions Committee (ACRPTC): The Committee is an internal body of the Board of Directors, characterized by its permanent, informative and consultative nature. It holds informative, counselling and proposal powers. The ACRPTC supervises the reviewing of the compliance system’s efficiency. As such, it holds the following functions:

- Propose the compliance organization’s budget and the appointment, re-election or dismissal of the Chief Compliance Officer to the Board of Directors.
- The Chief Compliance Officer reports the most relevant matters of the compliance organization’s areas to the ACRPTC on at least a quarterly basis.
- Supervising the compliance system’s effectiveness and proper functioning.
- Executive Committee: The Executive Committee is the highest executive authority of Siemens Gamesa.

5.2.3. Compliance organization

The compliance organization has global governance and implementation responsibilities for the company’s compliance system in all areas within (a) compliance which covers anti-corruption, anti-trust, anti-money laundering, and human rights; (b) data protection; and (c) export control and customs.

Chief Compliance Officer: The compliance organization reports to the highest level through the Chief Compliance Officer. He or she is an internal independent and permanent figure who heads the Siemens Gamesa’s compliance organization and reports to the Audit, Compliance and Related-Party Transactions Committee as well as to the Executive Committee. The Chief Compliance Officer regularly and systematically reviews and evaluates the effectiveness of the compliance system and determines its resources and budget, which are subject to the Audit, Compliance and Related-Party Transactions Committee’s approval. Resources and budgets are allocated based on company-wide compliance risks as well as on the specific compliance risks of the company unit in question.

Compliance Core: The Compliance Core department, headed by the Head of Compliance Core who directly reports to the Chief Compliance Officer, is a department that defines the framework of compliance rules, policies, and procedures on a basis of laws and regulations which determine the overall direction and performance of the business. This includes compliance with the applicable anti-bribery laws and regulations such as, but not limited to, the U.S. Foreign Corrupt Practices Act (“FCPA”), the UK Bribery Act (“UKBA”), the Organization for Economic Cooperation and Development (“OECD”) Convention on Combating Bribery of Foreign Public Officials, the United Nations Convention Against Corruption (“UNCAC”), and other international and national implementing statutes, laws and regulations.

In addition, the Compliance Core department oversees compliance operations in the units of Siemens Gamesa and affiliated companies supervises the Compliance Officers and implementation of the compliance system.

Compliance Investigation & Regulatory: The Compliance Investigation & Regulatory department, headed by the Head of Compliance Investigation and Regulatory (who is also the Chief Counsel Compliance and the deputy of the Chief Compliance Officer), reports directly to the Chief Compliance Officer. The department handles compliance cases worldwide, including remediation activities and lessons learned in relation to uncovered compliance misconduct.

Compliance Officers: As part of Compliance Core, Compliance Officers are responsible for implementing the compliance system in the regions and countries in which Siemens Gamesa operates, and provide support to Managing Directors when exercising their supervisory duties to prevent compliance violations. Within their area of responsibility, they act as local first-line points of contact for their management teams and employees and provide advice on all compliance topics.

Compliance Ambassadors: These ambassadors are a voluntary support function as “local first-line contact” between Compliance Officers and local employees to facilitate a successful and sustainable business. Compliance Ambassadors should be role models for Siemens Gamesa’s values and integrity and make an important contribution to our compliance system.

5.2.4. Compliance: Business Conduct Guidelines

The Business Conduct Guidelines ¹¹ (BCGs) define Siemens Gamesa's attitude to responsible business conduct and how we shape the joint action needed. They also describe what Siemens Gamesa stands for and how the company fulfills its responsibilities as an employer, in our markets, in society and towards the environment. Our new BCGs are a harmonization from both legacy entities, including the inputs from all different departments, managers and workers councils throughout the company, where compliance was then able to create one single document which is to be implemented globally.

5.2.5. Compliance: Compliance handbook

Siemens Gamesa’s Compliance department has worked on harmonizing all compliance processes, guidance and policies by drawing up a single document known as the Compliance Handbook. It was drafted for all Siemens Gamesa employees to read and get to know the existence of a robust, reliable and state-of-the-art compliance system.

This document applies to the entire Siemens Gamesa Group. Siemens Gamesa’s Compliance Handbook includes details on the topics addressed in the following sections.

5.2.6. Compliance: Prevention pillar

5.2.6.1. Anti-corruption [205-1] [L11-C01]

Gifts and hospitality: In many cultures, gifts and hospitality are important in developing and strengthening business relationships. All benefits given to third parties must therefore be in accordance with local law and Siemens Gamesa’s Business Conduct Guidelines.

Some gifts and hospitality may unduly influence the recipient’s decisions or at least give the impression of doing so. We therefore always question whether a contribution (i.e. a gift or an invitation) is excessively generous, which could give rise to the expectation of receiving something in return or the appearance of bad faith or impropriety. If the answer is yes, the contribution must not be offered or accepted.

¹¹ See Business Conduct Guidelines [Link]

Entertainment event invitations made to third parties as well as the payment of non-local travel and accommodation costs must be approved as defined for the respective cases.

Sponsorships, donations, charitable contribution, and memberships: Each planned sponsorship, donation, charitable contribution as well as membership must undergo certain rules and strategic directions for making such contributions which are set out in the principles related to these activities governed by Siemens Gamesa's Corporate Affairs department.

Business partners: Siemens Gamesa enters business relationships with many business partners every day. This requires the compliance department to use risk-based criteria to identify those business partners and business relationships which need to undergo a Compliance Due Diligence (CDD).

Compliance requirements of third parties: Third parties - such as Siemens Gamesa's customers - often require us to accept and adhere to their Codes of Conduct (CoC) or other documents containing similar standards before entering into a business transaction. Before agreeing to comply with third parties' CoCs, first the gap analysis shall be conducted by the business representative who has received such a request, to define if the third parties' CoC is equivalent to Siemens Gamesa's Business Conduct Guideline. If any gaps are identified, the respective Siemens Gamesa department shall be consulted with. The same applies to the compliance section of the CoC, when it is deemed necessary, the Compliance Officer responsible for the respective unit must be consulted.

Facilitation payments and payments under duress: The prohibition of bribery, as stated in the Business Conduct Guidelines, includes the prohibition of so-called "facilitation payments". A facilitation payment is the payment of a minor sum of money or any other contribution to a (usually low-ranking) government official for their own personal benefit with the aim of speeding up the processing of a routine governmental action.

In general, facilitation payments are prohibited and can be prosecuted. However, a "situation under duress" is a situation in which employees have no alternative but to make an unjustified payment to protect themselves or others against the threat of death, injury or loss of personal liberty.

Unjustified payments under duress will not be punished with disciplinary action. However, it is very important that

these situations are reported to the Compliance department.

High risk payments: The high-risk payment process aims to prevent and mitigate compliance-related risks, particularly corruption risks, related to certain types of payments and payees.

Customer projects: During all stages of a project or bid preparation, compliance related risks may arise and need to be mitigated. Siemens Gamesa Sales/Project Managers are overall responsible for ensuring appropriate identification of compliance risks throughout the entire project lifecycle and their adequate mitigation.

A Compliance and Security (CoSECC) check include anti-corruption, anti-money laundering and human rights. It is part of the Sales Business Approval (SBA), an internal approval process for all projects including the development of wind farm opportunities established by Siemens Gamesa. It defines a framework for decision-making regarding project approvals (SAPP) in the project and service business, i.e. when, how, and at what level management decisions based on compliance risks are required. The CoSECC check must be performed according to defined criteria established in the SBA process for all Siemens Gamesa business units and followed by the internal approval process for customer projects.

Compliance in procurement: Identifying and mitigating compliance risks in procurement at an early stage is one of the goals of the Siemens Gamesa supplier selection, qualification and auditing processes. The company also expects its suppliers and business partners to share Siemens Gamesa's values and comply with all applicable laws as laid down in the "Code of Conduct for Siemens Suppliers and Third-Party Intermediaries".

5.2.6.2 Antitrust.

[206-1] Violations of antitrust law are very serious: they are punished by significant prison sentences in many jurisdictions. They can result in enormous risks for the company and its employees, particularly in fines, damage awards, exclusion from public tenders and reputational harm. The growing enforcement activities of antitrust authorities around the world and the introduction of new antitrust rules in a steadily growing number of countries have increased existing risks significantly.

Siemens Gamesa has defined comprehensive an Antitrust Compliance Concept. It is based on the following principles:

- Identification of antitrust-related risks by conducting regular anti-trust risk assessments;
- Clear communication from management regarding the necessity of antitrust compliance;
- Professional and comprehensive antitrust advice and antitrust awareness programs; and
- Rigorous investigation of and the imposition of disciplinary sanctions for infringements of antitrust law.

The Compliance department has the governance responsibility for the Antitrust Compliance Concept.

5.2.6.3. Anti-money laundering and prohibition of terrorism financing [L11-C02]

Money laundering is a process of making funds originally obtained via crime, seem to be obtained from a legitimate source.

Siemens Gamesa does not tolerate money laundering and terrorist financing. All employees are obliged to abide by all laws and regulations aimed at preventing, detecting and reporting money laundering, terrorism financing and related criminal activities.

Money laundering and terrorism financing are crimes in most countries in which Siemens Gamesa conducts business. Our Business Conduct Guidelines prohibit supporting such activities. Supporting money laundering and terrorism financing, even if unintentional, may lead to sanctions against Siemens Gamesa and our employees and may cause significant financial losses (such as the confiscation of funds) and other negative consequences.

5.2.6.4. Human rights

[412-1] [L11-H01] Siemens Gamesa considers respect for human rights to be an integral part of our responsibility as a global business. For us, this responsibility is a core element of responsible business conduct and we are committed to ensuring respect for human rights within Siemens Gamesa's sphere of influence.

[L11-H03] In 2018, the Group approved and started implementing the Human Rights Policy¹². In this way, commitments in this area are reflected in an individual and specific policy. This policy was approved by resolution of the Board of Directors dated September 12, 2018. Our commitment to this principle is firmly anchored in the

Siemens Gamesa Business Conduct Guidelines which set out the fundamental principles and rules governing the way we act within our company and in relation to our partners and the public.

Accordingly, the company's involvement in any human rights infringements or other adverse human rights impacts must be avoided. Compliance with applicable laws and regulations is essential but beyond that Siemens Gamesa employees are expected to be aware of these issues, and both to avoid infringing on the human rights of others and to address adverse human rights impacts on the activities and circumstances with which the company is involved.

Siemens Gamesa has a due diligence process to, both, proactively and systematically identify potential Human Rights violations as defined in the SBA process.

One of the steps within the SBA process includes a Compliance Risk Evaluation (CRE) to determinate if the project needs to be thoroughly evaluated regarding the Human Rights potential violations. Through the CRE and with the use of pre-defined questionnaires (Siemens Gamesa Human Rights Project Due Diligence), the Compliance department can assess and mitigate potential risks associated with human rights.

[L11-H04] At the end of the reporting period there is no record of sanction nor fines related to human rights infringement.

5.2.6.5. Criminal law

The legal system of some countries in which Siemens Gamesa operates consider the criminal liability of legal persons. Consequently, in some jurisdictions, in addition to this handbook, a Crime Prevention and Anti-Corruption Fraud Policy¹³ is implemented.

5.2.6.6. Mergers and acquisitions, majorities, minorities and permanent establishment:

Prior to the acquisition or divestment of a company, a part of it or an interest in the company, it is necessary to evaluate the potential compliance risks for Siemens Gamesa and mitigate them by taking appropriate action. The Compliance Legal department is responsible for handling all compliance matters related to merger & acquisition (M&A) transactions, including proper due

¹² See Human Rights Policy [Link]

¹³ See Crime Prevention and Anti-Fraud Policy [Link]

diligence as well defining applicable measures to minimize the compliance risk and/or input for negotiations during the M&A transaction.

5.2.6.7. Communication

The management of Siemens Gamesa must ensure that all our employees are informed about relevant internal compliance rules, processes, and tools and that this information is kept up to date. It is also responsible for establishing proper channels for continuous and adequate communication with appropriate outreach at all organizational levels, including the essential aspect of communication: the tone from the top.

The compliance organization supports Siemens Gamesa's management in designing an annual compliance communication plan, which is presented, after alignment with the Communication department, to the Audit, Compliance and Related-Party Transactions Committee as well as executive management for their approval.

The plan's implementation is coordinated by Compliance together with the Communication department. Regular evaluation of the plan is conducted by Compliance and it is updated if necessary, according to the needs of the business or in the event of any unforeseen situations that may require such an adjustment to the plan.

5.2.6.8. Training

[205-2] To make sure that all Siemens Gamesa employees are aware of the compliance rules and know how to put them into practice, training is one of the key elements of the Siemens Gamesa compliance system.

[412-2] Employees who, by their functions, are exposed to specific compliance risks (so-called "sensitive functions") must be provided with training to ensure that they maintain their compliance expertise up to date and continue to conduct themselves appropriately. The training can take place as a web-based training (online training) and/or face-to-face training (classroom setting training).

Compliance in-person training, which was rolled out in FY19, covers compliance topics such as anti-corruption, anti-trust, anti-money laundering, human rights, conflict of interest, and compliance as part of other business processes. The target group for this training, to name a few, consists of the Management Board, Executive Committee,

Managing Directors and employees within sensitive functions.

To increase the presence of compliance globally the following activities are additionally being implemented by the company:

- eLearning for Business Conduct Guidelines
- Pilot for the eLearning has been rolled out in September 2019 - company-wide roll-out is planned for Q1/FY20
- Compliance introduction is part of the global Human Resources on-boarding concept for new employees
- Training on request to mitigate local or business specific risks (e.g. compliance in procurement, business partner, compliance in customer projects)
- E-learning of the basic Compliance for all employees within Siemens Gamesa to be rolled out in Q4FY20.

5.2.6.9. Compliance Risk Assessment

The goal of the Compliance Risk Assessment (CRA) is to evaluate these risks and to define mitigation measures accordingly. Moreover, the CRA creates an awareness of compliance risks, strengthens cooperation between the compliance organization and the operational units and emphasizes the responsibility of the Managing Directors and management in general for compliance-related topics.

5.2.7. Compliance: Detection pillar

5.2.7.1. Cases

[205-3] [L11-H02] [L11-S009] A compliance case is any violation of criminal and/or administrative law or Siemens Gamesa's internal regulation such as the Business Conduct Guidelines, in the course of the business activity, at least by one employee of Siemens Gamesa and/or a third party working on behalf of Siemens Gamesa. Our Group expects from employees to report all information they may have regarding impending or existing compliance cases without delay.

Compliance cases can be reported by employees via the following channels:

- Their manager and/or
- Directly to the Chief Compliance Officer and/or
- The responsible Compliance Officer and/or

- Human Resources Personnel and/or
- The Whistleblowing Channel Integrity Hotline, which also gives employees with the chance to remain anonymous, if legally permissible under local law and/or
- Employee representatives

All compliance cases must be managed by the compliance organization in the internal compliance case management tool.

Retaliation of any kind against individuals who have reported compliance cases in good faith will not be tolerated. This prohibition applies to any action that may directly or indirectly harm the reporting person’s employment relationship, earning potential, bonus payments, career development or other work-related interests.

Disciplinary penalties imposed in a due process in response to a reporting person’s involvement in any reported wrongdoing are not regarded as retaliation under this policy. All compliance cases reported to the compliance organization will either be handled by the compliance organization or forwarded to the relevant specialist department within Siemens Gamesa. All compliance allegations reported by employees are first put through a plausibility check by the compliance officers. If the plausibility check indicates that the allegations are substantial, a mandate is issued by the Compliance to carry on with the case’s investigation. When conducting a compliance investigation, the main principles of a Compliance Investigation defined must be adhered to.

Table 14 - Compliance cases

	FY19	FY18
Allegations received at Compliance channel	46	64
Compliance cases that remain open at the end of period	37	53
Disciplinary sanctions	7	6
Open investigations at the end of period ¹⁴	13	11
Closed investigations at the end of period	20	11

¹⁴Referred to as cases that had an ongoing investigation

5.2.7.2. Dealing with public authorities and other third parties:

Due to particularly high level of potential risk and their importance for Siemens Gamesa’s reputation, any impending or current criminal or administrative proceedings against the company or one of its employees along with any related requests for information must be reported immediately to Legal Compliance department.

The Legal department must (where legally permissible under local law) establish guidance for unannounced entry requests by public authorities (“dawn raids”) to:

- Ensure a structured approach to dealing with the law enforcement authorities,
- Prevent the obstruction of the investigation,
- Protect the employees’ rights, and
- Enable the company to initiate immediate and appropriate responsive compliance measures.

5.2.7.3. Clearing Committee

To assess the risks resulting from the disclosure of information and documents by Siemens Gamesa to law enforcement or other governmental agencies, the “Clearing Committee”, governed by the Compliance Legal department, has been set up. The Clearing Committee decides on the following matters:

- Requests for disclosures of information and documents from public enforcement and similar authorities/criminal courts;
- Voluntary self-disclosures by Siemens Gamesa.

The Clearing Committee must also be informed about mandatory self-disclosures by Siemens Gamesa.

5.2.7.4. Compliance Control Framework

The Compliance Control Framework (CCF) aims at ensuring the adherence and implementation of the globally applied Compliance Frameworks and Processes. It is one of the core elements of the compliance organization and is implemented on a global scale. It is an integral part of the Policy & Control Masterbook (PCMB), which covers all compliance-related areas, such as business partners, customer projects, gifts and hospitality, etc. These areas are assessed through the Risk and Internal Control System (R/IC), which supports the Managing Board in its

responsibility to manage risks effectively and provide reasonable assurance that the organization's assets are safeguarded, financial reporting is reliable, and laws and regulations are fulfilled.

5.2.7.5. Audits

Internal and/or external audits may have findings in the compliance area that needs to be communicated to the compliance organization for further analysis and possible mitigation measures if applicable.

5.2.7.6. Compliance Review Board

Management's responsibility also includes regularly and systematically reviewing and evaluating the effectiveness of the compliance system in conjunction with the responsible Compliance Officer in a Review Board.

The Compliance Review Board (CRB), which is reporting to the Executive Committee, is performed on quarterly basis by the Executive Committee members where the Chief Compliance Officer presents the status on Siemens Gamesa's compliance system. The participation of the Executive Committee members and the Chief Compliance Officer is mandatory. There might be special requests, as per the topics presented, to invite guests such as the Head of HR, the Head of Procurement, the Head of Communications, etc. to the CRB. This is defined and agreed with the Siemens Gamesa CEO and CFO beforehand.

5.2.7.7. Audit, Compliance and Related Party Transactions Committee

As part of its functions, the Audit, Compliance and Related Party Transactions Committee supervises the effectiveness and correct functioning of the compliance system.

5.2.8. Compliance: Respond pillar

5.2.8.1. Disciplinary consequences

Appropriate disciplinary consequences for compliance misconduct are determined after considering all the material circumstances of the misconduct. The compliance organization has introduced basic principles and evaluation criteria to ensure the consistency of central and local disciplinary processes.

5.2.8.2. Remediation

Management must ensure that all identified compliance matters (such as findings from compliance investigations and audits) are followed up and implemented accordingly in due course. This process is called "remediation".

The purpose of the case-related remediation process is to ensure that weaknesses addressed, deficiencies and compliance violations found during compliance investigations, clarifications and other fact-finding activities are corrected. All Siemens Gamesa departments affected by a compliance case must therefore implement the recommendations included in the relevant investigation report. The compliance organization (on central or local level) is responsible for implementation, follow up and monitoring of remediation measures resulting from compliance investigations.

All compliance related deficiencies identified by the Risk and Internal Control process should be remediated prior to the fiscal year end, where possible. All units therefore have an obligation to organize, track and close measures, regardless of which Siemens Gamesa department defined them. If a deficiency is not addressed directly to the compliance organization but is related to a compliance topic, Compliance nevertheless has an obligation to support the remediation process and monitor its status.

5.3. Export Control and Customs

The Export Control and Customs (ECC) department headed by the Head of ECC who directly reports to the Chief Compliance Office has the responsibility for the global governance regarding all export control and customs activities, which includes applicable regulatory guidance, regional governance and coordination as well as external relations and reviews.

The aim is to ensure that trade compliance (ECC) becomes an integral part of the business and is a strategic partner to the business units and various subsidiaries within Siemens Gamesa and its group companies. This is being achieved by the establishment of a Global Corporate Headquartered ECC function, and by introducing lean, best-in-class policies, principles and IT solutions.

The overall mission of the Compliance ECC department (CO ECC) is to secure and facilitate legitimate trade, realize local revenues and protect the industry, and has been defined as Securing Export Control and Customs

Compliance. It also attempts to reduce the overall cost of renewable energy through the implementation of the “Project Partner Concept”, and various digitalization activities.

The Strategic Operating Plan for CO ECC will focus on implementing both central and regionalized landscape, using specialized full-time employee resources for Governance, Export Control and Customs partnering outsourced business partners for Trade Compliance support and Customs Broker Management.

The main integration activities have been initiated, with focus on securing Export Control Compliance, through the revised SBA¹⁵ process for Siemens Gamesa’s business units.

The management model rest on the following principles:

- General processes to ensure compliance with rules and regulations and to put an effective trade compliance system and organization in place
- Export Control processes ensure compliance with rules and regulations and put an effective trade compliance system & organization in place
- Implement a central Export Control and Customs classification function globally
- Integrate the “Project Partner Concept” (ECC Single Point of Contact throughout the value chain) into all Business Units
- Implement a comprehensive Broker Management and Monitoring tool to effectively connect and manage customs brokers
- The Global ECC team, currently with strategic temporary usage of TSAs in non-stand-alone legacy Siemens Wind Power countries, is progressing well in the implementation of its TSA exits strategy.

5.4. Data protection

The Data Protection department is headed by the Head of Data Protection (DP) who reports directly to the Chief Compliance Officer and has a role and responsibility for the company’s Data Protection strategy, worldwide implementation of the Binding Corporate Rules (BCR), and

advice, clarification and further handling of DP-related complaints and incidents.

Data Protection is about the legal permissibility of the collection, processing, storage, transfer and usage of personal data in compliance with the applicable data protection laws. Personal data means any information that relates to an identified (e.g. name, address) or identifiable natural person (e.g. credit card number). A natural person can be an employee, customer, or supplier contact.

Data Protection laws may apply based on: (i) the headquarters of the controller, or (ii) the place where the data processing takes place. Data Protection Laws may govern among others: (i) collection, storage and transfer of personal data, and (ii) processing of personal data by third parties (including other group companies).

The Data Protection unit is implementing the necessary processes and tools to comply with the new EU General Data Protection Regulation (“GDPR”)¹⁶ which has been in force since the end of May 2018.

The focus is on the following items on a global basis:

- Registries: Completing and updating the necessary description of all procedures/tools for Siemens Gamesa legal entities with more than 250 employees that process personal data.
- Privacy Impact Assessments (PIAs): Perform risk assessments and implement procedures to ensure that all tools/applications with a high potential for violating fundamental rights of individual are assessed prior to implementation.
- International data transfers outside the EU: Ensure that Binding Corporate Rules (or European Model Clauses) are in place to ensure safe transfer of private and sensitive data, with the required security measures.
- Intercompany and Third-Party Supplier Agreements: All agreements that envision the processing of personal data must be updated to address the required technical and organizational measures, individual rights and relevant clauses.
- Continue our awareness campaign with a focus first on Europe and then on the rest of the world.
- Breaches of the GDPR: Implement the action plan and procedures for reporting breaches within 72 hours.

¹⁵ SBA: Sales Business Approval process

¹⁶ See Regulation (EU) 2016/679 of the European parliament and the council of 27 April 2016 on the protection of natural persons with regard to the

processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation [\[Link\]](#))

- Data Protection Officers: Implement a data protection network in which data protection officers (where required under local law) and Data Protection Managers and/or Privacy Champions (members of IT, HR, Legal and SEC) with knowledge of the new GDPR are appointed as main contacts for data protection matters. The tasks include researching local laws to determine what local requirements must be addressed and implemented. The focus of the Privacy Champions is the enforcement of data subject rights and dealing with possible data breaches. The Data Protection Managers outside the EU are also responsible for enforcing the Binding Corporate Rules.
- Intranet / Communications: Further develop a common intranet platform and communication forums.

5.5. Responsible tax

[L11-S011] A responsible tax practice of all Siemens Gamesa Group companies is part of the global Corporate Social Responsibility Policy, which contains the basic principles of action that must be observed.

Taxes paid by the group in the countries and territories in which it operates constitute the main contribution of the Group companies to supporting public obligations and, therefore, one of the Group's contributions to society.

The objective of Siemens Gamesa's tax strategy is to ensure compliance with the applicable tax provisions in all territories in which it does business, in line with the activities carried out in each of them. This fundamental objective, to respect and comply with tax rules, is appropriately combined with the achievement of the corporate interest and the generation of value sustainably over time for the shareholder, avoiding tax risks and inefficiencies in the implementation of business decisions.

Siemens Gamesa aims to fulfill its tax obligation in all territories in which it does business, and to maintain an appropriate relationship with the relevant Tax Authorities.

In order to include that commitment to fulfill, develop and implement good tax practices within the Corporate Governance Rules of Siemens Gamesa, the company postulates the following practices:

a) Prevention of tax risk. In carrying out its business activities, Siemens Gamesa shall follow the principles of an orderly and diligent tax policy that materializes in the commitment to:

- Encourage practices that lead to the prevention and reduction of significant tax risks through internal information and control systems.
- Avoid the use of artificial and/or opaque structures for tax purposes, with the latter understood as those used to keep the competent Tax Authorities from knowing the final party responsible for the activities or the ultimate owner of the property or rights involved.
- Not organize or acquire companies residing in tax havens to evade tax obligations.
- Minimize conflicts arising from the interpretation of applicable legal provisions using instruments established for this purpose by tax regulations.
- Properly evaluate, in advance, investments and transactions that present a particular a priori tax risk.

b) Relations with the Tax Authorities. The relations of the Company with the competent Tax Authorities shall be governed by the principals of transparency, mutual trust, good faith and fidelity, with Siemens Gamesa adopting the following good tax practices:

- Cooperate with the competent Tax Authorities in detecting and seeking solutions regarding fraudulent tax practices that may occur in the markets in which the Siemens Gamesa group has a presence, to eradicate those already existing and prevent the expansion thereof.
- Provide tax-related information and documentation requested by the competent Tax Authorities as quickly and completely as possible.
- Use all powers given by the adversarial nature of the audit procedure, strengthening agreements with and approvals of the competent Tax Authorities, to the extent possible.

c) Reporting to the Board of Directors. The Audit, Compliance and Related Party Transactions Committee of the company shall have the following reporting duties regarding tax issues:

- Prior to the preparation of the annual accounts and the submission of the Corporate Income Tax Return, inform the Board of Directors of the tax standards applied by Siemens Gamesa during the

financial year, and particularly the level of compliance with this policy.

- Based on the information received from the tax director, inform the Board of Directors of the tax policies applied by the company and, in the case of transactions or issues that must be submitted for the approval of the Board of Directors, of the tax consequences thereof if they constitute a significant risk factor.

d) Reporting to the market on compliance with the good tax practices endorsed by this policy. The company's annual corporate governance report shall report on the actual performance of good tax practices by Siemens Gamesa.

e) Update of good tax practices. Good tax practices may be updated by the Board of Directors of Siemens Gamesa within the context of its commitment to continuous improvement of its Corporate Governance Rules.

Table 15 - Breakdown by country of profit (loss) and taxes paid (million euro)

<i>Country</i>	FY19 (*)	FY19 Income tax paid	FY18 (*)	FY18 Income tax paid
Denmark	388	-81	302	-17
Spain	-288	-6	-174	-2
China P.R.	13	-18	30	-13
United Kingdom	108	-8	74	-4
Brazil	-11	-6	-24	-8
Germany	51	-13	-3	-17
Mexico	-25	-5	-34	-7
India	-111	-3	-46	-14
United States	7	2	-75	21
Other EMEA	33	-29	67	-29
Other L. America	-7	-10	2	2
Other N. America	16	-4	27	-7
Other APAC	15	-9	23	-8
SGRE Group	190	-191	168	-103

(*) Note: Profit /(loss) before tax

[L11-S012] In fiscal year 2019, 73% (60% in 2018) of the taxes paid by the Group materialize by entities located in the 9 most relevant countries: Denmark, Spain, China, Great Britain, Brazil, Germany, Mexico, India and the United States.

5.6. Public subsidies received

[201-4] [L11-S013] The monetary value of financial assistance received from government goes through consistent application of generally accepted accounting principles.

In fiscal year 2019, Siemens Gamesa was granted with public funding support for their R&D activity. The total amount granted was EUR 8.982 million (EUR 8.86 million in fiscal year 2018). The granted public funding includes nonrefundable grants and refundable loans.

Table 16 - Financial subsidies granted in the year (million euro)

<i>Origin</i>	FY19	FY18
European Comission	1.37	6.08
Grants	1.37	6.08
Loans	0	0
Spain	5.29	2.36
Grants	1.07	0.53
Loans	4.22	1.82
Germany	0	0.12
Grants	0	0.12
Loans	0	0
Denmark	0.99	0.29
Grants	0.99	0.29
Loans	0	0
Rest of countries	0	0
Grants	0.690	0
Loans	0	0
SGRE Group	8.36	8.86
Grants	4.14	7.03
Loans	4.22	1.82

5.7. Memberships and associations

[102-13] [L11-S004] [413-2] Siemens Gamesa takes part in the design of public policies on wind energy by belonging to industry associations in the countries in where it has a presence. The interests of wind energy are defended through such associations and work is being done to consolidate it as a response to the energy and climate crisis, in addition to being a key option to meet polluting gas reduction targets.

The company contributes to the formulation of wind industry policy positions on key issues. It helps create a regulatory framework in which Siemens Gamesa can successfully perform its activities and policies to reinforce the development of wind energy markets, infrastructures and technology through:

- The implementation of regulations favoring wind power by developing strategic initiatives to influence public policy so that stable markets are created and maintained and constraints against wind energy are overcome;
- The defense of efficient renewable energy incentive schemes, principally feed-in-tariffs, which have been demonstrated to be the most effective to provide security, continuity and trust to investors;
- Setting ambitious targets for the presence of renewable energies in the energy mix; - The elimination of technical, bureaucratic and market constraints that limit the growth of wind power;
- The promotion of R&D and innovation.
- Making politicians, opinion makers, companies, the media, public opinion, NGOs and other stakeholders aware of the benefits provided by wind energy.

Siemens Gamesa was an active member of 202 organizations and associations around the world in fiscal year 2019, which amounted to a total expenditure of €3.5 million in membership fees. The relationships of Siemens Gamesa and the companies which belong to the Group with public authorities are guided by institutional respect and fulfillment of the law.

Pillar 2: Commitment to people

6.1. Establishing a common culture in Siemens Gamesa

“Empower people to lead the future”, this is Siemens Gamesa’s purpose. It goes beyond selling and delivering to our customers. It is what drives the business strategy, the way the company is organized, how decisions are made, who is hired, and how the company and employees grow.

6.1.1. Culture of trust

Without trust, we cannot expect people to feel they can design and lead the future. Therefore, Siemens Gamesa needed to create a culture of trust to turn its purpose into reality.

The Culture of Trust program was established at the beginning of the merger to ensure and support the development of a shared company culture across the group. Its goal - to establish a culture of trust across Siemens Gamesa - is based on the pillars trust, empowerment, diversity and continuous learning.

These three pillars support the activation of the purpose and the development of a shared culture of trust:

- **Empowerment:** Creating an environment in which people have a mandate to act within their area of responsibility. A non- blaming culture in which self-criticism and failure-culture are care elements and based on what the company can build on its strength and become more flexible and efficient.
- **Continuous learning:** We use knowledge sharing and personal development to drive cultural change to create opportunities for everyone and attract and retain talent. This leads to growth and a more sustainable world. Continuous learning is also

considering mistakes to learn and develop and investing the time to do so.

- **Diversity:** Connecting people of different ages, genders, races, religions, sexual orientations, education, and cultures to create an environment in which teams feel comfortable and can deliver the best version of themselves. It is not enough to be a global company with different kinds of employees. We need to truly embrace diversity and be inclusive and open-minded in order to unleash the potential of talent.

Figure 11 - Culture of trust at SGRE



The Culture of Trust program has become a mature movement across the organization supported by both global and local initiatives. Globally, 25 people related projects improving organization, leadership and culture are well on their way to be accomplished. 23 of these 25 projects are in a final or advanced phase and are expected to be completed well within time.

Also, many initiatives supporting the three pillars of Culture of Trust have been initiated on a local level. In FY19, over 50 projects were initiated by local Culture Change Makers in different countries.

6.1.2. FlexAgility: A New Way of Working

As identified in the L3AD2020 program's change management module, Siemens Gamesa has the goal to become a company where everyone feels a sense of empowerment and ownership. One contributing factor was identified to implement state-of-the-art IT and innovative office concepts that would open a space for creativity, collaboration and personal responsibility.

This new way of working at Siemens Gamesa – called FlexAgility – Gamesa will be open, flexible and digital. To achieve this agility, we have created uniform open, digital and flexible office standard guidelines.

The main changes include spaces to be shared by all employees/multiple teams or organizations without physical separation, specific spaces for high-concentration work and collaborative areas, along with a very limited number of single offices, all of which are supported by the necessary IT tools. In addition to these changes and based on our commitment to trust, this new way of working at Siemens Gamesa includes a work from home policy, which gives people the chance of working at home whenever it makes people more efficient.

Today, the open office concept has been implemented in Brande, Vejle, Zamudio, Beijing, Frimley and Izmir. In FY20 the office spaces in Hamburg, Orlando, Shanghai and Madrid will be adapted to the new open office concept.

To enhance a better work-life-balance and make optimal use of our office spaces work from home is launched globally. Together with Digital Office, our new global IT platform for communication and collaboration, Siemens Gamesa is well on its way to realize the new way of working.

[L11-S07] Related to this, Siemens Gamesa does not have yet a global policy in place that addresses the topic digital disconnection but adheres to all legal requirements and regulations in the countries in which it operates. For example, Siemens Gamesa is legally obliged in France to have such policy. Hence, the local organization launched a policy about digital disconnection in May 2019.

6.1.3. Employee survey

In FY19, Siemens Gamesa launched an Employee Engagement Survey to measure and monitor the progress of the change process. Nearly 22,000 employees answered 70 questions, covering 16 categories. With a response rate of 76%, and comparing results with actual industry norms, we learned how participants experience the changes Siemens Gamesa is going through.

Results from the survey that open opportunities for improvement or accelerate running initiatives suggest providing clarity on organizational structure and ask for more influence on new role descriptions.

To address these opportunities, the company launched an action planning process in which management and employees analyze their local results and define improvement measures together. This is planned to be implemented before the next Employee Engagement Survey takes place in 2020.

6.2. Employment

Siemens Gamesa pursues improvement in people's quality of life and believes in social and professional development as a core component of our future success. 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.

Siemens Gamesa's employment model is based on respect for and compliance with universal standards in both the human rights and labor legislation arenas. These commitments also find expression in work-life balance measures designed and implemented by Siemens Gamesa as a function of the diversity of its workforce and jobs. Notable among these measures are its flexi-time schemes, continuous/shorter working day arrangements, vacation packages and the provision of end-to-end assistance to personnel posted abroad.

We offer professional development opportunities in the form of training and job experience, in a multicultural and multinational environment, which are the cornerstones on which we base our talent management cycle. The Company also embeds cultural diversity, a commitment to combating discrimination and support for equal opportunities into management of its human capital.

Our labor policies and practices are underpinned by endorsement of the most stringent international labor standards (including the International Labor Organization – ILO – and United Nations conventions) and materialize in the promotion of employee rights, particularly the right to freedom of association and collective bargaining, going beyond local requirements in this respect.

[L11-S23] In production plants of Siemens Gamesa, by the nature of its business, the activity needs to be maintained continuously, so that certain groups, generally those classified as direct and Indirect manpower, must work in shifts. This work organization does not prevent the rotation of such shifts to facilitate the adjustment of working hours to specific needs of workers. In addition, and in general, in the Siemens Gamesa work centers, measures related to the reconciliation of professional and work life are contemplated, in those positions where it is possible, such as: flexible hours, intensive work days, reduced working hours or adaptation of the schedule in certain family circumstances.

6.2.1. Employees Worldwide

At the end of the reporting period, the total headcount reached 24,453 employees. From a regional perspective, Europe, the Middle East and Africa is the region with the largest proportion of the workforce (67%), followed by Asia and Australia (20%) and the Americas (14%).

Table 17 – Employees by country (as of September 30)

	FY19	FY18
Argentina	11	-
Australia	145	58
Austria	16	12
Belgium	30	33
Brazil	648	549
Bulgaria	1	1
Canada	113	121
Chile	55	41
China P.R.	1,320	1,309
Costa Rica	2	3
Croatia	28	30
Czech Republic	-	1
Denmark	5,316	5,283
Dominican Rep.	2	1
Egypt	46	18
Finland	13	26
France	118	100
Germany	2,334	2,345
Greece	21	16
Honduras	4	3
Hungary	117	119
India	3,235	2,789
Indonesia	9	4
Iran	8	9
Ireland	99	102
Israel	1	1
Italy	96	91
Japan	-	18
Jordan	5	1
Korea Republic	17	11
Mauretania	4	4
Mexico	340	291
Morocco	666	542
Netherlands	155	126
New Zealand	-	5
Nicaragua	1	-
Norway	37	22
Pakistan	2	-
Peru	9	9
Philippines	11	30
Poland	88	85
Portugal	19	8
Romania	11	14
Singapore	3	11
South Africa	48	40
Spain	4,881	4,534
Sri Lanka	13	9
Sweden	80	62
Taiwan	-	13
Thailand	31	26
Turkey	97	53
United Kingdom	2,012	1,952
Unites States	2,093	1,985
Uruguay	36	20
Vietnam	6	8
SGRE total	24,453	23,034

Table 18 - Employees breakdown in FY2019

	Male	Female	Total
Breakdown by gender			
SGRE Group	19,858	4,595	24,453
Breakdown by region			
EMEA	12,926	3,425	16,351
Americas	2,633	684	3,317
Asia, Australia	4,299	486	4,785
SGRE Group	19,858	4,595	24,453
Breakdown by age structure ¹⁷			
<35	7,639	1,458	9,097
35-44	7,088	1,900	8,988
45-54	3,631	909	4,540
55-60	1,025	237	1,262
>60	368	73	441
Non-classified	-	-	125
SGRE Group	19,751	4,577	24,453
Breakdown by professional category			
Executive level	298	34	332
Management level	2,616	625	3,241
Non management level	16,944	3,936	20,880
SGRE Group	19,858	4,595	24,453

Figure 12 - Employees by region in FY19

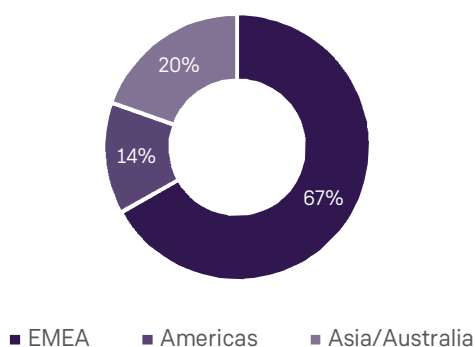


Figure 13 - Employees by business units in FY19

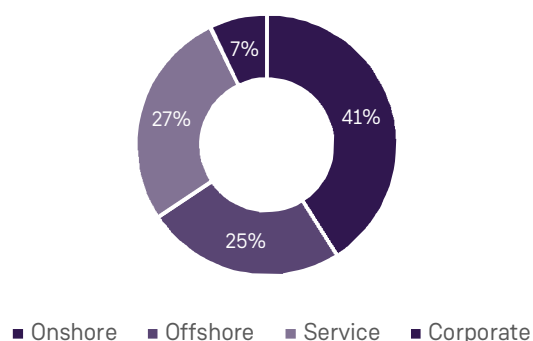


Table 19 - Contract type breakdown in FY19 [L11-S02]; [L11-S03]

	Permanent	Temporary	Part-time ¹⁸
Breakdown by gender ¹⁹			
Male	18,383	1,125	199
Female	4,246	293	419
SGRE Group	22,629	1,418	618
Breakdown by professional category ²⁰			
Executive level	316	10	2
Management level	3,059	95	63
Non management level	19,254	1,313	553
SGRE Group	22,629	1,418	618
Breeakdown by age structure ²¹			
<35	8,067	836	79
35-44	8,419	438	350
45-54	4,359	120	121
55-60	1,232	18	22
>60	430	5	45
SGRE Group	22,507	1,417	617

¹⁷ There are 125 employees (0.5% of the total) who do not have age recorded.
¹⁸ The number of part-time contracts is already included in one of the two previous categories (either permanent or temporary).
¹⁹ 406 employees (1.6% of the total) are not being counted when reporting the number of contracts, as this is not correctly recorded in the database and system.

²⁰ 406 employees (1.6% of the total) are not being counted when reporting the number of contracts, as this is not correctly recorded in the database and system.
²¹ 406 employees (1.6% of the total) are not being counted when reporting the number of contracts, as this is not correctly recorded in the database and system. In addition, there are 125 other employees (0.5% of the total) who do not have age recorded. These figures are not necessarily additive.

²² During the reporting period, the number of hiring's reached 4,498 (2,466 in FY18); Europe, Middle East and Africa being the region with the largest proportion (62 %) of hiring. In the same period there were 3,145 employee exits (4,853 in FY18), of which 1,800 were voluntary (57%). [401-1]

Table 20 - Employees hired

	FY19	FY18
EMEA	2,775	1,749
Americas	775	414
Asia, Australia	948	303
SGRE Group	4,498	2,466

Table 21 - Women hired

(% of new hires)	FY19	FY18
EMEA	17.19	20.18
Americas	22.45	18.11
Asia, Australia	12.13	21.78
SGRE Group	17.03	20.03

Table 22- Employee exits (total)

	FY19	FY18
EMEA	2,116	3,240
Americas	495	917
Asia, Australia	534	696
SGRE Group	3,145	4,853

Table 23 - Employee Voluntary exits

	FY19	FY18
EMEA	1,118	1,203
Americas	314	349
Asia, Australia	368	474
SGRE Group	1,800	2,026

Table 24 - Employee Non-voluntary exits

	FY19	FY18
EMEA	998	2,037
Americas	181	568
Asia, Australia	166	222
SGRE Group	1,345	2,827

Table 25 - Breakdown of employee Non-voluntary exits in FY19

	Male	Female	Total
Executive level	9	2	11
<35 y	0	0	0
35< y <44	2	1	3
45< y <54	2	1	3
55< y <60	5	0	5
> 60y	0	0	0
Management level	128	23	151
<35 y	12	1	13
35< y <44	54	14	68
45< y <54	41	5	46
55< y <60	14	2	16
> 60y	7	1	8
Non management level	968	215	1,183
<35 y	411	87	498
35< y <44	320	82	402
45< y <54	157	35	192
55< y <60	48	8	56
> 60y	32	3	35
SGRE Group	1,105	240	1,345

The overall employee turnover rate for the reporting period was 7.36% (8.8% in 2018).

The age structure in the fiscal year 2019 was dominated by the under-35 age group (37.39%), followed by employees aged 35-44 (36.95%); 45-54 (18.66%); 55-60 (5.19%) with those over 60 accounting for 1.81%.

The average age of employees within Europe, Middle East and Africa is 40 years, in America is 39 years and 34 years in Asia, Australia.

The overall age of the Group's employees is 37.67 at the end of fiscal year.

²² Note: The difference between hiring and exits in fiscal year 2019 is 1,353. The headcount gap FY19 vs FY18 is 1,419. There is an additional increase of 66 in the total workforce due to the net increase in the number of interns and leave of absence employees that we had at the beginning of the fiscal year and the final number at the end of fiscal year 2019. These two categories (interns

and leave of absence) are not considered as employees during the time that they are not active and are only activated when they return to regular work. This movement of inflows and outflows is monitored monthly and generates a headcount population shift that can be incremental or decremental.

6.2.2. Learning and Training

[L11-S15] Our organization focuses on continuous learning and uses the sharing of knowledge and personal development to drive cultural change to create opportunities for everyone, attract and retain talent, leading to the Company's growth and a more sustainable world. Continuous learning also involves viewing mistakes to learn and develop, and we invest the time to do so.

One of the actions to support Siemens Gamesa's overall strategy is development of employee's competencies to help the organization and employees to fulfill their potential.

Learning is planned on a strategic level with the overall goal to build long-term capability and support short-term performance to add value for Siemens Gamesa, our customers and our most important resource – employees.

The learning provided is what the Company requires employee to know, but also to fulfill employees' personal needs for them to grow within their tasks and to maintain and boost motivation at Siemens Gamesa.

We enable learning and empower employees in their daily work to the best of their abilities, so they remain fully skilled to make the Company's future growth possible.

[404-1] [L11-S16] During the reporting period 16,885 employees received training (68% of the total) with a cumulative number of training hours of 904,529 (619,257 hours in 2018). The training rate per employee in fiscal year 2019 is 36.9%.

Table 26 - Training hours of employees

	FY19	FY18
EMEA	313,144	504,284
Americas	474,380	49,387
Asia, Australia	117,005	65,586
SGRE Group	904,529	619,257

The Group had 615 graduates - Including Interns, apprentices and students - at the end of the reporting period, of which 496 (81%) were internal so they were paid for work while pursuing a course of study.

Table 27 - Graduates

	FY19	FY18
Internal	496	421
External	119	86
SGRE Group	615	507

Moreover, Siemens Gamesa has talent management tools that incorporate individual development plans for several high-potential employees. Said plans are aimed at contributing to personal growth and developing desired competencies and skills. In addition to individual development plans, the Company has also other programs for developing talent. [404-2]

We have a network of internal trainers that allow us to develop our own training courses on SGRE's key knowledge and deliver them to our employees. These internal trainers receive support from our training experts to facilitate the process and ensure high-quality standards for the training they are delivering.

Aside from formal training, we encourage our employees and managers to develop on-the-job training as part of their Individual Development Plans within our Development Strategy based on 70-20-10²³ principles. This training allows our employees to develop their skills in their daily activities through initiatives, projects or special tasks agreed between the manager and employee.

In addition to global principles and programs, learning activities are also usually included as part of local collective bargaining agreements.

6.2.3. Labor Relations

[L11-S12] The Siemens Gamesa Group has an objective to propitiate relationships with labor representation based on trust, transparency in information, and negotiations in good faith when sharing the knowledge, experiences and needs that generate a social climate for fostering understanding.

[407-1] The Group promotes and implements workers' right to freedom of association, union membership and the effective right to collective bargaining. The importance of

²³ 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

this fundamental labor right is set out in the Business Conduct Guidelines (BCGs).

Labor relations between the Group and its employees are regulated by the legal regulations of each country and such pacts and agreements as may have been reached with the workers' representatives.

At international level and due to its European footprint, Siemens Gamesa is part of the Siemens AG European Works Council (SEC), where it is playing an active role in providing employees with information and consultation rights. Within that framework it has agreed with its employees' representatives to establish a specific working group aiming at establishing a closer and more flexible space for social dialog.

[L11-S13] In addition, it has replaced the Global Framework Agreement²⁴ (GFA) on social, labor and environmental matters that was reached prior to the merger by legacy Gamesa with IndustriALL Global Union (with the involvement of the main Spanish unions) with a completely renewed and upgraded GFA between SGRE and IndustriALL Global Union – still being the only global agreement to guarantee labor rights by a company in the renewable energy sector.

[L11-S14] This Global Framework Agreement strengthens social, labor and environmental rights already contained in the Business Conduct Guidelines; makes health and safety at work, working conditions and equal opportunities key issues for company action; guarantees implementation and promotes the conditions for a social dialogue at the international level.

As stated in the Business Conduct Guidelines, Siemens Gamesa is a member of the UN global Compact. Its ten Principles, and the Global Industrial Union Framework Agreement are binding for the company. That means that 100% of the Siemens Gamesa employees are actively covered by a legally binding, and freely negotiated collective agreement [102-41]

At a national level, the situation is not fully uniform due to the large number of countries and practical differences among them. The actual percentage of employees covered by collective bargaining agreements at a local level amounted to approximately 50%.

[402-1] Concerning the minimum prior notice period for operational changes, the Group fulfills, at minimum, the

notice periods set forth in each country's specific legislation, as well as in the European Union regulation. However, if there are no regulatory requirements, Siemens Gamesa ensures that its employees will be suitably informed of any significant operational changes affecting them in accordance with the Company's standards.

Proof of that can be seen in the global restructuring process in 2018, in which a global information campaign was put into effect. It first involved the SEC and its Siemens Gamesa working group and then reached every single country concerned. Specific lay-off plans have always been designed and implemented within the framework of the agreements reached with the relevant employees' representatives (where they exist).

6.3. Diversity and Equal Opportunity

[L11-S17] Everything we do at Siemens Gamesa is based on trust — trust in its amazing workforce drives Siemens Gamesa ever closer to its goals daily. They work hard to establish the Siemens Gamesa brand around the world as the leading renewable energy company that will ensure a supply of clean energy for generations to come. Trust means offering autonomy and believing that others will act in each other's best interest. Trust is a personal contract.

Valuing the importance of the individual is one of the cornerstones of this Culture of Trust and Siemens Gamesa as a Company recognizes that its enriching diversity is what makes our Company stand out. Siemens Gamesa's management is committed to fostering an environment in which the individual is treated with respect and where she/he can give the very best of him/herself.

Only by being inclusive and open will we become the leader in renewable energy by providing creative and innovative solutions thanks to the different mindsets of such a rich workforce as ours. Embracing diversity will lead us to become truly innovative and to find great solutions to the challenges we need to overcome.

[L11-S18] [L11-S21] The Group has a Diversity and Inclusion Policy²⁵ in place, the principles of which apply to all geographic regions where is present. It aims to ensure equality and inclusion and avoid any kind of discrimination based on race, gender, civil status, ideology, political opinions, nationality, religion or any other personal, physical or social characteristic. The Diversity Committee

²⁴ GFA Link: http://www.industrial-union.org/sites/default/files/uploads/documents/GFAs/sgre_algdef_en.pdf

²⁵ See Group policy on Diversity and Inclusion [Link]

oversees its fulfillment in a working environment that fosters dignity and respect for all. Evidence of diversity within the Group’s workforce is that more than hundred (103) distinct nationalities are employed across the world.

[406-1] The Action Protocol in the event of Harassment and Discrimination establishes the scope, the reporting line and measures in case of harassment and/or discrimination. These should be governed in the Company and Siemens Gamesa Group with a view to consolidating corporate ethics. The Company is committed to its 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 and hopes that relations between people in the workplace will be business-like and free of bias, prejudice and harassment. A breach of this protocol is not necessarily a violation of the law, but it may, however, result in disciplinary action, including justified dismissal.

Endorsement of the Declaration of Women’s Empowerment Principles since 2010 has been maintained for the new Company. These principles were drawn up through a multilateral consultative process under the direction of the United Nations Development Fund for Women (UNIFEM) and the United Nations Global Compact and offer a gender-based perspective which allows ongoing initiatives to be measured and analyzed. This scenario covers all business or social activities aimed at eliminating discrimination, marginalization and exclusion despite equality between men and women being a universal principle recognized as a fundamental human right that cannot be violated.

Siemens Gamesa backed the International Women’s Day 2019 and joined all the world’s women in their fight for equal rights and in celebrating the achievements of woman who have overcome the barriers that still exist. Unfair situations because of gender, e.g. 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.

[L11-S19] In Siemens Gamesa, the Global Mobility & Diversity team within HR actively works to promote among other things gender diversity in recognition of this area being in the Company’s general interest. [L11-S09] The Diversity & Work Life Balance Strategy was approved by the Executive Committee in January 2019. We strongly believe that this plan can help us to cultivate diversity as an impactful and competitive advantage in Siemens

Gamesa. The Diversity & Work Life Balance Strategy is designed to cover two phases:

- Phase 1 is about creating awareness
- Phase 2 is focused on taking action

The objective of this plan is to design and share a new and common concept of diversity, to truly embrace it through different specific and global initiatives focused especially on gender, culture, inclusion, and work-life balance in the first two years.

Also, Siemens Gamesa is an official member of the European Diversity Charter, a United Nations initiative, and has an official Diversity and Inclusion Policy, which is supported by the Board of Directors, including a protocol of action in case of harassment. Our Company’s Equality Plan represents the global framework to confirm the Company’s commitment to equal opportunities and regular improvements of Siemens Gamesa’s flexible work arrangements are aimed at allowing employees to integrate their business and personal life.

[405-1] As far as gender diversity on the Board of Directors’ composition is concerned, Siemens Gamesa is close to the target of having a presence of women of at least 30% sitting on the Board by 2020, established in the “Policy on selecting Directors”, approved by the Board of Directors on 23 September 2015. To this respect, the Company has 3 women on its Board of Directors, representing 23% of its members at 30 September 2019.

The share of female employees represents an overall 19% (18.79%) of the total workforce. By regions, women represent 21% in Europe, Middle East and Africa, 21% in the Americas and 10% in Asia, Australia.

Table 28 - Proportion of women

(% of total employees)	FY19	FY18
EMEA	20.95	21.08
Americas	20.62	20.23
Asia, Australia	10.16	10.20
SGRE Group	18.79	18.90

Siemens Gamesa had 332 employees holding management positions at the end of the reporting period, 10.24% of whom were women (10.79% in FY18). This proportion is expected to grow in accordance with the application of best working practices.

Table 29 - Employees in management positions

	FY19	FY18
EMEA	267	227
Americas	37	33
Asia, Australia	28	18
SGRE Group	332	278

As reported in the Business Conduct Guidelines, the Company ensures equal opportunities and avoids any kind of discrimination. The Salary Increase Process at Siemens Gamesa makes sure increases are exclusively based on merit and the skills required in each case and ensures equal treatment for men and women. That is why this procedure adopts preventative measures to ensure compliance with the prevailing equality principles.

[405-2] All salaries, including those of women and minorities, should be commensurate with responsibilities, requirements, experiences and performance. The salaries of women and minorities should be reviewed to ensure that they are equitable to others in the organization with similar responsibilities, experience, expertise and level of performance. If salary inequities are identified, they should be brought to the attention of the Department Director so that they can be reviewed separately and, where appropriate, adjusted.

[L11-S08] The average number of people employed by the Siemens Gamesa Group during 2019 with a disability greater than or equal to 33% is 32 (33 in 2018). By categories, 13 people belong to the group of management personnel, and 19 to the group of employees. This average number of employees with a disability equal to or greater than 33% refers to the Spanish companies included in the consolidation perimeter.

In addition, the Group states that there are 32 persons with a disability in Germany, 17 individuals in Brazil and 3 individuals in India. In China and Denmark there are no disabled people on the workforce. These countries account for 72% of the total workforce in fiscal year 2019.

[L11-S20] With regards to accessibility of locations for people with disabilities, Siemens Gamesa does not have a global standard for ensuring accessibility for people with disabilities in its offices and other locations in place. However, the company complies with all relevant local regulations and building codes in countries in which Siemens Gamesa operates.

6.4. Compensation and Benefits Programs

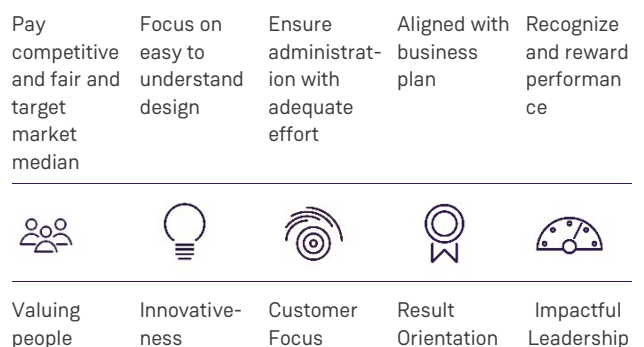
[401-2] [401-3] Compensation and benefits along with the business on its path to becoming a global leader in the wind energy industry retain and motivate the right caliber of talent. Employees are our most valuable asset. We operate under the principal of equal opportunities by avoiding any kind of discrimination and ensure fulfillment of the labor legislation which applies to all countries where the Company has a presence.

Table 30 - Employees on leave of absence

	FY19	FY18
EMEA	587	639
Americas	29	12
Asia, Australia	2	2
SGRE Group	618	653

We integrate all elements that create value for the employee including leadership, professional expectations, working conditions and work organization. Even the Company's values constitute a differentiating element that leads to a better and more desirable position, thereby boosting motivation and having a decisive influence on competitiveness.

Figure 14 - The company's values set the basis for our compensation & benefits programs



Siemens Gamesa’s compensation and benefits packages are aligned with the market median. Our salaries are benchmarked against relevant market data from leading market data providers. Salary bands are defined centrally for 16 levels below the senior management positions.

Apart from the fix remuneration, we define a globally applicable short-term incentive program for about 30% of the employee population. To support the integration process, the globally applicable target structure for the short-term incentive is composed of 70% overall Siemens Gamesa key performance Indicators and 30% individual targets.

Siemens Gamesa implemented the Talent and Development Review, a new process focused on the development of the employees. In this process, individual development plans are set that aim to contribute to professional growth and enable the development of the skills and abilities, to ensure compliance with the company's business plan.

This process is led by the Human Resources department and, once completed, serves as the basis for the design of annual training plans. The monitoring of the training is shared in a single tool by employee and manager and the Human Resources department.

There is a long-term incentive plan fully based on Siemens Gamesa’s shares for senior management. The Plan’s primary objective is to align its beneficiaries’ interests with the interests of the Company’s shareholders and to offer beneficiaries an incentive to help the Company attain its strategic objectives in the period 2018-2020.

The Plan is a long-term incentive under which the beneficiaries have the chance of receiving a certain number of the Company’s ordinary shares after a three-year (3) measurement period, provided certain performance criteria are met. The full text of the long-term incentive scheme is included in Resolution 7 of the resolutions approved at the 2018 Annual General Meeting of Shareholders of “Siemens Gamesa Renewable Energy, S.A.”²⁶

According to Siemens Gamesa’s purpose of empowering people to lead the future, the Compensation & Benefits Corporate Area endorses the Global Benefits Policy’s principles and includes key terms and standard procedures. By applying the three pillars that activate the

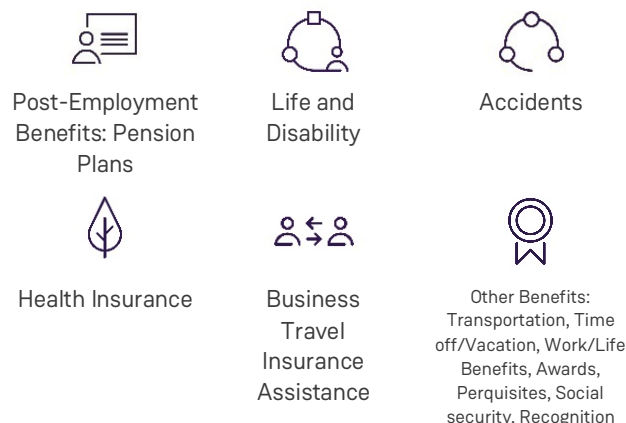
purpose of contributing to the creation of a culture of trust, the benefits policy ensures Siemens Gamesa employees are protected against the risks associated of a loss of health, death and old age.

Diversity: The benefits policy aims at embracing diversity. This is supported by recognizing, valuing and respecting differences and reflecting this in the way of working, as well as by creating a flexible working environment which effectively contributes to attaining a balance among work, family and other care responsibilities.

Empowerment: The benefits policy encourages employees to make decisions about their own best options.

Continuous Learning: The world of benefits is complex, we are actively communicating and educating our employees to understand the benefits and its value to the employee.

Figure 15 - Siemens Gamesa benefits



[201-3] Siemens Gamesa’s benefits complete individuals’ compensation to offer an attractive and market competitive compensation and benefits package.

- We offer global consistency with local relevance and local implementation responsibility: benefits are local and are dependent on the country’s regulations and general market practice to ensure the employer’s attractiveness.
- Benefits fulfil the duty of protection: Protecting employees against the consequences of an event

²⁶ See Report relating to item seven on the Agenda of the Shareholders’ General Meeting regarding the proposal for a Long-Term Incentive Plan for the period from fiscal year 2018 through 2020 [Link]

which may cause any economic harm to their dependents or themselves.

The benefits strategy is the basis for harmonizing our compensation and benefits rules among the legal entities of the legacy companies in a country. As much harmonization as possible should be finalized for the legal entities in the next fiscal year. The harmonization process follows the principles set out below:

Table 31 - Benefits strategy

Customer focus	Ensure attractiveness for the employee: We offer legally binding benefits and as well as stringent local market practices in a cost-conscious manner.
Result orientation	We deploy local tax benefits as much as possible.
Ownership attitude	If legally possible and economically favorable, all insurable benefits and pension include an employee contribution and an employer matching according to market practice.
Innovativeness	Our benefits regarding sustainability and environmental protection. All benefit car programs need to include the idea of sustainability and green energy. For all new benefit cars, hybrid, electric and eco cars should be the preferred choice and should be advantageously subsidized.

Defined Contribution (DC) schemes are becoming increasingly prevalent at Siemens Gamesa. The design of DC pension schemes should provide suitable tools for employees to manage risks appropriately and provide them with a capital sum that can be turned into an acceptable, affordable and relatively stable level of income during their retirement. The annual contribution of Siemens Gamesa is around 53 € million being 34€ million in Denmark, 7,6€ million in UK, 7,5 € million in the US, and 4€ million in Germany.

We are currently offering 22 defined benefit plans for approximately 6,000 participants having an overall obligation in the following countries: Austria, Belgium, Croatia, Czech Republic, Egypt, France, Germany, Greece, Hungary, India, Iran, Italy, Philippines, Poland, Thailand, Turkey, USA.

[L11-S04] [405-2] For the average remuneration, we have classified employees in four levels, following both Korn Ferry and IBEX35 trends: Executive, Management, Professional, Operational. These four (4) professional levels integrate several GRIP levels. The GRIP²⁷ leveling system analyzes every position evaluating main factors to identify the right level: impact on the organization, key responsibilities, experience and knowledge required, impact on other employees, responsibility over other employees, educational requirements, and problem solving and critical thinking required. We split the levels this way, because one single pay gap per country would not be showing the real situation. On the opposite, it is not possible to add more granularity than these four levels as we do not have female population in a significant combination of country + job level + job family.

Also, we include gender distribution per job level and country. This is also following the Korn Ferry approach. The analysis helps understanding the pay gap and enables us to address the career gap.

²⁷ GRIP: Global reward Infrastructure program

Table 32 - Pay gap by gender [L11-S05]

	Female universe	Male universe	Average TTC (euro) Female	Average TTC (euro) Male	Average TTC (euro)	Salary Gap
<35 y	1,249	6,502	42,069	28,256	30,482	149%
Executive	2	2	115,355	92,323	103,839	125%
Management	114	279	80,877	80,763	80,796	100%
Professional	860	3,430	42,990	32,531	34,628	132%
Operational	273	2,791	22,424	17,707	18,128	127%
35 < y < 44	1,696	5,985	55,415	49,738	50,991	111%
Executive	18	90	150,837	184,947	179,262	82%
Management	348	1,251	86,380	86,122	86,178	100%
Professional	1,039	3,047	50,490	43,892	45,570	115%
Operational	291	1,597	30,067	24,770	25,586	121%
45 < y < 54	812	2,922	63,207	69,438	68,083	91%
Executive	12	115	210,585	237,150	234,640	89%
Management	191	915	97,483	96,376	96,567	101%
Professional	426	1,244	55,601	53,129	53,760	105%
Operational	183	648	35,473	32,945	33,502	108%
55 < y < 60	203	743	60,323	81,855	77,235	74%
Executive	3	39	233,737	279,231	275,982	84%
Management	35	248	100,811	110,770	109,538	91%
Professional	87	264	59,402	57,838	58,226	103%
Operational	78	192	36,512	37,439	37,171	98%
> 60 y	61	249	73,738	95,936	91,568	77%
Executive	0	6	0	349,073	349,073	0%
Management	14	91	115,384	115,918	115,847	100%
Professional	30	82	64,999	84,701	79,424	77%
Operational	17	70	54,863	61,424	60,142	89%
SGRE Group	4,021	16,401	53,369	46,888	48,164	114%

Considerations for this salary GAP report:

- Headcount as of 2019-09-30
- From total headcount, population in the report has been reduced, eliminating information being either not accurate or missing. Population of 20.422 employees have been considered for calculations.
- Formula for salary GAP is: Average Female / Average Male, stated as percentage.
- TTC = Total Target Cash. This includes Base Salary + Variable Salary.
- All salaries contained are gross annual in EUR.

6.5. Occupational Health & Safety

[L11-S10] Occupational health & safety is a key pillar for the company. It is an essential part of risk management and internal controls at Siemens Gamesa as well as our Business Code of Conduct. Safeguarding the safety and wellbeing is linked to some of the UN's Sustainable Development Goals, namely SDG 03 (Good Health and Well-Being), SDG 08 (Decent Work and Economic Growth) as well as SDG 16 (Peace and Justice).

At our production facilities and across our project sites, we continuously drive improvements related to health and safety and these are continuously monitored through our internal systems. Furthermore, we work across our value chain on industry-driven initiatives and participate in networks that focus on health and safety in the wind industry to raise awareness and adopt best practices, which typically include customers and suppliers, industry associations, research institutes or similar.

6.5.1. Zero harm culture

Safety is not a business requirement but a way of conduct that is embedded in Siemens Gamesa's DNA. It goes further than legislation and market requirements - it is a precondition for all the work we do. We believe that we will only become the global industry leader if we are also the leader in safety.

The company works hard to instill a strong safety and zero-harm culture across the entire business: for employees, suppliers and customers alike as well as society at large. We impart a zero-tolerance policy towards negligent health and safety conduct, ensuring work is only carried out in risk-free situations. Siemens Gamesa has launched several initiatives to foster and promote a zero-harm culture, such as the following:

6.5.5.1. Safety is my choice

"Safety is my choice" is Siemens Gamesa's umbrella initiative, which was initiated globally in 2018. It aims to bring focus onto individual behaviors by reminding employees of their own role and responsibility in safety as a key for success.

Figure 16 - Safety is my choice

"Safety is my decision, I am empowered to say yes or no, I choose to keep myself and my colleagues safe by using all the items I am provided with."

Safety is my choice 

Siemens Gamesa does all it can to create a zero-harm culture by establishing preventative measures, offering training courses and making available a wide range of resources and tools. But ultimately safety is a personal commitment and it is an individual choice to make use of these resources.











The initiative also seeks to ensure that safety is seen as a positive aspect of working for Siemens Gamesa rather than a disturbance. In this respect, managers have a special role in safety awareness and cultural change must be supported through their leadership. In FY19, we developed a standardized Communication Toolkit to ensure the correct implementation of this initiative and to further support our business objective related to workplace safety and zero-harm.

6.5.1.2. 10 Life-Saving Rules

At Siemens Gamesa we have developed 10 Life Saving Rules, which are intended to support the global "Safety is my choice" initiative. The rules are intended to raise awareness of the safety hazards that have historically caused incidents at Siemens Gamesa and to avoid future incidents related to these.

The 10 Life Saving Rules have been introduced globally through a variety of different communication methods that provide great details to each of the topics, including video interviews with top managers, infographics as well as short and emotional videos.

Table 33 - The 10 Life-Saving Rules

	Permit to work: When required, always have a valid work permit.		Suspended loads: Maintain a safe distance from any suspended load and never stand or walk underneath a suspended load.
	Energy isolation: Verify Zero Energy state before work begins. Use lockout/tagout (LOTO) procedures.		Alcohol and drugs: Do not consume alcohol or drugs before and while working or driving.
	Safety guards: Do not override or interfere with any safety guards or equipment.		Working at heights: Protect yourself when working at height.
	Driving safety: Wear your seat belt or harness; do not talk on your cell phone or send text messages; do not exceed		Use PPE and tools: Use the right personal protective equipment and tools that are required for the task you want to do.
	Moving of equipment or vehicles: Position yourself in a safe zone when equipment or vehicles are being moved or energized equipment is handled.		Dropped objects: Secure all tools and equipment, place barriers and wear head protection where mandated.

6.5.2. Occupational Health & Safety Management System

The Quality Management and Health, Safety and Environment (QM&HSE) function, led by the Global Head of QM&HSE, is responsible for the governance of Siemens Gamesa's Integrated Management System including all HSE related certifications, policies and procedures.

Siemens Gamesa has an Occupational Health and Safety Management System certified according to the international OHSAS 18001:2007 standard, which covered 113 locations in 2019. The scope of certification covers all functional areas and core processes related to the sale, design and development, procurement and manufacturing of wind turbines as well as other mechanical and electrical components for both wind and non-wind applications.

Project development such as execution, construction, installation and service of wind turbines is also covered by the scope of this certification. The certificate is valid from July 2018 to March 2021.

Siemens Gamesa's Integrated Management System provides a framework of global procedures and tools around various HSE topics to monitor, control and improve the company's HSE performance. For health and safety,

the company can demonstrate compliance to our stakeholders, identify potential hazards and implement controls to avoid or reduce occupational accidents and illnesses as well as engage employees and motivate contractors to practice safety leadership in their daily work. However, the management system which is composed of a series of documents and tools, is otherwise ineffective without competent employees and a supportive leadership team bringing it to life.

Examples of these global HSE procedures include:

- HSE Aspects Identification procedure requires all relevant organizational units to perform evaluations annually in order to identify any potential HSE risks or opportunities. Improvement targets and actions are to be set accordingly for any aspects deemed significant to prevent or reduce their potential impacts.
- Risk Assessment procedures ensure that all identified risks and hazards associated with work processes and product designs are as low as reasonably practicable.
- Emergency and Incident Management procedures explain roles and responsibilities for the effective management of HSE incidents, the processes for escalation and reporting according to severity.

[403-1] Every organizational unit in Siemens Gamesa shall be represented with a work environment committee that has a clear chairman and representatives from management level as well as from employee level. These committees help to monitor and advise on workforce specific occupational health and safety topics. They also ensure joint participation in the design of policies and in the implementation and control measures with the aim of promoting improved working conditions.

6.5.3. Health & Safety Policy

The Siemens Gamesa Policy²⁸ provides clear direction and specific objectives with regards to Quality, Health, Safety and Environment. It consists of six pillars which form the basis of how the global HSE strategy is defined across the company and it is periodically reviewed and updated accordingly. The policy applies to all Siemens Gamesa activities worldwide - regions and locations - and is

²⁸ Siemens Gamesa Policy [[Link](#)]

mandatory for all employees working for the company, on its behalf or under its authority.

Together with our Business Conduct Guidelines²⁹ the policy indicates a zero-tolerance toward negligent health and safety conduct as well as personal security and a commitment to continuous improvement. The Board of Directors has an active Health & Safety oversight role.

Regarding health, the policy states:

“Siemens Gamesa protects and promotes our health and well-being, guards against the risk of work-related accidents, and offers a wide range of supports to maintain and promote our physical and mental health”.

Regarding safety, the policy states:

“Siemens Gamesa provides a safe work environment to ensure employees return home safely at the end of the working day. We ourselves contribute to this”.

Regarding security, the policy states:

“Siemens Gamesa is active worldwide, including in areas and situations where the security situation is critical. To protect our employees, the Company, and our business in the best possible way, Siemens Gamesa identifies and analyzes global security risks and assesses their potential impact”.

6.5.4. Health & safety targets and performance

The corporate HSE strategy is laid out for Siemens Gamesa in a 3-year corporate HSE strategy that is then cascaded in the business. The strategic plans are supported by specific action plans that are reviewed annually and that strive to improve the HSE performance in all parts of the company including the corporate level, the business unit level and the local level. A minimum requirement is that each organizational unit sets improvement actions for at least 1 significant health & safety aspect and 1 significant environmental aspect.

Corporate strategic HSE targets support the strategy on the topics that are assessed as significant for Siemens Gamesa overall: total recordable injuries, lost time injuries, energy consumption, waste generation and sustainability score rate. These corporate targets are cascaded into the business and monitored locally along with any additional

targets that may be relevant for each location, site or segment.

To ensure alignment between the corporate, business unit and local HSE strategies and targets, an established meeting structure is in place that enables efficient coordination and collaboration between the units.

6.5.4.1. Safety targets

In Siemens Gamesa, we have defined clear targets to reduce our Lost Time Frequency Rate (LTFR) from 1.68 in FY18 to 1.00 in FY22 and Total Recordable Injury Rate (TRIR) from 4.95 in FY18 to 3.00 in FY22.

This represents our ambition to reduce the frequency rate for both targets by more than 50% in 4 years.

Table 34 - Safety roadmap to FY 2022

	FY22	FY21	FY20	FY19	FY18
LTFR	1.00	1.20	1.50	1.46	1.68
TRIR	3.00	3.50	4.00	4.13	4.95

Our internal HSE software tool, Sphera, provides the backbone for handling all safety related data and supports us in:

- Reporting incidents and safety observations;
- Monitoring health and safety data and visualizing these for better analysis;
- Creating workflows where high-risk reports will initiate an investigation and prompt corrective actions and lessons learned;
- Creating transparency and opportunities for best practice sharing.

Weekly management reports and meetings are established where selected managers and employees review the safety performance of Siemens Gamesa by discussing previous incidents, lessons learned and corrective actions. Further, remuneration is linked to the H&S performance of the company, specifically the TRIR metrics.

6.5.4.2. Safety statistics

[403-2] [L11-S11] Incident management is governed by a global procedure and internal controls, which outline

²⁹ Siemens Gamesa Business Conduct Guidelines [Link]

standard criteria for classifying, recording, notifying, investigating and analyzing incidents in order to: 1) determine their underlying causes in the prevention system and other factors which may cause or contribute to their occurrence; 2) identify the need to implement corrective actions; and 3) identify opportunities for preventive action and continuous improvement.

At the end of the reporting period, the number of Lost Time incidents (LTI) in Siemens Gamesa amounted to a total of 91 (99 in 2018). As a result, the overall employee Lost Time Frequency Rate (LTFR) reached 1.91 (2.10 in 2018) at the end of the period. This rate (LTFR) 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, so called lost-time incidents.

As for contractors, LTFR rate was 1.33 (2.23 in 2018). The combined rate for employees and contractors in fiscal year 2019 was 1.67 (2.14 in 2018) at the end of the reporting period, what shows a positive trend in terms of sinistrality rates.

Table 35 - LTFR employees and contractors

	FY19 ³⁰	FY18
LTFR employees	1.91	2.10
LTFR contractors	1.33	2.23
Total	1.67	2.14

Note: rate per million hours worked

The number of Total Recordable Injuries (TRI) amounted to 380. As a result, the overall Total Recordable Injury Rate (TRIR) reached 4.71 (5.10 in 2018) by the end of the reporting period.

Table 36 - Total recordable injury rate (TRIR)³¹

	FY19 ³⁰	FY18
TRIR employees	4.71	5.10

Table 37 - Severity rate (SR)³²

	FY19	FY18
Employees	0.057	0.065

³⁰ This information has been updated with respect to previously disclosed information due to the process of preparation of this Consolidated Non-Financial Statement 2019 and the certification thereof.

³¹ The TRIR is calculated for a 1,000,000/working hour's period and includes all fatalities, lost time incidents, restricted work incidents and medical

[L11-S22] In relation to absenteeism days, these reflect only the number of days lost due to accidents, and the closing figure for fiscal year 2019 is 2,707.

It is Siemens Gamesa's ambition to bring the number of occupational injuries down to zero and we are committed to carry on working with all relevant stakeholders to create a safe and healthy working environment for both our employees and contractors.

6.5.4.3. Safety prevention

Siemens Gamesa pays special attention to all aspects of occupational health and safety. We work tirelessly on establishing root and contributory causes of these incidents, on investigation processes for all of them and on the education and training processes that work toward their eradication.

The company acts proactively to analyze the root causes of accidents and is equipped with management indicators which show the attainment level of this working philosophy in day-to-day management. This includes, for example, the performance of safety inspections (15,770), safety observations (52,310) and health & safety audits (112) at the end of the reporting period.

Table 38 - Safety prevention

	FY19	FY18
Safety inspections	15,770	13,566
Safety observations	52,310	41,288
Health & Safety audits	112	257

Siemens Gamesa works to create a distinctive and singular prevention culture and expertise in this field is extensive within the company.

6.5.4.4. Occupational illness

The occupational illness frequency rate (OIFR) for employees ended the fiscal year at 0.504 (0.594 in 2018), calculated solely based on cases of occupational illness recognized by the Employers' Liability Insurance Association.

treatment cases. For the purpose of this calculation were accounted 80,761,079 h, including contractors and own employees.

³² Severity Rate (SR) = (Number of days lost due to accident / Total hours of exposure) x 1,000

Table 39 - OIFR employees

(number)	FY19	FY18
OIFR employees	0.504	0.594

Note: rate per million hours worked

[403-3] Siemens Gamesa Renewable Energy conducts preventive screenings of employees' health and the company's medical services are responsible for carrying out regular medical check-ups. In general terms, the company considers that workers are not exposed to occupational illnesses or work-related diseases that could be considered as having a high level of incidence or risk when performing activities.

6.4.4 Healthy workplace

Employee health and well-being is a great priority at Siemens Gamesa, because it is considered a prerequisite for high productivity and innovation. Some examples of what the company offers to employees include:

- Health insurance and additional healthcare benefits
- Flexible work arrangements to ensure work-life balance for employees such as working from home or working flexible or shorter working hours
- Policies and guidelines regarding pregnancy, adoption and parental leave
- Policies regarding alcohol and other substance abuse, including smoking
- Rules and guidelines related to absence and reintegration to support employees who are affected by absence from work due to illness, accident or social causes
- Free vaccinations against influenza
- Opportunities to donate blood during work hours.

Further, local health initiatives are encouraged and promoted within some locations, such as:

- Structured 10-minute resistance band training with colleagues in offices and production facilities
- 'Exercise watch' encouraging employees to do a few exercises every hour
- Office bikes, ergonomic desks and chairs available to employees upon request
- Exercise and stretching programs available in copy rooms, tea-kitchens and common spaces.

Most notably in FY19, Siemens Gamesa teamed up with Virgin Pulse and ran the "Virgin Pulse Global Challenge". It involved 100 days of voluntary and team-based adventures to promote healthier minds and bodies. The app made daily step conversions of more than 50 physical activities such as yoga, cycling, or rowing and monitored health parameters such as nutrition, psychological wellbeing and sleep. The overall objectives were to:

- Create awareness amongst employees that improved health and wellbeing can lead to better work experiences
- Motivate and engage employees to consider health and wellbeing in and out of the office
- Create a shared health culture in a global company through interactive and gamified approaches.

More than 3,400 employees, representing 488 diverse teams, signed up and received an activity tracking watch to measure daily activity levels. Before the starting gun, participants completed a pre-assessment that measured perceived notions of their own personal health and wellness in terms of nutrition, sleep, physical activity and psychological wellbeing. This was repeated at the end of the challenge to show the personal and team evolution for 100 days. Along the way, tips and tricks to increase wellbeing were shared to stimulate performance.

Participants also shared pictures and status updates in both the health provider's app as well as Siemens Gamesa's internal social newsfeed. Results of the challenge included:

- 4,904,167,850 steps tracked that is equivalent to 3,138,667km or 78 trips around the earth
- Highly active (>10,000 steps per day) ratio rose from 17% to 85% during the challenge
- 1,673kg weight loss achieved
- 64% felt less stress after the challenge
- 51% felt more concentrated and productive after the challenge.

6.5.5. Product Health & Safety

[416-1] The company assesses the impacts of its products on the health and safety of its customers from the initial development stages with the aim of improving them. This is achieved by describing Product Safety as an umbrella term for the Quality Management and HSE procedures and processes we have in place to protect customers, employees and members of the public from any risk derived from Siemens Gamesa products or the activities related to manufacturing, installing, operating and decommissioning.

Management procedures are in place to establish responsibilities, workflows and activities to ensure component designs are optimal and prevent from generating unnecessary hazards or dangers that risk the health and safety of those working directly with that component arising from a poor conception of safety conditions. For example, Siemens Gamesa has an instruction that defines the processes for ensuring that our wind turbines and/or related products that are brought to the market within the EU or EEA comply with Directives applicable within the EU, and outside the EU where these requirements are established by contractual obligations towards customers.

The countries in which Siemens Gamesa operates have enacted a great deal of environmental and labor legislation to ensure any risks to people's health and safety are kept within regulated limits. Siemens Gamesa provides the training and information needed to check whether the operating conditions set forth in the regulations and technical specifications concerning equipment construction, operation and maintenance are met.

6.5.6. Health & Safety in the value chain

The Group is committed to promoting health and safety throughout the value chain and does so through its collaboration with suppliers, customers, contractors, national and international associations such as WindEurope, G+, Global Wind Organization (GWO), governmental bodies etc. as well as competitors to ensure continued improvements.

For example, Siemens Gamesa is an associate member of G+, which is the global health and safety organization for the offshore wind industry. G+ brings together senior executives and health and safety experts from organizations operating in the offshore wind industry to drive good practice and promote world-class safety

performance across the sector. Siemens Gamesa engages on important industry matters by meeting quarterly and supports in finding solutions to the safety challenges that offshore wind projects face.

Further, Siemens Gamesa's participation in GWO aims to support an injury-free work environment at Siemens Gamesa but also across the wind industry. Founded in 2012, GWO is a non-profit organization of wind turbine owners and wind turbine manufacturers committed to the creation and adoption of standardized safety training and best practice emergency procedures for the basic technical and safety skills required for wind turbine service and maintenance. Siemens Gamesa utilizes this third-party wind technician competency framework for training actions related to first aid, manual handling, fire awareness, working at heights and sea survival.

Collaboration with suppliers and contractors is done through our Supplier Management Process, which involves HSE requirements in both the basic qualification processes as well as in the supplier quality evaluation and development stages. The Supplier Quality Management team recently set up an HSE awareness-raising program which is focused on the health and safety of team members when they visit suppliers and contractors at their facilities or project sites. The program also allows team members to record and monitor HSE performance within the supply chain and identify specific suppliers or contractors that required additional improvement and/or development programs. The mission and goals of the program were specifically designed to:

- Protect the safety of all Siemens Gamesa employees during supplier visits
- Ensure that our supply chain complies with Siemens Gamesa HSE requirements
- Continuously improve our supplier's HSE performance.

Pillar 3: Green Development

[L11-M01] Climate change and resource scarcity are some of the greatest global challenges facing society today. At Siemens Gamesa we believe that sustainable development and commercial success go hand in hand. As a provider of clean, reliable and affordable wind power, protecting and enhancing the environment is fundamental to our culture.

Environmental excellence is an essential pillar in contributing to achieving the UN's 17 Sustainable Development Goals (SDGs) and meeting the requirements set out in the Paris Agreement for climate change. We are committed to fostering the sustainable use of resources, a culture of respect for the natural environment and to leading the fight against climate change by reducing the environmental impact of our company's activities.

We continuously drive environmental improvements to our internal operations at our factories and across our project sites. This is only possible with the commitment and engagement of our knowledgeable and experienced employees, who regularly demonstrate high levels of interest and awareness of environmental protection. However, we recognize that our internal efforts to reduce our environmental impacts are only strengthened when combined with other collaborative initiatives with our business partners such as customers, suppliers, authorities and political figures, industry associations, research institutes or similar. We thereby seek, lead and support environmental improvements throughout our product value chain to ensure appropriate improvements are realized in all life cycle stages of our products and services.

7.1. Environmental Governance

7.1.1. Environmental Management System

[102-11] Siemens Gamesa has incorporated the precautionary principle regarding environmental protection in accordance with the provisions of Article 15 of the Rio Principles. This principle has been widely accepted in laws and regulations aimed at protecting the environment.

[L11-M02] The global Head of Quality Management and Health, Safety and Environment (QM&HSE) is responsible for the governance of Siemens Gamesa's Integrated Management System including all HSE related certifications, policies and procedures. Siemens Gamesa has an Environmental Management System certified according to the ISO 14001:2015 standard, which covered 113 locations in 2019. The scope of certification covers all functional areas and core processes related to the sale, design and development, procurement and manufacturing of wind turbines as well as other mechanical and electrical components for both wind and non-wind applications. Project development such as execution, construction, installation and service of wind turbines is also covered by the scope of this certification. The certificate is valid from July 2018 to July 2021.

[LM11-M03] Siemens Gamesa's Integrated Management System provides a framework of global procedures and tools around various HSE topics to monitor, control and improve the company's HSE performance. For environment, the company can demonstrate compliance to our stakeholders, identify potential aspects and implement controls to avoid or reduce potential environmental impacts as well as engage employees and motivate suppliers to improve the environmental performance when planning and carrying out activities related to our operations, products and services. However, the management system, which is composed of a series of

documents and tools, is otherwise ineffective without competent employees and a supportive leadership team bringing it to life.

[LM11-M04] After a two-year integration project with the focus on creating an agile HSE management system based on the former legacy systems, Siemens Gamesa now has all HSE processes in place that are consistent across the company along with supporting HSE IT applications used by all parts of the business. The global HSE processes are governed by the corporate HSE function. They are developed in cooperation between HSE specialists across Siemens Gamesa to ensure they reflect the different parts of the business. As such they also apply in all of Siemens Gamesa - in both corporate functions and in the business units.

7.1.2. Siemens Gamesa Policy

[L11-M05] The Siemens Gamesa Policy³³ provides clear direction and specific objectives with regards to Quality, Health, Safety and Environment. It is divided into six pillars (below) which form the basis of how our combined strategy and activities for HSE are categorized in Siemens Gamesa. Further, it applies globally to all Siemens Gamesa activities, regions and locations and is mandatory for all employees working for Siemens Gamesa, on its behalf or under its authority.

The policy forms the basic framework for how we aim to achieve our Company DNA. The following quote, taken from our policy, clearly articulates our core philosophy:

“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”.

7.2. Climate strategy

Siemens Gamesa recognizes that climate change is a global issue requiring urgent and collective action by governments, businesses and citizens alike. As a provider of clean affordable energy, our scale and global reach reinforces the central role we have in shaping the future’s energy landscape. We are committed to action and will continue making important contributions to the global economy’s decarbonization in terms of the products and

services we develop, the ways in which we operate and the partnerships we engage in with policymakers, industry associations and business partners to address climate change collectively.

7.2.1. Climate Change Policy

Aware that climate change is a fundamental threat to markets and sustainable development, the Group has adopted a Climate Change Policy³⁴, which applies company wide.

The policy enforces Siemens Gamesa’s intent to continue developing renewable energy technologies and promoting their uptake to achieve a global low-carbon energy generation model that not only reduces environmental impacts but also ensures a sustainable future for generations to come.

This policy was drawn up to contribute to Principle 4 of the Corporate Social Responsibility Policy:

“Contribute to sustainable development by reducing the environmental impact of Siemens Gamesa’s activities and generating new solutions through innovation.”

As far as climate change is concerned, Siemens Gamesa is committed to nine principles:

1. Support the global greenhouse gas emission reduction goals established in the Paris Climate Agreement and any international agreements that replaces it.
2. Support the United Nations Sustainable Development Goals (SDGs) to take urgent action to combat climate change and its impacts.
3. Foster and implement management systems that make it possible to fight climate change.
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.
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.

³³ See: Siemens Gamesa Policy [[Link](#)]

³⁴ See: Climate change policy [[Link](#)]

6. Support a culture for an efficient and responsible use of energy and resources, as well as behavior favoring such responsible use.
7. Develop training and awareness-raising activities for its staff and external stakeholders throughout the value chain and for society in general concerning the environment and the fight against climate change.
8. Transparently report significant results and activities with respect to the fight against climate change.
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.

This policy was revised and endorsed by the Board of Directors on September 25, 2019.

The company has made undertakings to several business initiatives aimed at reducing greenhouse gas emissions, such as the American Business Act on Climate Pledge³⁵ or the Paris Pledge for Action³⁶.

7.2.2. Climate risks and opportunities

Siemens Gamesa Board of Directors has established, through the "General Risk Control and Management Policy", basic principles and risk control mechanisms for properly identifying, assessing and managing the relevant risks of all its activities and businesses, including those at both the company and asset levels. More specifically, climate change risks and opportunities are included in the corporate risk model, which applies the benchmark standards COSO and ISO 31000. A corporate risk map is performed annually and supervised by the Audit, Compliance and Related Party Transactions Committee adjacent to the Executive Committee. This assessment considers any disruptive changes to the business model. These can be changes in policies or legal frameworks, new market trends or technologies. Climate-related risks are an inherent part of these mechanisms on a velocity radar of 5 to 10 years.

Climate-related risks and opportunities are also identified, assessed and managed at the functional levels of the organization. A combined number of internal procedures

assess the potential size, scope and significance of the identified climate-related risks, as well as establish strategic measures to reduce or eliminate these risks all together. Annually assessing our environmental aspects (risks and opportunities), performing energy mappings at production facilities and project sites, setting absolute and relative reduction and efficiency targets related to emissions, making investments related to energy are some examples of these strategic measures.

7.2.2.1. Task force on climate-related financial disclosures

The Financial Stability Board (FSB) set up the Task Force on Climate-Related Financial Disclosures (TCFD) in 2015 to develop recommendations for more efficient and effective climate-related disclosures. A clear, efficient, and voluntary disclosure framework will improve the ease of both producing and using climate-related financial disclosures for lenders, insurers and investors.

Siemens Gamesa performed a TCFD Climate Maturity Assessment in 2018 to assess our readiness to address financial risks and opportunities in relation to climate change, as well as to assess the effectiveness of our climate-related strategies and processes. Focus was placed on four key areas: governance structures, environmental strategy, risk management processes as well as metrics and targets.

Siemens Gamesa is presently assessing whether it will adopt this voluntary disclosure framework to develop climate-related financial disclosures to foster more informed investment, credit and insurance decisions by our financial stakeholders

7.2.3. Carbon-neutral strategy

[L11-M09] [L11-M10] Siemens Gamesa has committed itself to becoming carbon neutral by 2025. Carbon neutrality is one of the most ambitious targets an organization can commit itself to. Several motivating factors encouraged this decision such as the need to adapt to changing market landscapes and to leverage new opportunities, the growing climate awareness by our management and employees as well as the anticipation of future climate regulations and carbon prices.

³⁵ See: American Business Act on Climate Pledge [\[Link\]](#)

³⁶ See: Paris Pledge for Action [\[Link\]](#)

Carbon neutrality in Siemens Gamesa includes measuring, reducing and/or offsetting the CO₂ generated directly or indirectly by the company. The global roadmap for meeting this commitment includes a combination of adaptation and mitigation actions, such as:

7.2.3.1. Energy reductions and efficiency measures

Siemens Gamesa will continue to make reductions and implement energy efficiency measures related to their operations across production facilities and project sites. For more detailed information around energy reduction and efficiency refer to 7.3.2. We are currently investigating total costing methods (CAPEX and OPEX) related to energy efficiency in new factories.

7.2.3.2. Electricity supply from renewable energy-based sources

Siemens Gamesa will continue to transition its electricity supply towards renewable sources. A significant share of our locations in Denmark, Spain and United Kingdom are already supplied with renewable energy.

This has been achieved through the purchase of green renewable certificates that guarantee that the electricity has been generated by a renewable energy source. We are currently investigating how this could be established in other countries where we operate. We are also assessing the cost and feasibility of implementing renewable energy generating technologies directly at our facilities in the future.

7.2.3.3. Offset of non-avoided emissions through compensation projects

Where we cannot reduce or transition our energy, Siemens Gamesa will compensate for the non-avoided emissions by investing in environmental projects which aim to reduce future emissions to balance our carbon footprint. We are currently investigating in Clean Development Mechanism (CDM) projects and sink projects involving reforestation actions that could contribute to offsetting our greenhouse gas emissions.

Siemens Gamesa has one wind power project registered in 2019 as Clean Development Mechanism (CDM) under the United Nations standards (UNFCCC). This project

generates Certified Emission Reductions (CER) that are used to offset GHG emissions. The project is in the state of Oaxaca in Mexico and is currently in operation.

A decision is yet to be taken on the different deadlines and scenarios to exchange the CERs available for use and subsequently deleted from the CDM register to offset Siemens Gamesa's GHG emissions in keeping with its climate neutral strategy.

Table 40 - CDM projects under Siemens Gamesa

Project	Bii Nee Stipa
Location	Juchitan de Zaragoza, Oaxaca (Mexico)
Crediting period	31.12.2008 - 30.12.2018
CER verified	636,197 metric tonnes CO ₂ -eq
Project link	[Link]

7.2.3.4. Green mobility plan to reduce fleet emissions

Siemens Gamesa has defined a "Global Mobility & Transportation Policy Framework" which includes a decreasing set of CO₂ limits for management fleet over the next three years. The company is currently implementing this framework, which will support in reducing the Company's Scope 3 (Indirect) GHG emissions. Combined with this, Siemens Gamesa is looking into the cost and feasibility of replacing part of its existing operational fleet vehicles with for example, plug-in hybrids or electric vehicles, which will support in reducing the company's Scope 1 (Direct) GHG emissions.

7.2.3.5. Science Based Targets Initiative (SBTi)

The Science Based Targets Initiative (SBTi) is an initiative between the Carbon Disclosure Project, the United Nations Global Compact, World Resources Institute, the World Wild Life Fund for Nature and the We Mean Business Coalition. The SBTi encourages companies to commit to making measurable reductions in carbon emissions at a level necessary to meet the 2-degree Celsius warming target set in the Paris Climate Agreement.

Siemens Gamesa announced its formal commitment to the SBTi at the Global Climate Action Summit in September 2018³⁷. The company is committed to developing a measurable, science-based emissions

³⁷ Press Release on Siemens Gamesa's commitment to the SBTi [Link]

reduction target within the next two years that will be independently validated by SBTi's team of technical experts.

7.2.3.6. Verified GHG emissions report

Since Siemens Gamesa is committed to science based and transparent communication, we will monitor and report our progress towards carbon neutrality annually through a GHG emissions report in accordance with "The GHG Protocol" and the requirements set by ISO 14064-1. Furthermore, our GHG emissions report was verified by an independent party, according to ISO 14064-3, with a limited assurance scope pursuant to ISAE 3410.

7.3. Environmental targets and performance

The company has established a broad range of targets oriented to achieve its commitment to fight against climate change and to protect the environment. These set of targets cover the most significant environmental aspects for the company and are defined to be accomplished by 2025. They include:

- 10 % increase in energy efficiency
- 10 % increase in waste efficiency
- 10 % reduction in waste to landfill
- 10 % 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. During FY19, Siemens Gamesa implemented Sphera, our internal HSE software tool that allows for data collection and the generation of real-time trends for subsequent analysis. Further, it provides the backbone for handling all environmental related data and supports us in:

- Reporting environmental incidents
- Monitoring environmental data and visualizing these for better analysis
- Creating transparency and opportunities for best practice sharing.

7.3.1. Material use

The company's procurement of raw materials in 2019 stood at 63,762 tons, of which close to 83% were lubrication materials. Other relevant materials include small steel parts (6,335 t) and fasteners (3,147 t). [301-1]

Table 41 - Key materials used by weight

(kg)	FY19
Lubrication	52,871,879,033
Small Steel Parts	6,335,366,442
Fasteners	3,147,144,429
Composites - Nacelle & Rotor Cover	325,201,299
Towers - Conversion	287,218,114
Hydraulics - Rotorlock System	145,136,294
Castings - Bearing Housing	88,541,028
Blades - Resin & Structural Adhesive	72,741,853
Cooling	47,899,585
Blades - Paint & Adhesive	46,936,171
Blades - Glass Fiber	39,411,542
Castings - Hub	36,878,935
LSF - Rotorhouse	33,732,667
Towers - Steel Plates	32,785,310
Segments	28,996,980
Castings - Main Frame	21,001,699
Hydraulics - System	20,667,221

7.3.2 Energy Use

[302-1] [302-2] Energy consumption within Siemens Gamesa is systematically monitored, for all significant Group locations (production facilities, buildings, project sites and offices belonging to Siemens Gamesa and accounting for 95% of the energy consumption, excluding energy consumption from contracted companies). The energy consumption is calculated by adding up the following items:

- Primary energy consumption of fuels
- Secondary energy consumption of electricity and district heating bought from third parties

The monitoring of energy consumption is described in our internal procedure for environmental monitoring and is applicable to all of Siemens Gamesa. The procedure defines the criteria that ensures the monitoring from all significant locations and units as the cut-off criteria is set

so detailed monitoring includes 95% of total energy consumption. There is a clear overview of the locations in scope for monitoring and each data type is defined in detail to ensure a consistent recording across all countries and locations. Data for energy consumption is recorded in Sphera on monthly basis and with the acceptance of several input units. All records are then converted to the company standard value in GJ.

[302-3] Total internal energy consumption amounted to 1,255,935 gigajoules (20% higher than in 2018) in the reporting period. Hence, the figure for energy consumption per employee and year could be estimated to 51.36 GJ/employee/year. Natural gas is the most relevant primary energy source, representing 51 % of the total primary energy demand.

Total electricity consumption for the reporting period amounted to 706,891 GJ, of which the share of renewable electricity amounted to 62%.

Table 42 - Primary energy

(gigajoules-GJ)	FY19	FY18
Natural gas	233,694	243,458
Fuel oil	5,046	85,029
Gasoline/Diesel	188,457	39,759
Liquefied petroleum gas	27,352	18,213
Total Primary Energy	454,549	386,459

Table 43 - Secondary energy

(gigajoules-GJ)	FY19	FY18
Electricity from standard fuel combustion sources	271,933	160,829
Electricity from renewable sources	434,958	402,986
District heating	94,495	99,323
Total secondary Energy	801,386	663,138

Table 44 - Total energy

(gigajoules-GJ)	FY19	FY18
Total Energy consumption	1,255,935	1,049,597

³⁸ This information has been updated with respect to previously disclosed information due to the process of preparation of this Consolidated Non-Financial Statement 2019 and the certification thereof.

7.3.3 Greenhouse gas emissions (GHG)

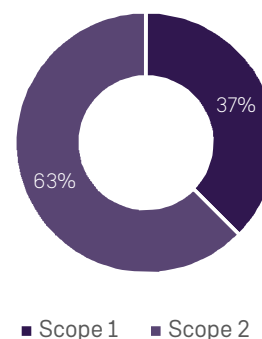
Siemens Gamesa measures its direct and indirect emissions on an annual basis according to the requirements set forth in ISO 14064-1. The GHG emissions inventory is then published in our GHG emissions report, which is verified by a third party and made externally available.

Table 45 - Total emissions

(t CO _{2-eq})	FY19 ³⁸	FY18
GHG emissions scope 1	26,437	22,865
GHG emissions scope 2	44,261	38,502
GHG emissions total	70,698	61,367

The Company's total emissions of CO_{2-eq} under Scope 1 and Scope 2 amounted to 70,698 tons CO_{2-eq} during the reporting period.

Figure 17 - GHG emissions share 2019



7.3.3.1 Scope 1 (direct) emissions

[305-1] Direct greenhouse gas emissions (Scope 1) arise from sources in the company's ownership or under its control. It includes emissions generated by the combustion of materials to generate heat.

In addition, chlorofluorocarbon substances (CFCs) and halons, traditionally used as coolants and propellants, affect the ozone layer if they are released into the

atmosphere. The presence of these substances at Siemens Gamesa is marginal and found mainly in fire extinguishing equipment and cooling systems. Maintenance of this equipment, which works in closed circuits, is done in accordance with prevailing legislation.

During the reporting period, Scope 1 emissions amounted to 26,437 tCO₂-eq.

7.3.3.2 Scope 2 (indirect) emissions

[305-2] Indirect greenhouse gas emissions (Scope 2) refer to the consumption of purchased electricity and district heating. In order to calculate the indirect emissions produced by consuming electricity, specific emission data from the supplier is used as preference. If these are not available, the country specific conversion factors are used. During the reporting period, Scope 2 emissions amounted to 44,261 tCO₂-eq.

7.3.3.3 Scope 3 (other) emissions

[305-3] Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the company, including both upstream and downstream emissions.

This calculation includes transportation and distribution (marine diesel oil for vessels), disposal of waste generated in operations, use of sold products, business travel (air travel, rail travel) and employee commuting.

During the reporting period, Scope 3 emission³⁹ amounted to 71,825 tCO₂-eq

7.3.3.4 Greenhouse gas (GHG) emissions intensity

[305-4] GHG emissions intensity expresses the amount of GHG emissions per unit of activity, output, or any other internal-specific metric. In the case of Siemens Gamesa both revenues and number of full-time employees. For the reporting period, the combined intensity ratio for direct (Scope 1) and indirect (Scope 2) GHG emissions was 2.89 tCO₂-eq /employee.

7.3.4 Atmospheric Pollutant Emissions

[305-6] [L11-M06] Other industrial emissions into the atmosphere are also relevant in terms of environmental protection.

Volatile organic compounds (VOC) contribute to the formation of ozone close to the earth's surface and are responsible for what is known as summer smog. These organic compounds are used by Siemens Gamesa as solvents in paints and adhesives, in impregnation processes, and for surface cleaning.

The monitoring of VOC emissions is defined by local authorities and can be done either via measures in the exhaust systems or via mass balances calculating the air emission based on the actual consumption and the amounts disposed of as waste. Both methods are accepted in our internal procedure for air emissions management as local legislation shall be complied with. Quantitative measurements are conducted at each air emission source by an authorized third party, when required by authorities.

We also monitor the use of ozone-depleting substances (ODS) and comply with the Montreal Protocol, the international convention on the protection of the ozone layer, as well as with country-specific legislation.

Table 46 - Atmospheric pollutant emissions

<i>(metric tons)</i>	FY19	FY18
Volatile organic compounds (VOC)	278	254
Ozone depleting substances (ODS)	0.24	0

7.3.5 Waste

[306-2] Environmental impacts from Siemens Gamesa's waste depend on the waste types generated and the waste treatment methods selected. Our waste performance indicators address absolute reductions in waste as well as improvements in waste treatment according to the waste hierarchy.

The waste generation and the management of waste is governed through our internal procedure for waste management that applies globally across Siemens Gamesa. The procedure defines the differentiation between hazardous and non-hazardous waste, being that this material arises directly from our production facilities

³⁹ Scope 3 emissions reported is limited to Offshore business unit

and project sites. Waste generation is recorded from all significant locations monthly.

Waste records are additionally divided into recyclable waste where we specify waste for reuse, waste for recycling and waste for recovery including energy recovery as well as waste for disposal or landfill.

In addition to defining the recording of all different waste types the procedure also sets requirements to local waste management plans and to segregation, labelling and storage of waste in a way that protects any contamination from potential spills and at the same time secures correct waste disposal.

The total volume of waste amounted to 58,506 tons in the reporting period. The ratio of hazardous waste generation to non-hazardous waste generation is set up at 1:6.2, and the waste overall recycling rate was 77%.

Table 47 - Waste production

<i>(metric tons)</i>	FY19	FY18
Hazardous waste Recyclable	4,413	1,892
Hazardous waste Non recyclable	3,686	2,112
Non-Hazardous waste Recyclable	40,605	31,006
Non-Hazardous waste Non-recyclable	9,802	12,795
Total waste generation	58,506	47,805

7.3.6 Water

[303-1] Water consumption at Siemens Gamesa is mainly produced at manufacturing centers, where the best practices available are used to reduce water withdrawal and consumption and to include reused water in production processes. Work is also being done on lowering environment impact by avoiding water withdrawal in water-stressed areas. Moreover, the company is focusing on making efficient and responsible use of sanitary water at offices and buildings.

Water usage is governed by an internal procedure for water & soil protection that sets the requirements to monthly recording of the usage of different water types as well as to recording of wastewater and the destination of the wastewater. The procedure also has detailed recommendation for using spill kits on each location

Total water consumption in the period amounts to 706,034 cubic meters. [303-3] During fiscal year 2019, a total of 444 m³ of recycled water was used.

Table 48 - Water consumption

<i>(cubic meters)</i>	FY19	FY18
Fresh water	473,345	428,835
Underground water	89,693	6,673
Ground and surface water for cooling purposes (*)	142,996	10,130
Total water	706,034	445,638

() returned to receiving water body chemically unchanged, but warmed.*

[303-2] [306-5] There are no records of any water sources being significantly affected by water withdrawals made by Siemens Gamesa in the reporting period. In other words, no water sources were recorded to have been significantly affected by:

- withdrawals which amounted to more than 5% of the total annual average of any water mass
- withdrawals from water masses recognized by experts as being especially sensitive due to their relative size, function or unique nature, or otherwise, a threatened or endangered system that shelters protected plants or animals
- withdrawals from Ramsar wetlands or from any other local or international protected area. All withdrawals of water are strictly regulated by public administrations, which grant permits and set the maximum withdrawal volumes allowed to ensure no significant impacts occur.

[306-1] The volume discharged at the end of the reporting period amounted to 328,870 m³. Most of effluents discharged are linked to the use on manufacturing processes.

Table 49 - Wastewater produced

(m³)	FY19	FY18
Wastewater from employee facilities	121,423	139,011
Wastewater from manufacturing processes	164,610	220,819
Other wastewater (incl.losses)	0	81,216
Conditioned cooling water discharged as wastewater	35,245	0
Total waste water without chemically unchanged cooling water	321,278	441,046
Cooling water (returned to receiving water body chemically unchanged, but warmed)	7,592	10,130
Total wastewater	328,870	451,176

7.3.7 Substances

Siemens Gamesa has implemented a global substance management process to achieve a safe and environmentally sustainable use of chemical products involved in our activities. The process is described in our internal procedure substance management. The procedure is applicable both in wind turbine design and development as well as in the procurement, materials handling, transport and import/export of components, and when chemical product or component waste is handled during wind turbine manufacturing, assembly, installation and servicing. Furthermore, the procedure sets out requirements for chemical products used in the work performed by third parties under Siemens Gamesa's responsibility.

The procedure defines an evaluation process for all requests of usage of new chemical products in Siemens Gamesa. The evaluation process is performed by several internally trained employees that evaluate the request up against Siemens Gamesa defined List of Prohibited Products and List of Restricted Products. The prohibition or restriction criteria are defined based on the hazard classification of the chemical products. Existing products are evaluated on an annual basis and phase out plans are implemented for existing products meeting the prohibition criteria.

7.3.8 Environmental incidents

7.3.8.1 Spills

Operational controls are implemented at all Siemens Gamesa production facilities and project sites to protect water and soil from potential spills e.g. through the creation of prevention and response plans and the use of control measures such as spill trays, loading and unloading areas, proper storage of substances, routine inspections, etc. Should a spill occur, Siemens Gamesa is equipped with detection, reporting and correction methods to prevent the incident from reoccurring.

A total of 586 spills were recorded in 2019 during this reporting period of which 304 were contained and another 282 affected either water or soil to some degree. The total volume of reported spills amounted to 5,972 liters. None of these spills required any exceptional corrective measures. [306-3]

7.3.8.2 Other environmental incidents

In addition to spills, there were 927 more environmental incidents in relation to:

- Stakeholder complaints (69)
- Fire, smoke or explosions (38)
- Natural disasters (39)
- Other (781)

7.3.8.3 Fines and non-monetary sanctions

In 2019, there were no significant non-conformances or stakeholder complaints involving authorities reported related to the environment. Further, Siemens Gamesa did not pay any significant fines or penalties related to environmental or ecological issues. Significant fines or penalties are defined as those greater than \$10,000 USD (or equivalent when converted from local currency).

7.3.9 Environmental successes

At Siemens Gamesa, we pride ourselves on our consistent efforts to improve our environmental performance in relation to our internal operations. We have a centralized tool where we track our HSE improvements and categorize them in relation to the six pillars of our HSE Policy and our HSE processes. HSE improvements can be categorized as actual environmental savings e.g. absolute reduction,

substitution or efficiency measures or other initiatives such as campaigns, investigations or mappings, trainings, etc.

In 2019, several improvement actions were proposed and for those implemented the following environmental savings were achieved:

- 17,942 GJ in energy savings
- 1,851 T in waste savings
- 19,231 m³ in water savings

In spring of 2019, Siemens Gamesa's cleaning service provider in Denmark changed all cleaning products used on site to biodegradable products. The manufacturer of the cleaning products is a pioneer in overall sustainable and high-performance cleaning and hygiene products for business sectors. The new cleaning products used in Siemens Gamesa qualify for both the EU Ecolabel as well as Cradle to Cradle certification marks without compromising their high cleaning performance. The range of products covers cleaning products for industrial or building applications as well as for personal hygiene products found in bathrooms and change rooms. The purpose for changing products was to minimize the use of environmental substances in our workplace while creating a better and safer work environment for our employees.

[L11-M08] Siemens Gamesa's provider for canteen services in Denmark also started a national campaign for food waste. A new uniform price model was introduced in canteens which enabled food waste to be significantly reduced. A new process for separating food waste was also implemented in order to measure the effectiveness. Average food waste from plates went down from 7 kg per day to 3.5 kg.

In the nacelle factory in Brande, Denmark, a polystyrene compactor was introduced to reduce packaging waste volumes in the factory. In the past, a compactor was used to handle polystyrene packaging, but the machine design was ineffective as it typically got clogged and there were ergonomic hazards when the plastic was fed into the machine. In FY19, the old machine was replaced with a new compactor that was able to reduce the polystyrene to a dimension 35 times smaller compared to the original volume. This had significant benefits in terms of manual handling as well as the frequency of collections by waste handlers, in fact the original 65 collections were reduced to 3. This reduction also meant savings of roughly 5,500 Euros and 4,100 kg CO₂, which was calculated based on FY19 amounts of polystyrene. Furthermore, the

compressed polystyrene enabled the factory to sell some portions of the "waste", thereby providing an additional source of income equivalent to roughly 5,000 Euros.

In the same nacelle factory, solar film windows were installed on the southside of the main building in addition to a ventilation system being upgraded. The result of these upgrades is both an annual energy savings of 2,968,850 kWh from a mix of electricity and natural gas as well as 552,359 kg of CO₂ emissions annually.

Our rotor blades and tower sections are typically suited with protective covers made from tarpaulin to protect our components during transport and storage. During the installation of the wind farm Arkona Becken, a total of 180 blade covers, 180 blade bearing covers, 360 tower covers, 60 entrance covers were used which totaled 780 tarpaulins, with an average size of 40 m². The projects logistical framework did not allow for an easy and cost-efficient return for re-use when considering transporting, cleaning, sorting and storing the used tarpaulins. As the next best alternative, the project team collaborated with COMEBAGS to produce bags from the used materials. The bags were made by people with disabilities, along with the help of the team leaders. They were then distributed to the project technicians for their outstanding work both during preassembly as well as installation. This is a great combination of both social and environmental aspects.

7.4. Product stewardship

[302-4] [302-5] Product stewardship at Siemens Gamesa is the process in which health, safety, social and environmental aspects are central characteristics of the product itself. Everyone involved in the product's lifespan takes responsibility for reducing any potential adverse impacts on the health and safety of technicians, other stakeholders or the environment. As an original equipment manufacturer, we recognize we have the greatest ability to minimize any potential, adverse impacts. However, we also require our suppliers, contractors and customers to support us in our efforts where possible.

Our product portfolio represents our biggest contribution to climate change mitigation and our decarbonization strategy. Despite the green profile of our products, we continue striving to reduce the environmental impacts associated to them such as improving resource efficiency in our design and manufacturing process, optimizing energy production during operation or reducing meantime between service visits.

7.4.1. Product portfolio and environmental benefits

[305-5] Siemens Gamesa’s product portfolio directly contributes to a reduction in GHG emissions and climate protection. Furthermore, it is part of our response to other global challenges such as the scarcity of natural resources and environmental pollution.

In 2019, 9.3 GW of wind energy was installed helping our customers further reduce their emissions by 25 million tons of CO₂. Cumulatively since 1998, more than 99 GW of wind energy has been installed from Siemens Gamesa’s wind turbines. This allows our customers to mitigate their carbon footprint by more than 259 million tons of CO₂ per year.

7.4.2. Life Cycle Assessments

Siemens Gamesa quantifies and documents the significant life cycle impacts of our products and operations (manufacturing, installations, services) by performing Life Cycle Assessments (LCAs) in accordance to the ISO 14040 series of standards and applicable Product Category Rules (PCRs). This methodology analyzes the environmental impacts across the entire life cycle of the product and the processes associated to each life cycle stage. We use LCA findings as a basis to:

- Communicate our environmental performance to our internal and external stakeholders in the form of Type II and III Environmental Product Declarations (EPDs).
- Identify opportunities to improve our environmental performance in future designs.

By continuously increasing the number of LCAs and EPDs, we are developing a comprehensive knowledge base about the environmental footprint of our products and operations.

At the same time, we use the insight gained from the LCAs to improve not only product-related but also operation-related aspects. Take for example our offshore platform upgrade strategy where current turbine models are not only outperforming former models in terms of LCoE but also in environmental impacts such as energy payback time and CO_{2-eq} emissions per kWh to grid.

Table 50 - Lifecycle assessments (LCA) and environmental product declarations (EPD)

	FY19	FY18
# LCAs	20	16
# EPDs	17	14

The current reporting period shows a 100% rate for products covered with LCAs (Screening and Full-Scale) and EPDs (Both Type II & Type III), as well as a 100% revenue-based coverage ratio within our business.

In this past fiscal year, Siemens Gamesa published the following Environmental Declarations:

- Type II Environmental Declaration for East Anglia One offshore windfarm using SG 7.0-154 DD;
- Type III Environmental Product Declaration for SG 4.5-145.

7.4.3. Environmental criteria in product design

Apart from the clear environmental benefits associated to renewable energy production, Siemens Gamesa designs, manufactures and services its products in ways that enhance their environmental performance. Our product development process incorporates many principles based on ISO 14006:2011.

Explicit processes and procedures have been established for assessing and improving environmental aspects associated with the in-house design of components. For example, setting improvement targets in relation to reducing material amounts or component weights, substituting material or substance types or increasing the capacity factors. We also define specifications for and maintain close dialogues with suppliers for the supply of environmentally improved materials, articles and components.

Operational procedures and controls are also set to assess and improve environmental aspects linked to manufacturing, assembly and construction, such as developing action plans and improvement measures for the materials and substances used, the waste generated, the energy consumed, or the VOCs emitted.

Packaging from material and component deliveries from suppliers as well as from Siemens Gamesa’s component

shipments is an aspect with potentially high environmental impacts for our products' distribution, storage and transport. Focus will be placed in the future to gain a better understanding of current and upcoming legislation on packaging and its potential impacts on Siemens Gamesa, as well as on raising awareness about the importance of packing or about introducing more recyclable packing materials.

Efforts are being made to improve our component upgrades and lifetime extension (LTE) service offerings, spare parts and parts refurbishment offerings for service and maintenance operations on our customers' turbines. Other aspects for improving the environment include SCADA control functions for optimal wildlife protection, increased mean times between service visits that result in lower fuel use, as well as reduced exposure and safety risks for technicians, and remote diagnostics to keep availability and capacity factors as high as possible.

Our products are designed to embody energy efficiency at a global scale. Our products thereby incorporate greater energy efficiency throughout most stages of a wind turbine's life cycle including: the acquisition of raw materials and components, the manufacturing and assembly of components, as well as their delivery, installation, operation and maintenance.

Our wind turbines also record better efficiency figures compared to preceding models for many environmental indicators, including size, weight, visual impact, reduction of materials and selection of those with low environmental impact, production optimization, reusable packaging, less civil and installation works, noise reduction, waste generation optimization during maintenance and a modular design to facilitate dismantling.

7.4.4. Environmental requirements in our Supplier Code of Conduct

At all times, we require our suppliers and contractors share with us the common goal of behaving in an ethical, law-abiding manner. Our global Code of Conduct for Suppliers and Third-Party Intermediaries establishes standards to ensure that working conditions in our supply chain are safe, that workers are treated with respect and dignity, and that business operations with suppliers are ethical, social and environmentally responsible.

The Code of Conduct applies globally to all suppliers and third-party intermediaries of Siemens Gamesa.

7.4.5. Extended producer responsibility

[L11-S008] Siemens Gamesa continuously works on improving the end-of-life phase. For example, we offer extended lifetimes regarding both design and the lifetime extension programs. Alternative materials such as recyclable resins are also being investigated to improve the recyclability of the composite rotor blades. Modular wind turbine design is also an environmental benefit, since it eases dismantling and optimizes waste treatment methods.

[L11-M07] The Group continues to take part in the Horizon 2020 "FiberEUse" project. Like the former GenVind Innovation Consortium, this project is looking into the potential for large-scale demos for a new circular economy value chain based on the reuse of fiber-reinforced composites. The FiberEUse project is aimed at applying a holistic approach to different innovation actions to enhance the profitability of composite recycling and reuse in value-added products. The project is based on the realization of three macro use-cases, further detailed in eight demos:

- Mechanical recycling and re-use in added-value customized applications as well as emerging manufacturing technologies like UV-assisted 3D-printing
- Thermal recycling and re-use in high-tech, high-resistance applications through controlled pyrolysis and custom remanufacturing
- Inspection, repair and remanufacturing for CFRP products in high-tech applications.

Siemens Gamesa is continuously evaluating its participation in similar projects, research consortiums and networks as it is in direct support of our HSE strategy, particularly in relation to waste and resource efficiency. Increasing the recyclability of turbine components is high on our agenda and we continuously take part in projects to support the development of a circular economy.

Some of our facilities are fully or partially dedicated to repairing components and returning them to operation (gearboxes, generators, electrical boards and even blades) in order to make progress toward a circular economy with the final aim of achieving cradle to-cradle solutions.

7.5. Biodiversity

[304-1] Siemens Gamesa products and services use certain natural resources (raw materials, water, fossil fuels and wind) to perform their function, thereby interacting with, and potentially affecting, ecosystems, landscapes and species. For example, this can occur when establishing new facilities or when constructing new wind power plants.

[304-2] Potential impacts to biodiversity can include, for example:

- Potential land use changes by using vehicles and machinery to open paths and remove vegetation
- Prolonged human presence which temporarily affects the behavior of species of fauna in a generally reversible way
- Potential species mortality due to collisions with our customers' wind turbines

Despite these potential impacts on biodiversity, Siemens Gamesa wind projects are constructed in a sustainable way that allows for a balanced coexistence, thus conserving and protecting natural assets, i.e. biodiversity and climate. This respect for biodiversity and ecosystems plays a leading role in the company's business strategy.

There are different regulatory and voluntary instruments to achieve a positive net balance in relation to biodiversity and the environment, including:

- Full compliance with permits granted by environmental and conservation authorities in each region, which establish requirements to ensure local environmental protection.
- Company policies and procedures under the integrated management system which establish environmental control plans
- Support for conducting environmental impact studies, which include analysis and prevention mechanisms that consider different alternatives and lay down corrective measures to avoid, mitigate or offset any possible damage
- Technology development related to our control functions (SCADA) and compatibility with other third-party applications for the detection of bird and bat species

Protected areas and areas of high biodiversity value without protection are generally avoided during the planning stage of new infrastructures.

[304-4] Potential environmental impacts are analyzed through a formal HSE aspects evaluation and by conducting environmental impact assessments beforehand, with measures to correct and minimize the impacts. In case that they cannot be completely mitigated, offsetting measures are taken.

Siemens Gamesa has activities in some areas where threatened species included in the IUCN Red List and in other national conservation lists live or could be present. This, however, does not mean that they are affected or threatened by such activities. The identification of species on the IUCN Red List and other species included in national conservation lists which could be affected by Siemens Gamesa's activities is monitored to take the necessary measures to avoid endangering them.

Pillar 4: Responsible supply chain

[102-9] Siemens Gamesa has a strong history of supplier excellence, built up over the years through sustainable relationships with our supplier and contractor base. Our Company is being built on top of very strong legacies that have consistently created positive value contribution with our suppliers and contributors. That's why sustainability will remain a key catalyst for the supply chain in Siemens Gamesa.

The principles followed by our supply chain support several key activities that have consistently created positive value with our suppliers and stakeholders, such as, for example:

- Development of the local supply base adding highly technologically prepared and competitive competitors, 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.

All these activities are important contributors to internal activities such as definition of Commodity Strategies, New Product Introduction and Engineering Change Management.

8.1. Sustainability principles

[L11-S005] Our message to suppliers is that they must share with us the common goal of behaving in an ethical, law-abiding manner. The Group has therefore set a specific policy governing supplier relation and contracting

which provides a group-wide framework for the management and control of procurement activities, the **Siemens Gamesa Supplier Relationship Policy** ⁴⁰

As a foundation on sustainability for suppliers, and compliant to the Group policy, the **Code of Conduct for Suppliers and Third-Party Intermediaries** ⁴¹ (also commonly referred to as “the Code of Conduct”), was released in fiscal year 2018 setting out the Group's binding requirements.

The Code of Conduct is based on – among others – the UN Global Compact and the principles of the International Labor Organization, the principles of the Rio Declaration on Environment and Development, the Electronic Industry Citizenship Coalition® Code of Conduct, WindEurope® Industry Principles and ISO standards. It also reflects the Siemens Gamesa internal Code of Conduct and Guidelines, which reinforces the fundamental principles of sustainability and applies companywide.

The Code establishes standards to ensure that working conditions in the company supply chain are safe, that workers are treated with respect and dignity, and that business operations with suppliers are ethical, social and environmentally responsible. The Code remains independent and updated on a regular basis to reflect the standards of Siemens Gamesa in its operations with suppliers.

Siemens Gamesa promotes the Code to all suppliers and will request compliance and adherence to it from all our suppliers and third-party intermediaries. The Code of Conduct is incorporated into our General Purchasing Conditions, framework contracts and purchase agreements with each supplier, as well as into procurement tools.

⁴⁰ See: Supplier Relationship Policy [[Link](#)]

⁴¹ See: Supplier Code of Conduct [[Link](#)]

In 2019 Siemens Gamesa released the Booklet for the Code of Conduct for Suppliers and Third-Party Intermediaries (also commonly referred to as “the Code of Conduct Booklet”). This comprehensive material documents in detail our expectations towards our suppliers in each requirement presented in the Code of Conduct, being an important support for our sustainability detection modules.

The development of the Code of Conduct and the Code of Conduct Booklet is the result of the work performed by the Supplier Lifecycle Management and Sustainability community, which Siemens Gamesa has established as a work group since the merger in 2017. The group has representation in external communities, like the WindEurope® Sustainability Task Force, and is engaged in relevant sustainability topics.

Our sustainability performance is being monitored continuously and has been externally confirmed by the most renowned and relevant sustainability indexes and ratings. Our participation in various ratings and indices is always available in our website.

8.2. Sustainability in the supply chain

8.2.1. Mapping Siemens Gamesa supply chain

[102-10] [L11-SO06] [204-1] Siemens Gamesa purchased almost €8.2 billion from approximately 17,900 tier-1 suppliers in fiscal year 2019, our second full joint year. These suppliers have been impartially screened and assessed for high standards compliance with our excellence value.

Table 51 - Purchasing volume

(in Euros)	FY19 (*)	FY18
EMEA	5,692,065,363	4,184,511,490
Americas	1,401,167,513	978,237,630
Asia, Australia	1,144,372,394	867,251,580
SGRE Group	8,237,605,270	6,030,000,700

(*) Purchase volume based on closed purchasing orders, not on accruals.

Table 52 - No. 1 tier suppliers

	FY19	FY18
EMEA	11,340	10,162
Americas	3,542	3,506
Asia, Australia	3,571	3,383
SGRE Group	17,890	17,051

Note to reader: The global tier-1 supplier number does not necessarily add up to the total number of suppliers by region. This is due to suppliers being accounted for by invoicing origin.

Critical suppliers: Siemens Gamesa also monitors **critical suppliers**, identified upon meeting the following conditions: i) the purchasing volume (PVO) exceeds €50,000; ii) if they operate or are based in a high-risk country (from corporate responsibility perspective); iii) if there is a high or medium-high financial risk with the supplier; and iv) no natural replacement is available for the supplier.

In fiscal year 2019, critical suppliers classified under these conditions accounted for 25% of the year’s total purchasing volume (approximately €2 billion).

Table 53 - No. of critical suppliers

	FY19	FY18
SGRE Group	748	1,061

High sustainability risk suppliers: Additionally, Siemens Gamesa keeps track of high sustainability risk suppliers, identified upon meeting the following criteria: i) if they operate or are based in a high risk country (from corporate responsibility perspective); ii) if they have incidents of compliance misconduct; or iii) not participating or scoring “low” in the Code of Conduct compliance detection modules (sustainability self-assessments, external sustainability audits and Supplier Quality audits with sustainability scope). Suppliers with demonstrated incidents of misconduct in any sustainability aspect are considered “high sustainability risk” suppliers regardless of their location.

The suppliers identified as having high sustainability risk to Siemens Gamesa in fiscal year 2019 accounted for 13% of the year's total purchasing volume (approximately €1.1 billion).

Table 54 - No. of sustainability high-risk suppliers

	FY19	FY18
SGRE Group	480	792

8.2.2. Integration of sustainability into SCM Strategy

The processes and tools available at SGRE provide strategic buyers with levers, risk indicators and transparency to support making the best sourcing decisions. Risk screening is based on financial analyses and commodity reports provided by external consulting companies, which feed indicators into our internal supplier comparison tool.

Processes and tools put into place by the Supplier Lifecycle Management team are also used to gather supplier information for other functions and allow for direct communication. The information collected from the supplier can trigger additional activities for hazardous materials declarations, contractor safety assessments and other health, safety and environment (HSE) related aspects.

Any suppliers that fail to meet our requirements may be conditionally approved (if issues are not critical) upon implementation of development measures, or immediately blocked from doing any further business with Siemens Gamesa (if issues are critical, especially for compliance issues).

8.2.3. Sustainability requirements and detection modules for suppliers

[308-1] [308-2] [414-1] [414-2] Since our suppliers play a critical role in our sustainability-oriented value chain, Siemens Gamesa expects them to also demonstrate their commitment towards the standards and principles which are summarized in the Code of Conduct.

8.2.3.1. Commitment to the Code of Conduct

[L11-S007] An integrated supplier management process is embedded company-wide in unified, mandatory procurement processes and a key part of this is ensuring that our suppliers agree contractually to abide by the Code of Conduct. We developed a system of contractual obligations to ensure that all our suppliers commit to its requirements:

- Qualifying suppliers: within our Supplier Qualification process, all suppliers must pass several preliminary requirements – one being the commitment to our Code of Conduct.
- Negotiating contracts: all new and extended procurement contracts must include the Corporate Responsibility contract clause which commits the supplier to our Code of Conduct and, additionally, defines self-assessment and audit rights.
- Purchase orders: to complete the system and to cover possible small procurement volumes which might not be covered by explicit procurement contracts, all purchase orders include the Code of Conduct commitment in the General Purchasing Conditions.

Moreover, in the transitional stage to achieving full integration, Siemens Gamesa requires the Code of Conduct for Siemens Suppliers and Third-Party Intermediaries or the Gamesa Code of Conduct for Suppliers to be respected by suppliers. Both legacy Codes are still valid, considered equivalent, and are enforced for our previous suppliers and contracts.

In fiscal year 2019, the total purchasing volume (PVO) of suppliers that have accepted the Code of Conduct was 84% in comparison to 65% last fiscal year demonstrating the improvement in the integration of our controls.

Siemens Gamesa implemented a risk-based due diligence process to identify any areas of non-compliance of our Code of Conduct and highlight opportunities to promote improved performance. This includes systematic screening of new and existing suppliers through background checks and risk assessments associated with the sector and countries of operation. For example, reports from external providers provide us with information on geopolitical, commodity and financial risks. If relevant, suppliers are selected to go through one or more detection modules, as is the case for high sustainability risk suppliers.

8.2.3.2. Detection Modules

Sustainability Self-Assessments: the supplier provides its own assessment of the requirements of the Code of Conduct based on a questionnaire. The questionnaire is available in Siemens Gamesa’s own platform or applied by a third party on behalf of Siemens Gamesa.

Supplier Evaluations: to ensure that suppliers continuously comply with our performance requirements in the course of the supplier relationship, performance of existing Siemens Gamesa suppliers is evaluated regularly based on standardized criteria as stipulated by ISO standards. The supplier evaluation is performed at least once a year and has our most relevant and critical suppliers in scope. The evaluation is carried out by collaborative cross functional teams and results in a standardized classification which ranges from “Excellent” to “Insufficient”.

External Sustainability Audits: Siemens Gamesa has appointed internationally recognized auditing companies to conduct on-site audits based on the universally valid principles of the Code of Conduct. The outcome is an in-depth assessment and report that enables Siemens Gamesa and its suppliers to identify and manage potential sustainability risks. External Sustainability Audits also play an important role in the supplier development scheme by improving the supplier’s sustainability performance.

Supplier Quality Audits with Sustainability scope: as part of our internal Supplier Qualification and Audits processes, audit questionnaires have been devised to include the scope of the Code of Conduct and are applied to critical suppliers from quality perspective.

8.2.3.4. Consequences of deviations

If areas of non-conformance are identified, the supplier and Siemens Gamesa will collaborate and agree on an action plan consisting of appropriate improvement measures. These shall mitigate and eliminate the adverse impacts caused by the breaches and enable the supplier to identify and prevent similar occurrences in the future. We require our suppliers to engage actively and without reservation in these activities.

All measures put in place after inspections are incorporated into the company-wide supplier management process at Siemens Gamesa and are

systematically selected and pursued. Implementation of the measures has, therefore, an influence on the supplier’s annual performance rating and on the assessment of the supplier’s future potential, as well as on the approval of the supplier within the regular supplier qualification process.

Any breaches may be reported at any time by using the Group Compliance Whistleblowing Hotline. Should any breaches be confirmed, systems are in place to communicate with the procurement community as well as with any cross-functions and stakeholders thus affected. If necessary, the offending suppliers are blocked globally.

Table 55 - Supplier monitoring

<i>(number)</i>	FY19	FY18
Sustainability Self-Assessments	1,132	1,104
Quality audits with sustainability questions	323	146
External Sustainability Audits	130	22

During fiscal year 2019, Siemens Gamesa assured that 78% of the purchasing volume (PVO) of high sustainability risk suppliers was covered by at least one of the detection modules above.

8.2.4. Conflict minerals

We are committed to working toward avoiding the use, within our supply chain, of minerals from conflict affected and high-risk areas which are affected by the risks defined in Annex 2 of the OECD Due Diligence Guidance ⁴².

Conflict Minerals are defined as cassiterite, columbite-tantalite, gold, wolframite, or their derivatives, or any other minerals or their derivatives (3TG alias tantalum, tin, tungsten, the ores from which they originate, and gold) that may be used for financing conflict in the DRC (Democratic Republic of Congo) Region.

Already in fiscal year 2018 Siemens Gamesa harmonized its due diligence process for Conflict Minerals by taking part in the already established process in Siemens AG according to the requirements of Regulation (EU) 2017/821. Siemens AG has established a centralized approach for the due diligence process and follow up for mitigation with

⁴² See OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. [\[Link\]](#)

suppliers that are identified based on material groups that may potentially contain conflict minerals.

The advantageous position of Siemens AG as active member of the Responsible Mineral Initiative (RMI) gives Siemens Gamesa access to Reasonable Country of Origin Information (RCOI) on smelter level. We purchase 3TG from conformant smelters when these minerals are necessary for manufacturing of our products.

In order to mitigate the risk of working with suppliers whose smelters have not been audited by RMI so far, Siemens Gamesa (through Siemens AG) actively engages within RMI's Responsible Minerals Assurance Process (formerly Conflict Free Smelter Program).

Pillar 5: Community engagement

[L11-S002] Siemens Gamesa is deeply rooted in the societies in which it operates by contributing to their sustainable development. After the Advanced Management Model's implementation, we assume that our organization forms part of a social fabric which can strengthen our own capacities or, on the contrary, condition and limit our development and competitiveness. We fully endorse this statement. Commitment to a more prosperous society is not only compatible with enduring business success but also interdependent with it.

Therefore, Siemens Gamesa is committed to achieve harmony between our corporate values and the expectations societies has of us, as well as to foster economic and social development of the communities in which we operate. Improvements in the quality of life and wealth creation are therefore provided by our standard commercial activities, as well as by driving forward socioeconomic development through non-business channels. For that purpose, Siemens Gamesa collaborates with a variety of stakeholders, such as institutions, administrations, and organizations in civil society and actively sponsors social action initiatives worldwide. The framework for these activities is defined in the CSR strategy 2018-20 as well the Corporate Social Responsibility Policy and Social Action Policy of Siemens Gamesa.

[413-1] As far as stakeholder engagement in the decision-making process is concerned, energy planning in Siemens Gamesa's sphere of action (energy sources, technologies and long-term needs) is done by public authorities, an institutional sphere in which different stakeholders can partake, depending on the mechanisms established in each country.

Once the appropriate infrastructure has been chosen, the views of the communities affected by it are considered through a consultation process, which varies depending on

the country and type of facility in question. Many of these processes, including environmental impact studies on facilities, are governed and conditioned by the granting of building and operating permits. During the planning and performance of these actions, the Siemens Gamesa carries out preliminary consultations and keeps active channels of dialog open with the affected communities and stakeholders to identify and address their concerns and interests.

9.1. Group strategy

[L11-S003] Community engagement is one of the five pillars of Siemens Gamesa's CSR strategy 2018-20, which emphasizes the importance of contributing to the communities in which the company operates by offering expertise to community members and engaging with them to positively impact society. The CSR strategy 2018-20 is supported by the Corporate Social Responsibility Policy⁴³, which establishes the basic principles and the general framework for conduct in the management of corporate social responsibility practices endorsed by Siemens Gamesa. This policy is valid for all pillars

The Social Action Policy⁴⁴, which was first approved by a resolution of the Board of Directors on September 12, 2018 and reviewed and updated on September 25, 2019, specifically caters to the Community pillar and provides the framework for any community engagement or social action initiatives. It defines the following primary objectives:

- Stimulate the business and sustainability thereof.
- Improve the company's recognition and reputation.
- Increase satisfaction among employees and partners.

⁴³ See: Global Corporate Social Responsibility Policy [[Link](#)]

⁴⁴ See: Social Action Policy [[Link](#)]

- Contribute to the improvement of the communities in which the Siemens Gamesa Group does business.

Consequently, Siemens Gamesa determined that the goal of social action initiatives in communities and all non-business activities must be:

- The generation of well-being for people, paying special attention to the most vulnerable groups (in line with UN Sustainable Development Goals 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 Sustainable Development Goals 7 and 13).

Hence, the UN Sustainable Development Goals play a crucial role in Siemens Gamesa's community approach: any social action initiative or community engagement must pay into one, or more, of these eight UN SDGs that have been defined to be material to Siemens Gamesa's social engagement.

As described in the Social Action Policy, Siemens Gamesa pledges to pay special attention to the most vulnerable groups. Therefore, another focal point of all social action initiative or community engagement must be the group of beneficiaries. The value of an activity, however, is not solely based on the sheer number of beneficiaries, but also on the qualitative impact the project has on vulnerable individuals or groups.

Siemens Gamesa partnered with the University of Deusto of Bilbao, Spain, to evaluate the 'Social Return of Investment (SROI)' of the projects supported by the company's global social action initiative 'SGRE impact'. The SROI reflects the efficiency of use of funds invested in these projects and is created by obtaining the ratio from the Integrated Social Value, which is the consolidation (sum without repetition) of the distribution value to economic factors (workers, suppliers, etc.) and the distribution value to beneficiaries (usually through non-market mechanisms). For the projects implemented in 2018-19, the SROI was defined as 5.54€, which means that every Euro spend on the projects, the actual investment was worth 5.54 times of what was spend by Siemens Gamesa.

Social action initiatives for the benefit of local communities are implemented directly by Siemens Gamesa or its subsidiaries or affiliates in their respective fields of activity.

[L11-C03] The company has protocols in place for the control of donations and charitable contributions for actions of a social nature. By means of these protocols, all contributions of social content, donations and fund allocation are assessed to mitigate compliance risks. Siemens Gamesa's global donations in fiscal year 2019 amounted to 427,265 euros.

9.2. Global social action initiative 'SGRE impact'

In fiscal year 2018, the global social action initiative 'SGRE impact' was launched. This company-wide initiative seeks to bring positive change to the communities in which Siemens Gamesa operates, while also heightening the engagement of employees. For that purpose, employees worldwide were invited to submit local social action projects that would fall into one of the following categories (based on the UN Sustainable Development Goals):

- SDG 01 No Poverty
- SDG 02: Zero Hunger
- SDG 03: Good Health and Well-Being
- SDG 04: Quality Education
- SDG 05 Gender Equality
- SDG 06: Clean Water and Sanitation
- SDG 07: Affordable and Clean Energy
- SDG 13: Climate Action.

Following the application process, a selection committee, made up of members of Siemens Gamesa's Executive Committee and chaired by patron of SGRE Impact Markus Tacke, proceeds to determine which projects are to be funded and implemented.

9.2.1. SGRE impact 2018-19

In the first year of the initiative, 136 employees from 14 countries responded to the call proposing 192 projects in 39 countries. The selection committee chose eight projects in seven countries to be funded and implemented by end of fiscal year 2019.



BRAZIL: Sustainable Honey Production in North East Brazil

Since the launch of the Sustainable Honey Production project in December 2018, our local partner Giral Desenvolvimento de Projetos has provided systematic technical support to six communities of honey producers in the State of Rio Grande do Norte. The equipment that would enable them to increase their production was delivered to the communities in May 2019. The project was finalized in July with a marketing workshop also led by our local partner. About 90 producers benefitted from the project directly and more than 360 people indirectly.



DENMARK: Robot league for girls

Siemens Gamesa partnered with the FabLab Spinderihallerne in Vejle with the goal of getting children and teenagers involved in coding and robotics all based on the 'Shitty Robots' concept from YouTube star Simone Giertz. For that purpose, FabLab Spinderihallerne held different robotics workshops for local primary and high schools, and for teachers as well as interested teenagers from across Denmark in early 2019. The children were introduced to basic coding, 3D printing and robotics and had the task to build a robot that fulfills a day-to-day task. The project ended with a big public event at which the 186 children and teenagers presented over 60 robots to Siemens Gamesa volunteers, who had mentored them, teachers, families and friends. Of the entire group of participating kids, over two-thirds were girls.



INDIA: Positive Change: Building sanitary facilities

Siemens Gamesa partnered with the organization Bal Vikas India to offer adequate hygienic access to sanitary facilities to families in an underprivileged community in Ankleshwar with the goal to improve their health and well-being, especially during

monsoon season. The families were chosen by Bal Vikas based on criteria such as the need for improved sanitation due to the number of family members, their age and if members of the family are disabled. By the end of 2018, we had achieved our goal of 11 families with over 60 people benefiting directly and more than twice as many indirectly.



INDIA: Siemens Gamesa Soccer League

The Siemens Gamesa Soccer League aims at bringing social change to some of the most deserving communities in the vicinity of Siemens Gamesa wind farms across India. The program particularly focuses on marginalized and at-risk youth and uses football as a medium of change. Together with our local partner Team Everest, 1,800 children and teenagers benefitted from the football program directly and 6,500 indirectly in 2019. They received more than 3,000 hours of coaching in football and life skills. Another benefit of the program was the training and development of 170 community leaders to become community coaches.



MOROCCO: Providing the driving force of all nature - Water!

Together with the local partner Association des Parents d'Eleves de L'Ecole Secteure Scolaire Daya, Siemens Gamesa installed water pipe connections and lavatories in two local schools in the vicinity of the company's blade plant in Tangier. Following the construction activities, the focus shifted to educating parents and local villagers and raising their awareness on the importance of proper sanitation, water use and resource efficiency with trainings about day-to-day health habits. These trainings also demonstrated to the parents that their children can now learn in a safe school environment. The inauguration in early October 2019 celebrated the finalization of the project and the great involvement of the Siemens Gamesa volunteer team.



SPAIN: Business and Biodiversity

Thanks to Siemens Gamesa's contribution, the Basque organization Fundación Lurgai was able to acquire five hectares of land for forest restoration in the Urdaibai Biosphere Reserve aimed at creating the largest oak forest of the reserve by changing the land use from a wood plantation of rapid-growth

species, mainly pines and eucalyptus, to forest of autochthonous species. In addition to the land acquisition, 1,200 trees and shrubs were planted on two hectares of the land. Many of these trees were planted by 59 employees, 171 of their family members and friends during two volunteering days in early 2019.



THAILAND: Green Island

Our local partner PlayOnside built a community house and football field for refugee and migrant children in a community that lives on a garbage dump in the outskirts of the Thai border town of Mae Sot. For the community building, only recycled or reused materials were used, and the construction was built by locals who received a fair wage. The facilities were inaugurated with a football tournament in Siemens Gamesa's honor in March 2019. Since then, football training sessions and life skills workshops have been taking place on a regular basis. During the summer break, PlayOnside organized a summer school to improve the Thai, English and critical thinking skills of the children living in the community. The long-term goal of the project is to provide access to education to underprivileged children regardless of their ethnicity, gender, religion or socio-economic status and thereby increase their chances of a better future.



UNITED KINGDOM: How does wind energy work

Siemens Gamesa's local partner Lab Rascals organized ten wind energy workshops in low income primary schools in the vicinity of the company's blade factory in Hull with the goal to raise the aspirations of students towards STEM subjects. The workshops were designed to be hands-on and to help increase the children's problem solving and teamwork skills. The children aged 9-10 had to build a LEGO wind turbine and use it to charge a battery that would then power a LEGO car. In order to test whether wind speed, wind angles, number of blades etc. make a difference to the energy generated over time, the children also had to use basic mathematics. Siemens Gamesa employees volunteered to help during the workshops, together with 10 teachers, which benefitted over 300 children.

9.2.2. SGRE impact 2019-20

In the second edition of the initiative, 98 employees from 17 countries submitted 132 projects in 36 countries. The selection committee chose nine projects in nine countries to be funded and implemented by end of fiscal year 2020.



CHINA: Wind People Running for kids with leukemia

China Wind Energy Association has been working with the New Sunshine Charity Foundation to raise money for the treatment of kids with leukemia for many years. Each year in October, they organize a running activity and ask wind energy-related businesses to contribute by matching ng 200 RMB per person for each participating employee runner. Siemens Gamesa will participate in this community activity by encouraging local employees to join the run. Also, employees will visit a treatment center in Beijing, which is the temporary home for kids with leukemia coming from across the country in hope to get the best treatment in China.



BANGLADESH: Solar streetlights for refugee camps in Bangladesh

Siemens Gamesa partners with the Spanish committee of the UNHCR to install 30 solar streetlights in Rohingya refugee settlements in Bangladesh in 2019. The new solar streetlights will provide lighting in settlements identified through community consultations. Altogether, UNHCR will install 1,000 solar streetlights in these camps to improving security conditions for 9,000 refugees and especially women and girls, while promoting sustainable initiatives that care for the environment.



THAILAND: Girls Empowerment Program

Siemens Gamesa will continue its collaboration with PlayOnside in Mae Sot. The new project promotes gender equality and equal access to sports for Burmese migrant children displaced in Thailand. The organization has systematically worked to facilitate girls' participation and has seen a gradual increase in the girls' participation rate. Female participation in a male-dominated sport is now normalized in the migrant community in Mae Sot. Hence, the Girls Empowerment Program will further improve and expand gender equality in the community. It is a three-tier program, focusing on

facilitation, mentorship and leadership. With a systematic long-term female-led approach, adapted to the local context, PlayOnside aims to promote and raise awareness of girls and women rights both on and off the field. Apart from the Girls Mentorship Program, the organization plans to build additional sanitary facilities in the vicinity of football fields, because the lack of them is one of the main obstacles to girls' participation in football programs. They will also invest in transporting girls to and from football practice, because it is not safe for migrant girls to walk around Mae Sot alone after hours.



TAIWAN: Beach cleanup in central Taiwan

Beach pollution is a serious and widespread issue in Taiwan. Most beaches along the coastline are affected by the accumulation of marine waste. It has an impact on coastal and seabed ecosystems, endangering wilderness in littoral areas. Changhua county, where more than 70% of Taiwan's confirmed offshore wind pipeline will be built, has been identified as having the highest beach pollution rates of the Island, in a 2018 study by Greenpeace. Our partner organization RE-THINK will organize a beach clean-up event for Siemens Gamesa employees at one of the worst hit beaches in the county.



USA: Elliott Test Kitchen

Nearly 65% of Fort Madison school students qualify for free or reduced lunch programs due to their parents' low incomes. The ties between income and academic achievement are deep rooted. Siemens Gamesa supports The Test Kitchen Education Foundation in its goal to lift students from these circumstances through a two-pronged approach in their engaging after school program Elliott Test Kitchen: First, by teaching students to cook healthy meals while learning about food and earth science, healthy nutrition and cooking skills and introducing them to applied STEM education while providing decent meals at the same time. Secondly, by providing access to committed and caring adult mentors and educators to improve students' study skills and core education levels and engage students in giving back to their communities by demonstrating their cooking skills and providing meals to families in need.



MEXICO: Fab Lab Ed:

Siemens Gamesa partners with Fundación AXCEL A.C. to train 112 middle schoolers, who are at high risk of dropping out of school, and eight of their teachers in electronics, robotics, programming and digital fabrication, as well as vocational orientation and information on educational options in their city for a year at the Technology Hub and Fab Lab in Juárez. The participants will develop skills that go beyond technical learning; acquiring abilities, experiences, knowledge and, as a result, a boost in their self-confidence. They also develop decision making skills and a true sense of belonging, motivating the participants with enough self-esteem to face future challenges including continuing their education to high school and beyond. At the end of the project the students will demonstrate their new technical knowledge, soft skills, interest in continuing their studies to the next level and knowledge of their educational options.



GERMANY: A future through the sport that you love

I-Punkt Skateland is a non-profit organization only few minutes from Siemens Gamesa's offices in Hamburg that provides kids with a protected setting where they can come together and skate. Many are from disadvantaged families. We are partnering with them for a project that will involve 5-15 students or school dropouts from disadvantaged families in renovating the skating facilities with an experienced carpenter school and pedagogical guidance. They get a taste of what a carpenter apprenticeship would look like. The focus will also be on getting girls interested in carpentry and STEM subjects, thereby promoting gender equality. Furthermore, the kids will get career advice and help to develop their strengths.



SPAIN: Save the Ocean

Siemens Gamesa partners with Fundación Ecomar to clean the oceans and other waterways and bodies of water. Eight cleaning events of seashores or inland coasts in Spain and Portugal will be organized in which Siemens Gamesa employees as well as local children are asked to participate. These eight events could lead to the removal of 1.5 tons of trash and more than 10 kilometers of clean coast.



TANZANIA: Dolphin village – water and sanitation

Together with local partner Elimu e.V., a rainwater collection system will be built for their orphanage Dolphin Village in Miono, Tanzania, to make the best use of the rainy season and to secure clean and safe water for the orphanage and its surrounding village. Sanitary facilities for the surrounding village will also be constructed to prevent diseases related to unsanitary conditions. Furthermore, villagers and orphans will be trained in use of water and sanitation systems.



CANADA: Salvation Army Toy Drive Chatham

In Chatham, Ontario, employees at the Service Distribution Center collected toys for the local Salvation Army Toy Drive to be distributed to needy children in the local community. More than \$500 CAD in-kind toy donations were made by the Siemens Gamesa team in Canada.



MEXICO: Tejiendo el Viento (Weaving the Wind)

Initiated in 2016, Tejiendo el Viento is a pioneering business with a social approach: it empowers artisan women and helps them to preserve their ancestor's traditions by selling goods and products consistent with the current dynamic and cosmopolitan market. It aims at driving the sustainable development of the community by improving the income of artisan women when selling their traditional artwork; it lays the groundwork for incorporating them into formal trade and thus favors the establishment of sustainable businesses that may grow country- or even worldwide; it strengthens the artisan's technical, managerial and organizations skills; and provides a network of different stakeholders for the women that can help open up new markets. The importance of the project became even more imminent, when a massive earthquake devastated the region in September 2017. Siemens Gamesa supports Tejiendo el Viento by providing seed capital and acting as a customer by buying corporate gifts and employee giveaways from the initiative. Furthermore, the company lends a hand with the training of the artisans and promotes the businesses and products to Siemens Gamesa's own customers, employees and other public stakeholders. The first group of seven indigenous artisans came together in early 2018. In 2019 Tejiendo el Viento was officially launched with 140 artisan women from 12 different communities in five municipalities in the region.

9.3. Local social action initiatives

Siemens Gamesa encourages local teams to organize social action initiatives in their own communities and employees worldwide have shown an increased interest in volunteering for a good cause. These local social action initiatives are chosen and implemented based on the company's Social Action Policy. Social action initiatives have also gained increasing traction when developing and executing wind farm projects together with customers.

The following projects are a selection of many more projects that have been implemented worldwide.

9.3.1. Americas



BRAZIL: Manioc Productive Chain and Community Center

Siemens Gamesa partnered with customer CPFL-Renováveis supporting a community in Patos, in the municipality of Itarema, expanding their production infrastructure of manioc products and at the same time strengthening their commercialization process. The project included renovating the 'Flour House', in which most of the production takes place, expanding a community center as well as the acquisition and installation of new equipment. A continuous evaluation of the adequacy of the processes is taking place and an evaluation system monitoring the evolution of the project was put in place. Overall the project benefits 120 people directly and more than 2,000 indirectly.



MEXICO: Reforestation initiative

In August 2019, 422 volunteers came together to support a reforestation initiative near the Xinantecatil volcano in Mexico City, near our warehouse in Arlixco in Puebla and in Santo Domingo Ingenio in Oaxaca. The objective of the project was to drive the regeneration of the ecosystem in the region, promote an ecological awareness and bringing employees, families and community members together. The initiative also

welcomed a group of young people with Down Syndrome from the community to the planting activities to promote the integration of people with disabilities. The volunteers combined from all three locations planted more than 2,000 trees on six acres of land. 2019 was already the third year this project was implemented but involving three locations was a premiere.



MEXICO: Fondo Amdee

Siemens Gamesa joined Fondo Amdee in their reconstruction efforts after the devastating earthquake in 2017. 22,400 families in the Oaxaca region benefited from the initiative that started in 2017 and ended in September 2019. Its main objectives were to support protecting civilians, repair damaged infrastructure and damaged public schools, offer psychological support for earthquake victims. Siemens Gamesa specifically promoted the training in disaster response and equipped the local fire departments with new and specialized safety kits, such as a new tank truck or personal protection equipment. 14 municipalities benefited from Siemens Gamesa’s support.



UNITED STATES: Ronald McDonald House Charities of Central Florida, USA

A Ronald McDonald House provides a place for families to call home so they can stay close by their hospitalized child at little to no cost. The family can focus on the health of their child, rather than grocery shopping, cleaning or cooking meals. In Orlando alone, Ronald McDonald houses have served over 27,700 families and see about 2,500 families each year. About 90% of funding comes from the local community. More than 25 employees from Siemens Gamesa’s Orlando offices volunteered at the Ronald McDonald House of Central Florida. With more than \$1,000 USD spent on ingredients, employees shopped, prepared and cooked a hot meal for the families being served by the organization. Employees also assembled snack packs and cleaned the facility.



UNITED STATES: Community Outreach at Sunnybrook Assisted Living in Fort Madison

Employees from the Fort Madison, Iowa, blade manufacturing volunteered at Sunnybrook Assisted Living,

a facility serving senior citizens. They spent quality time with residents and challenged them to games of Wii bowling and explored the life of a Siemens Gamesa Service Technician via virtual reality goggles. The residents were amazed by the technology and our company’s story.



UNITED STATES: Community Workday in Hutchinson

In Hutchinson, Kansas, 17 employees joined hundreds of Hutchinson citizen in a community workday. Siemens Gamesa volunteers and family members spent four hours spreading mulch in a city park. In addition, more than 30 employees participated in the #trashtag challenge on Earth Day picking up litter from ditches and waterways in the city of Hutchinson.

9.3.2. Europe, Middle East and Africa



DENMARK: Donation to DanChurchSocial

Employees of the Danish Siemens Gamesa location Port of Esbjerg won a safety award of 5,000 EUR and decided to donate it to the local branch of the charity organization DanChurchSocial. It runs shelters and day and night centers for some of the most vulnerable citizens: the homeless, the poor and the ill, those who suffer from addiction, and extreme loneliness. The number of homeless people in Esbjerg is around 200-300.



EGYPT: Renovating the Ras Ghareb elementary school

Siemens Gamesa’s project team of the Ras Ghareb wind farm near village of Ras Ghareb partnered with customer Engie to give back to the local community. The project financed the renovation of two classrooms, sanitary facilities and playground of Ras Ghareb’s elementary school benefitting over 100 children.



MOROCCO: Access to clean drinking water in Boujdour

Siemens Gamesa partnered with the High Atlas Foundation and dug 520 meters canals and four wells and installed solar panels to illuminate the water access points in the vicinity of the Aftissat wind farm. Over 700

nomadic cattle breeder and their 188,000 herd animals benefited from the new water access.



MOROCCO: Clean Boujdour campaign

Siemens Gamesa partnered with the High Atlas Foundation to raise awareness about environmental protection in educational workshops about waste management and by organizing different activities such as planting trees, cleaning beaches and installing trash bins. 1,000 students from 17 schools participated in the program, 450 trees were planted and over 100 people volunteered on the beach cleaning day.



MOROCCO: Meal bags for Ramadan

During Ramadan, Siemens Gamesa partnered with Association les Sourdoués, which is dedicated to deaf children and adults, and donated 1,000 Euros to cover meal bags for a month benefiting 20 families living in Tangier, mainly single mothers in need being disabled themselves or with deaf children.



MOROCCO: School bags for the new school year in Hjar Nhal, Tangier, bags for Ramadan

Siemens Gamesa donated school bags and pencil cases to Hjar Nhal Primar School near the blade plant in Tangier. The donation benefited 200 students and shows the company's commitment to supporting education in rural areas.



SOUTH AFRICA: Sewing machine donation

Siemens Gamesa donated sewing machines and materials and made a monetary donation to the Witzenberg Association for People with Disabilities (WAPD) in Ceres, Western Cape, near the Perdekraal wind farm. The WAPD strives towards an inclusive society in which persons with disabilities are equal and active citizens.



UNITED KINGDOM: Hull Street Race

Siemens Gamesa was among the leading forces behind the Hull Street Race - the United Kingdom's first closed road electric car event. The

company sponsored two of the school teams and employees helped students design and build their cars. Overall 700 students, aged from nine up to 24, raced around Hull city center and were watched by thousands of spectators. The event was staged on a specially created city center circuit by Greenpower Education Trust, a charity that inspires young people to study STEM subjects to create the engineers of the future. The race featured 55 single-seat electric kit cars built by young people from schools, colleges and community groups across the Hull and the Humber region.



SOUTH AFRICA: Waste disposal truck donation

Our team in South Africa also remained true to one of its goals which is to help supplier development and at the same time waste disposal efficiency. The team donated a waste disposal truck to a budding start-up entrepreneur who is eager to be part of the challenge to fight for the environment and create a clean and better tomorrow for the next generation, while also collaborating with Siemens Gamesa South African wind farm sites.



UNITED KINGDOM: Celebratory tree planting in Hull

Reforestation helps tackling the climate crisis. For that reason, Siemens Gamesa's blade factory in Hull celebrated reaching the production milestone of finishing the 500th 75-meter long blade by partnering with Hull's City Council and planting 500 trees to help created the Northern Forest.



UNITED KINGDOM: Volunteer day with Sebastian's Action Trust

Sebastian's Action Trust supports families of seriously ill children from diagnosis, through treatment and beyond by listening and responding to their unmet needs. Siemens Gamesa volunteered with the Trust in Crowthorne and planted trees and tidied gardens. The volunteers also to put down paving slabs to allow wheelchairs access to a potting shed.



UNITED KINGDOM: School visits with Business in the Community

Siemens Gamesa has established a partnership with Business in the Community in the UK; which has seen over 20 employees go into local Schools and discuss their experiences with them. This is helping the kids to learn general information about our exciting industry and the range of opportunities in the wind sector. We are also helping with specific skills such as practice interview questions which are highly valued by the children.



UNITED KINGDOM: School visits with Business in the Community

Partnering with the Star of the Sea School in North Tyneside, we deliver three workshops per year with their children aged from 6-10 years old. This involves a range of activities demonstrating the importance of renewable energy to the children and how they can help tackle climate change. The program is well established and now in its third year. It is providing resources which are now being used by others to establish similar school programs throughout the UK and globally.

9.3.3. Asia and Australia



INDIA: Siemens Gamesa Gram Aarogya

Statistics show that more than 60% of the rural population in India does not have access to basic medical care, especially women and senior citizen. Siemens Gamesa's Gram Aarogya project has been a long-standing commitment since 2014 and has continuously providing the communities in the vicinity of our windfarms in rural areas of the states of Madhya Pradesh and Andhra Pradesh with basic medical assistance, proper prenatal care, eye care and educating people about seasonal diseases and how to avoid them ever since. In 2019, nearly 26,000 people in 28 villages benefitted from the project.



INDIA: Academic Excellence

India is still lacking adequate educational opportunities for students in rural areas. The projects aim was to shape the academic and life skills of

rural students, to provide them with the necessary educational aid and infrastructure as well as to empower them with information and knowledge. Deserving students also were given scholarships. Specifically, 600 students were selected to receive a 30-day training from the non-governmental organization Pratham based out of Pune, which included experiments using trash materials.



INDIA: From scrap wood to school furniture

Siemens Gamesa supported a project that trains indigenous people, living in the vicinity of the manufacturing plant in Mamandur outside of Chennai, in carpentry who then convert wood scraps into school furniture. This fosters the education or rural students that otherwise have little access to the proper educational infrastructure and comfort in classrooms. The project was launched in 2012 and since has trained and employed more than 130 people. 510,000 kilograms of scrap wood were turned into 2,550 sets of benches and desks in 2019 and were donated to 90 schools near Siemens Gamesa's wind farm sites across India.



INDIA: Women empowerment

The objectives of the project, which Siemens Gamesa supported in 2019, women from underprivileged communities were organized into self-help groups, whose members would engage in viable micro-enterprises and receive vocational training and livelihood support at the same time. The members of the groups would also receive micro credits from financial institutions and form a union to increase sustainable livelihood opportunities. 7,500 women from 60 villages in the states of Maharashtra, Karnataka and Madhya Pradesh organized 600 self-help groups. They received training in savings and credit activities and were encouraged to build a business to generate an additional income for the family. Most of the businesses focused on dairy farming and goat rearing.

Annex I - Materiality analysis

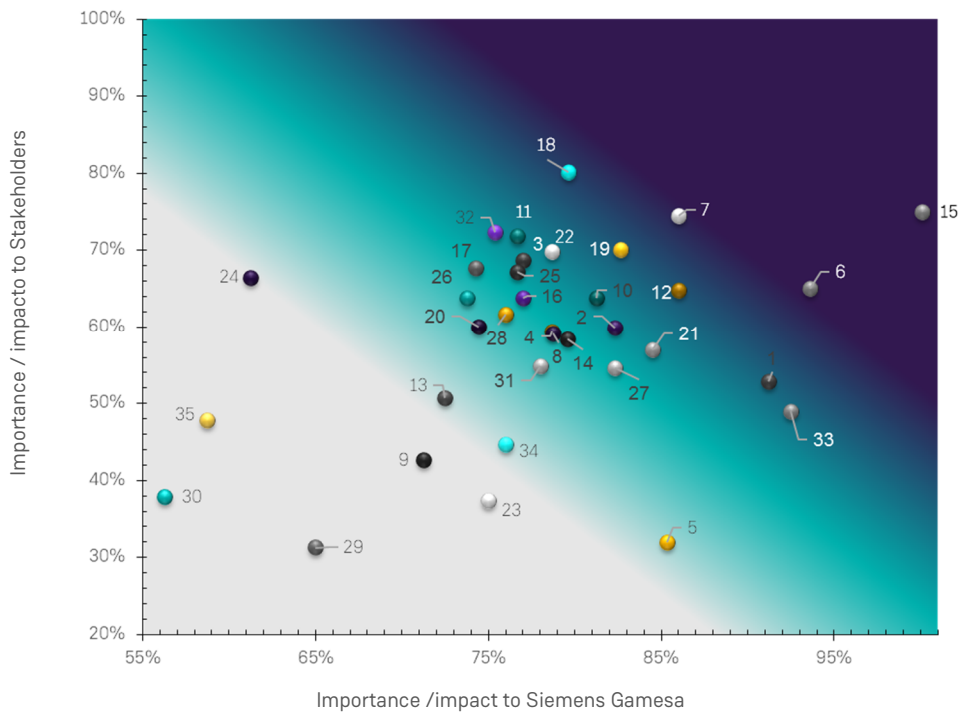


Table 56 - Material aspects

Material aspects [14]

15	Health and Safety
6	Ethics, integrity and anti-corruption
7	Regulatory compliance
12	Equal opportunity, diversity and non-discrimination
21	Human Rights
19	Communities and environment relationship
10	Renewable energy environment
2	Risks and opportunities management
18	R+D+i programs and investment
22	CSR procurement practices and suppliers' assessment
3	Corporate Governance
16	Employee satisfaction
25	GHG Emissions and climate change strategy
11	Training, professional development and employability

Table 57 - Future material aspects

Future material aspects [14]	
33	Customers' satisfaction
1	Business model and strategy
27	Environmental risks and impacts management
14	Talent attraction and retention
8	Economic management and performance
4	External engagement with stakeholders
31	Programs to reduce the environmental impact of the company's activities
34	Privacy and security of information
28	Waste management
32	Efficient use of resources (materials, energy, water, etc.)
20	Social action and investment
17	Impact of the life cycle of products and services
26	Environmental management systems and certifications
13	Conciliation and other social benefits

Table 58 - Non-material aspects

Non-material aspects [7]	
5	Investors relationships
23	Security of supply
9	Direct and indirect economic impacts
29	Environmental expenditures and investments
24	Biodiversity impact management
35	Grievance mechanisms
30	Land use

Annex II - Main locations

Table 59 - Main locations

Country	Address	Town	Phone	Primary use
Africa				
Egypt	Road 218, Degla-Maadi	11431 Cairo	+202 25211048	Sales; Service
Morocco	Anfa Place, Centre d'Affaires "Est", RDC Boulevard de la Corniche	Casablanca	+212 5 22 67 68 01	Sales; Service
Morocco	Tanger Automotive City Lot B, La Ville Nouvelle Cherafate	Tangier		Factory
South Africa	Janadel Avenue 300, Halfway Gardens	Johannesburg	+27 (11) 652 2148	Sales; Service
Asia-Pacific				
Australia	Herring Road 160, Macquarie Park	2113 Sydney		Sales; Service
China	Guanghua Road, Chaoyang District	100020 Beijing	+86 (10) 5789 0899	Sales; Service
China	1333 Miaoxiang Rd, Lingang New Town	201306 Shanghai		Factory
China	Dalian Road 500, Yangpu District	Shanghai		Sales; Service
China	8 Chuangxin 4th Rd, Xiqing Qu	300384 Tianjin		Factory
India	Keonics 84, Hosur Road, Electronic City	560100 Bangalore		Sales; Service; R&D
India	#334, Sholinganallur	600119 Chennai	+91 44 39242424	Sales; Service
India	Redhills, Vadagarai	600066 Chennai		Factory
India	# 3a, Phase III, Halol G I D C	389350 Halol		Factory
India	Theni Highway, Kanchipuram, Bukkathurai	603308 Mamandur		Factory
Japan	1 Chome 11-1, Shinagawa-ku, Osaki	141 0032 Tokyo	+81 (3) 3493-6378	Sales; Service
Korea	Hangang daero 416, Namdaemoon-ro, Jung-gu	Seoul	+82 (2) 6270 4800	Sales; Service
Philippines	Dela Rosa Street 676, Legazpi Village, Makati	1229 Makai City	+63 2 729 7221	Sales; Service
Singapore	MacPherson Road 60	348615 Singapore	+65 6490 6004	Sales; Service
Sri Lanka	51 Negombo-Colombo Main Road, Negombo	Kurana	+94 312235890	Sales; Service
Taiwan	Songjiang Road 126, Zhongshan District	10491 Taipei		Sales; Service
Thailand	North Sathorn Road 98, Khwaeng Silom	10500 Bangkok	+66 2 105 6300	Sales; Service
Vietnam	29 Le Duan Street, Ben Nghe, Quận 1	Ho Chi Minh City	+84 28 35207713	Sales; Service
Europe				
Austria	Siemensstraße 90	1210 Vienna	+43 51707 0	Sales; Service
Belgium	Guido Gezellestraat 123, Beersel	1654 Huizingen	+32 2 536 2111	Sales; Service
Croatia	Heinzlova 70 A	10000 Zagreb	+385 (1) 6105 494	Sales; Service
Denmark	Assensvej 11	9220 Aalborg		Factory
Denmark	Borupvej 16	7330 Brande	+45 9942 2222	Sales; Service; R&D; Factory
Denmark	Fiskergade 1	7100 Vejle		Sales; Service
France	Avenue des Fruitiers 40, Saint-Denis	93200 Paris		Sales; Service
Germany	An der Baumroenne 4	27472 Cuxhaven		Factory
Germany	Beim Strohhaue 17-31	20097 Hamburg		Sales; Service
Greece	Adrianeiou Street 9	11525 Athens	+30 2106753300	Sales; Service
Ungarn	Gizella út 51-57	1143 Budapest	+36 (1) 471 1410	Sales; Service
Iran	Taleqani street 349, District 6	1593643311 Tehran	+98 (21) 8518 1	Sales; Service
Ireland	Old Finglas Road 11, Glasnevin	Dublin		Sales; Service
Italy	Via Vipiteno 4	20128 Milan	+39 022 431	Sales; Service
Netherlands	Prinses Beatrixlaan 800	2595 BN Den Haag	+31 (70) 333 2712	Sales; Service
Norway	Østre Aker vei 88	0596 Oslo		Sales; Service

Country	Address	Town	Phone	Primary use
Poland	Zupnicza Street 11	03-821 Warsaw	+48 (22) 870 9000	Sales; Service
Spain	Calle Diego de Ágreda	42100 Agreda		Factory
Spain	Poligono Industrial Aoiz, Carretera AR-3	31430 Aoiz		Factory
Spain	Parque Industrial de As Somozas	15568 As Somozas		Factory
Spain	Calle Ramirez de Arellano 37	28034 Madrid		Sales; Service, R&D
Spain	2-168 Calle Soto Aizoáin 56	31013 Pamplona		Service, R&D
Spain	Parque Tecnológico de Bizkaia, Edificio 222	48170 Zamudio		Sales; Service, R&D
Sweden	Johanneslundsvägen 12, Habo	194 61 Upplands Vaesby	+46 (8) 728 1000	Service, R&D
Turkey	Yakacik caddesi 111	34870 Istanbul	+90 (216) 459 2000	Service, R&D
United Kingdom	Sir William Siemens Way, Alexandra Dock (West)	Hull HU9 1TA		Factory
United Kingdom	Sir William Siemens Square, Frimley, Camberley	Frimley GU16 8QD		Factory
United Kingdom	Quicksilver Way 9b	Newcastle NE27 0QQ		Service

North America

Canada	North Service Road East 1577	L6H 1A7 Oakville	+1 905-465-8000	Service, R&D
United States	Walnut Street 315	80302 Boulder		Sales; Service, R&D
United States	Highway 61 2591	52627 Fort Madison		Factory
United States	Commerce Street 1000	67501 Hutchinson		Factory
United States	Quadrangle Boulevard 3501	32817 Orlando		Service, R&D

South America

Brazil	Rua dos Polimeros, Camaçari	42810-400 Camaçari		Factory
Brazil	Av. Nações Unidas, 8501, Pinheiros	05425-070 Sao Paulo	+55 (11) 3096-4444	Service, R&D
Chile	Avenida Presidente Riesco 5335, Las Condes	7550000 Santiago de Chile		Service, R&D
Mexico	Paseo de la Reforma 505, Cuahutemoc	06500 Mexico City	+52 55 50179700	Service, R&D

Annex III - The state of non-financial information

Index of contents required by Law 11/2018, of December 28, which modifies the Commercial Code, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Audit of Accounts, regarding non-financial information and diversity.

Table 60 - General information

Category	Sub-category	Reporting framework	Reference	Comments / Reason for omission
Business model	Description of the Group's business model, which will include: - Business environment - Organization and structure - Markets in which it operates - Objectives and strategies	- GRI 102-1 Name of the organization	9	
		- GRI 102-2 Activities, brands, products, and services	11	
		- GRI 102-3 Location of headquarters	9	
		- GRI 102-4 Location of operations	9	
		- GRI 102-6 Markets served	11	
		- GRI 102-7 Size of the organization	10	
Policies and Results of these Policies	A description of the policies applied by the group as well as the results of those policies, including key indicators of relevant non-financial results	- GRI 103 Management approach of each scope	19	
Short, medium and long term risks	The main risks related to these issues related to the activities of the group, including, when relevant and proportionate, their business relationships, products or services that may have negative effects in these areas.	- GRI 103 Management approach of each scope	16	
		- GRI 102-15 Key impacts, risks, and opportunities	16	

Table 61 - Environment

Category	Sub-category	Reporting framework	Reference	Comments / Reason for omission
Environmental management	Information on the current and foreseeable impact of the company's activities on the environment	- GRI 103 Management approach of environment - GRI 102-11 Precautionary Principle or approach	55	
	Environmental assessment and certification procedures		55	
	Resources devoted to environmental risk prevention		55	
	Implementation of the precautionary principle		55	
	Amount of provisions and warranties for environmental risks		56	
Pollution	Measures to prevent, reduce or repair carbon emissions that seriously affect the environment; taking into account any form of air pollution specific to an activity, including noise and light pollution	- Internal operating framework	56; 61	Light pollution is not considered a material aspect for Siemens Gamesa
Circular economy and waste prevention and management	Waste: Measures related to prevention, recycling, reuse and other form of waste recovery and disposal	- GRI 103: Management approach of waste / circular economy - GRI 306-2 Waste by type and disposal method	61; 66	
	Actions to avoid food waste	- Internal operating framework	64	Food waste is not a material issue at Siemens Gamesa
Sustainable use of resources	Water consumption and water supply in accordance with local limitations	- GRI 303-1 Water withdrawal by source	62	
	Consumption of raw materials and measures to improve the efficiency of their use	- GRI 103: Management approach of materials - GRI 301-1 Materials used by weight or volume	59	
	Consumption, direct and indirect, of energy measures taken to improve energy efficiency and the use of renewable energies	- GRI 103: Management approach of energy - GRI 302-1 Energy consumption within the organization	59	
Climate change	Important elements of greenhouse gas emissions generated as a result of the activities of the company, including the use of the goods and services it produces	- GRI 103: Management approach of emissions - GRI 305-1 Direct (Scope 1) GHG emissions - GRI 305-2 Energy indirect (Scope 2) GHG emissions	60; 61	
	Measures to adapt to climate change	- GRI 103: Management approach of emissions	57	
	Targets of reduction established voluntarily	- GRI 103: Management approach of emissions	57	
Biodiversity	Measures to preserve or restore biodiversity	- GRI 103: Management approach of biodiversity - GRI 304-2 Significant impacts of activities, products, and services on biodiversity	67	
	Business impact on protected areas			

Table 62 - Social and employee-related matters

Category	Sub-category	Reporting framework	Reference	Comments / Reason for omission
Employment	Total number of employees and distribution by country, gender, age and occupational classification	- GRI 103: Management approach of employment - GRI 102-8 Information on employees and other workers - GRI 405-1 Diversity of governance bodies and employees	11; 44	
	Total number and distribution of the conditions of the work contract	- Internal data linked to SAP system procedure	40	
	Annual average of permanent, temporary and part-time contracts by sex, age and professional category	- GRI 102-8 Information on employees and other workers - GRI 405-1 Diversity of governance bodies and employees	40; 44	Contract data is total number at the end of fiscal year, not average.
	Number of dismissals by sex, age and professional category	- GRI 401-1: New employee hires and employee turnover	41	
	Average remuneration by sex, age and professional category	- GRI 405-2: Ratio of basic salary and remuneration of women to men	41	
	Gender pay gap, the remuneration of equal or average jobs in society	- GRI 103: Management approach of employment - GRI 405-2: Ratio of basic salary and remuneration of women to men	48	
	Average remuneration of counselors and managers by sex	- Internal operating framework	25	
	Implementation of policies to allow employees to disconnect from work	- Internal operating framework	38	
	Number of employees with disabilities	- Internal operating framework	45	
Work organization	Working hours organization	- Internal operating framework	39	
	Number of hours of absenteeism	- Internal operating framework	52	Absenteeism hours reflect days lost due to accidents with sick leave. Data is given in days as system does not allow such calculation.
	Measures to promote work-life balance and co-parenting responsibilities	- GRI 103: Management approach of employment	44	
Health and safety	Occupational health and safety conditions	- GRI 103: Management approach of employment	49	
	Number of work accidents and occupational diseases by sex, frequency and severity rate by sex	- Internal operating framework	51	Breakdown of work-related accidents and diseases by gender cannot be provided because systems are not prepared to provide this information.
Labor relations	Social dialogue organization	- GRI 103: Management approach of relations worker/organization	42	
	Percentage of employees covered by collective agreements, by country	- GRI 102-41 Collective bargaining agreements	43	
	Results of collective agreements, especially in the field of health and safety	- Internal operating framework	43	
Training	Training policies implemented	- GRI 103: Management approach of training and education	42	
	Number of hours of training by professional category	- GRI 404-1 Average hours of training per year per employee	42	The training hours is not disclosed by training categories. Systems are not prepared to provide this information
Universal accessibility of people with disabilities		- GRI 103: Management approach of diversity, equality and no discrimination	43	
Equality	Measures taken to promote equal treatment and equal opportunities for women and men	- GRI 103: Management approach of diversity, equality and no discrimination	43	
	Equality plans measures adopted to promote employment, protocols against sexual and gender-based harassment		44	
	Integration and universal accessibility for people with disabilities		45	
	Policy against all types of discrimination and, where appropriate, management of diversity		43	

Table 63 - Human Rights

Category	Sub-category	Reporting framework	Reference	Comments / Reason for omission
Human Rights	Application of due diligence procedures in the field of human rights Prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses committed	- GRI 103: Management approach assessment of human rights + freedom of association and collective bargaining + child labor + forced or compulsory labor - GRI 102-16 Values, principles, standards, and norms of behavior - GRI 102-17 Mechanisms for advice and concerns about ethics	9; 25; 30; 29	
	Complaints about cases of violation of human rights	- Internal operating framework	30; 29	
	Promotion and compliance with ILO's provisions related to freedom of association and collective bargaining; the elimination of work discrimination, forced or compulsory labor and the effective abolition of child labor	- GRI 103: Management approach assessment of no discrimination - GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining maybe at risk	29	

Table 64 - Corruption and bribery

Category	Sub-category	Reporting framework	Reference	Comments / Reason for omission
Corruption and bribery	Measures taken to prevent corruption and bribery	- GRI 103: Management approach assessment of no discrimination - GRI 102-16 Values, principles, standards, and norms of behavior - GRI 102-17 Mechanisms for advice and concerns about ethics	27	
	Measures to combat money laundering	- Internal operating framework	29	
	Contributions to non-for-profit organizations	- Internal operating framework	74	

Table 65 - Society

Category	Sub-category	Reporting framework	Reference	Comments / Reason for omission
Commitment with sustainable development	Impact of the company's activity on employment and local development	- GRI 103 Management approach local communities + indirect economic impacts - GRI 102-43 Approach to stakeholder engagement	16	
	Impact of the company's activity on local populations and territories		73	
	Company's relations with local communities' agents and dialogue channels		73	
	Partnerships and sponsorship actions		36	
Sustainable supply chain	Inclusion of social, gender equality and environmental matters in the company's purchasing policy	- GRI 103 Management approach of procurement practices - GRI 102-9 Supply chain - GRI 308-2 Negative environmental impacts in the supply chain and actions taken - GRI 414-2 Negative social impacts in the supply chain and actions taken	68	
	Attention given to the social and environmental responsibility of subcontractors and suppliers		69	
	Monitoring and supervision systems and related results		70	
Consumer relationship management	Measures to protect consumers' health and safety	- GRI 103 Management approach of Health and Safety Management in clients + Marketing and labeling + Customer privacy	66	
	Claims systems		30	
	Complaints received and resolution of them		97	
Tax information	Profits obtained per country	- Internal data linked to SAP system procedure	34	
	Taxes paid on profits	- Internal data linked to SAP system procedure	35	
	Public subsidies received	- Internal data linked to SAP system procedure	35	

Annex IV - GRI Content Index

General Standard Disclosures [102-55]

GRI 101 Foundation 2016 (Note: does not require disclosure of information)

GRI 102 General Disclosures

GRI Standard	GRI 4 Equivalent	Page / Reference	Comment	External Assurance	Description
Organizational Profile					
102-1	G4-3	9	-	✓	Name of the organization
102-2	G4-4	11	-	✓	Activities, brands, products, and services
102-3	G4-5	9	-	✓	Location of headquarters
102-4	G4-6	9	-	✓	Countries where there are significant operations
102-5	G4-7	10	-	✓	Nature of ownership and legal form.
102-6	G4-8	11	-	✓	Markets served
102-7	G4-9	10	-	✓	Scale of the organization
102-8	G4-10	11	-	✓	Information on employees and other workers
102-9	G4-12	68	-	✓	Supply chain
102-10	G4-12	69	-	✓	Significant changes to the organization and its supply chain
102-11	G4-14	55	-	✓	Precautionary principle approach
102-12	G4-15	14	-	✓	Principles of initiatives subscribed or endorsed
102-13	G4-16	36	-	✓	Membership in associations
Strategy					
102-14	G4-1	4	-	✓	Statement from the primarily responsible of the organization about the relevance of sustainability for the organization and its strategy with a view to addressing said topic.
102-15	G4-2	16	-		Key impacts, risks and opportunities
Ethics and Integrity					
102-16	G4-56	9	-	✓	Values, principles, standards and norms of behavior such as codes of conduct
102-17		25	-	✓	Internal and external mechanisms for seeking advice on ethical and lawful behavior

Corporate Governance

102-18	G4-34	23	-	✓	Governance structure
102-19	G4-35	24	-	✓	Delegation of authority by the highest governance body to senior management
102-20	G4-36	24	-	✓	Executive-level positions with responsibility for economic, environmental and social topics
102-21	G4-37	97	Note 3	✓	Processes for consultation between stakeholders and the Board of Directors
102-22	G4-38	23	-	✓	Composition of the highest governance body
102-23	G4-39	97	Note 4	✓	Report whether the chair of the highest governance body is also an executive officer and the reasons for this arrangement
102-24	G4-40	97	Note 5	✓	Nomination and selection processes for the highest governance body
102-25	G4-41	97	Note 6	✓	Processes for the highest governance body to ensure conflicts of interest are avoided
102-26	G4-42	21	-	✓	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's value or mission statements, strategies, policies and goals
102-27	G4-43	97	Note 7	✓	Highest governance body's collective knowledge of economic, environmental and social
102-28	G4-44	97	Note 8	✓	Evaluating the highest governance body's performance
102-29	G4-45	97	Note 9	✓	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks and opportunities, including its role in the implementation of due diligence processes and stakeholder consultation
102-30	G4-46	97	Note 9	✓	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics
102-31	G4-47	97	Note 9	✓	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities
102-32	G4-48	7	-	✓	Highest governance body's role in sustainability reporting
102-33	G4-49	97	Note 3	✓	Process for communicating critical concerns to the highest governance body
102-34	G4-50	97	Note 10	✓	Critical concerns that were communicated to the highest governance body
102-35	G4-51	97	Note 11	✓	Remuneration policies
102-36	G4-52	97	Note 11	✓	Process for determining the remuneration
102-37	G4-53	97	Note 12	✓	How stakeholders' expectations taken into account regarding remuneration policies
102-38	G4-54	25	-		Annual total compensation ratio
102-39	G4-55	25	-		Percentage increase in annual total compensation ratio

Organizational Profile

102-18	G4-34	23	-	✓	Governance structure
102-19	G4-35	24	-	✓	Delegation of authority by the highest governance body to senior management
102-20	G4-36	24	-	✓	Executive-level positions with responsibility for economic, environmental and social topics
102-21	G4-37	97	Note 3	✓	Processes for consultation between stakeholders and the Board of Directors
102-22	G4-38	23	-	✓	Composition of the highest governance body

Stakeholder Engagement

102-40	G4-24	19	-	✓	Stakeholders engaged by the organization
102-41	G4-11	43	-	✓	Collective bargaining agreements
102-42	G4-25	19	-	✓	Identifying and selecting stakeholders
102-43	G4-26	19	-	✓	Approach adopted to relations with stakeholder groups
102-44	G4-27	20	-	✓	Key topics and concerns raised through stakeholder engagement

Reporting Practice

102-45	G4-17	7	-	✓	Entities included in the consolidated financial statements and in the scope of the report
102-46	G4-20	7	-	✓	Defining report content and topic Boundaries
102-47	G4-18	20	-	✓	List of material topics
102-48	G4-22	7	-	✓	Restatements of information provided in previous reports
102-49	G4-23	6	-	✓	Changes in reporting
102-50	G4-28	6	-	✓	Reporting period
102-51	G4-29	Nov-18	-	✓	Date of most recent report disclosure
102-52	G4-30	Annual	-	✓	Reporting cycle of the report
102-53	G4-31	102	-	✓	Contact point for questions regarding the report
102-54		6	-	✓	Claims of reporting in accordance with the GRI Standards
102-55	G4-32	91	-	✓	GRI content index
102-56	G4-33	97	Note 1	✓	External assurance

GRI 103 Management Approach

GRI Standard	GRI 4 Equivalent	Page / Reference	Comment	External Assurance	Description
103-1	-	-	-	✓	Explanation of the material topic and its Boundary
103-2	-	-	-	✓	The management approach and its components
103-3	-	-	-	✓	Evaluation of the management approach

GRI 200 Economic Topics

GRI Standard	GRI 4 Equivalent	Page / Reference	Comment	External Assurance	Description
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GRI 201 Economic Performance

201-1	G4-EC1	11	-		Direct economic value generated and distributed
201-2	G4-EC2	97	Note 14	-	Financial implications and other risks deriving from climate change
201-3	G4-EC3	46		-	Defined benefit plan obligations and other retirement plans
201-4	G4-EC4	35	-	✓	Financial assistance received from government

GRI 202 Market Presence

202-1	G4-EC5	97	Note 13	-	Ratio of standard entry level wage to local minimum wage
202-2	G4-EC6	97	Note 2	-	Proportion of senior management hired from the local community

GRI 203 Indirect Economic Impacts

203-1	G4-EC7	97	Note 2	-	Infrastructure investments and services supported
203-2	G4-EC8	97	Note 2	-	Significant indirect economic impacts

GRI 204 Procurement Practices

204-1		69	-	✓	Proportion of spending on local suppliers
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GRI 205 Anti-Corruption

205-1	G4-S03	27	-	✓	Operations assessed for risks related to corruption
205-2	G4-S04	30	-	-	Communication and training on anti-corruption policies and procedures
205-3	G4-S05	30	-	✓	Confirmed incidents of corruption and actions taken

GRI 206 Anti-Competitive Behavior

206-1	G4-S07	28	-	✓	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
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GRI 300 Environmental Topics

GRI Standard	GRI 4 Equivalent	Page / Reference	Comment	External Assurance	Description
GRI 301 Materials					
301-1	G4-EN1	59		✓	Materials used by weight and volume
301-2	G4-EN2	97	Note 2	-	Percentage of materials used that are recycled input materials.
301-3		97	Note 2	-	Reclaimed products and their packaging materials
GRI 302 Energy					
302-1	G4-EN3	59	-	✓	Energy consumption within the organization
302-2	G4-EN4	-	-	-	Energy consumption outside the organization
302-3	G4-EN5	60	-	✓	Energy intensity
302-4	G4-EN6	64	-	✓	Reduction of energy consumption
302-5	G4-EN7	64	-	✓	Reductions in energy requirements of products and services
GRI 303 Water					
303-1	G4-EN8	62	-	✓	Total water withdrawal by source
303-2	G4-EN9	62	-	✓	Water sources significantly affected by withdrawal of water
303-3	G4-EN10	62	-	✓	Water recycled and reused
GRI 304 Biodiversity					
304-1	G4-EN11	67	-	-	Operational sites in protected areas or high biodiversity value outside protected areas
304-2	G4-EN12	67	-	✓	Impacts of activities, products, and services on biodiversity
304-3	G4-EN13	97	Note 2	-	Habitats protected or restored
304-4	G4-EN14	67	-	✓	IUCN red list and national conservation list species with habitats in areas affected by operations
GRI 305 Emissions					
305-1	G4-EN15	60	-	✓	Direct greenhouse gas (GHG) emissions (Scope 1)
305-2	G4-EN16	61	-	✓	Energy indirect greenhouse gas (GHG) emissions (Scope 2)
305-3	G4-EN17	61	-	✓	Other indirect greenhouse gas (GHG) emissions (Scope 3)
305-4	G4-EN18	61	-	✓	Greenhouse gas (GHG) emissions intensity
305-5	G4-EN19	65	-	✓	Reduction of greenhouse gas (GHG) emissions
305-6	G4-EN20	61	-	✓	Emissions of ozone-depleting substances (ODS)
305-7	G4-EN21	97	Note 2	-	NOx, SOx and other significant air emissions
GRI 306 Efluents and Waste					
306-1	G4-EN22	62	-	✓	Total water discharge by quality and destination
306-2	G4-EN23	61	-	✓	Total weight of waste by type and disposal method
306-3	G4-EN24	63	-	-	Total number and volume of significant spills
306-4	G4-EN25	97	Note 17	-	Transport of hazardous waste
306-5	G4-EN26	62	-	✓	Water bodies and related habitats significantly affected by the organization's discharges of water and runoff
GRI 307 Environmental Compliance					
307-1	G4-EN29	97	Note 16	✓	Non-compliance with environmental laws and regulations.
GRI 308 Supplier Environmental Assessment					
308-1	G4-EN32	70	-	-	New suppliers that were screened using environmental criteria
308-2	G4-EN33	70	-	✓	Negative environmental impacts in the supply chain and actions taken

GRI 400 Social Topics

GRI Standard	GRI 4 Equivalent	Page / Reference	Comment	External Assurance	Description
GRI 401 Employment					
401-1	G4-LA1	41	-	✓	New employee hires and employee turnover
401-2	G4-LA2	45	-	-	Benefits provided to full-time employees not provided to temporary or part-time employees
401-3	G4-LA3	45	-	-	Parental leave
GRI 402 Labor/Management Relations					
402-1	G4-LA4	43	-	✓	Minimum notice periods regarding operational changes
GRI 403 Occupational Health and Safety					
403-1	G4-LA5	50	-	-	Workers representation in formal joint management-worker health and safety committees
403-2	G4-LA6	51	-	-	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.
403-3	G4-LA7	53	-	-	Workers with high incidence or high risk of diseases related to their occupation
403-4	G4-LA8	97	Note 2	-	Health and safety topics covered in formal agreements with labor unions
GRI 404 Training and Education					
404-1	G4-LA9	42	-	✓	Average hours of training per year per employee
404-2	G4-LA10	42	-	✓	Programs for upgrading employee skills and transition assistance programs
404-3	G4-LA11	97	Note 2	-	Percentage of employees receiving regular performance and career development reviews
GRI 405 Diversity and Equal Opportunity					
405-1	G4-LA12	44	-	✓	Diversity of governance bodies and employees
405-2	G4-LA13	47	-	✓	Ratio of basic salary and remuneration of women to men
GRI 406 Non-Discrimination					
406-1	G4-HR3	44	-	-	Incidents of discrimination and corrective actions taken
GRI 407 Freedom of Association and Collective Bargaining					
407-1	G4-HR4	42	-	✓	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be at risk
GRI 408 Child Labor					
408-1	G4-HR5	97	Note 2	-	Operations/suppliers identified having significant risk for incidents of child labor
GRI 409 Forced Labor					
409-1	G4-HR6	97	Note 2	-	Operations and suppliers at significant risk for incidents of forced -compulsory labor
GRI 410 Security Practices					
410-1	G4-HR7	97	Note 2	-	Security personnel trained in human rights policies or procedures
GRI 411 Rights of Indigenous People					
411-1	G4-HR8	97	Note 2	-	Incidents of violations involving rights of indigenous peoples

GRI 412 Human Rights Assessment

412-1	G4-HR9	29	-	-	Operations subject to human rights reviews or impact assessments
412-2		30		-	Employee training on human rights policies or procedures
412-3		97	Note 20	-	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

GRI 413 Local Communities

413-1	G4-S01	73	-	✓	Local community engagement, impact assessments, development programs
413-2	G4-S02	36	-	✓	Significant actual or potential negative impacts on local communities

GRI 414 Supplier Social Assessment

414-1	G4-S09	70	-	-	New suppliers that were screened using social criteria
414-2	G4-S010	70	-	✓	Negative social impacts in the supply chain and actions taken

GRI 415 Public Policy

415-1	G4-S06	-	Not recorded	-	Political contributions
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GRI 416 Customer Health and Safety

416-1	G4-PR1	54	-	-	Assessment of the health and safety impacts of product and service categories
416-2	G4-PR2	97	Note 18	✓	Incidents of non-compliance concerning the health and safety impacts of products and services

GRI 417 Marketing and Labeling

417-1	G4-PR3	97	Note 21	✓	Requirements for product and service information and labeling
417-2	G4-PR4	97	Note 18	✓	Incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling
417-3	G4-PR7	97	Note 18	✓	Incidents of non-compliance concerning marketing communications

GRI 418 Customer Privacy

418-1	G4-PR8	97	Note 18	✓	Substantiated complaints regarding breaches of customer privacy and losses of customer data
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GRI 419 Socioeconomic Compliance

419-1	G4-PR9	97	Note 16	✓	Non-compliance with laws and regulations in the social and economic area
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Notes included into the GRI index

[Note 1]: The EY verification report, unlike previous years, cannot be an integral part of the Consolidated Non-Financial Statement (CNFS) and cannot be attached to the CNFS itself. This verification document is independent and is generated after audit closing. The reasoning is the same as in financial audit, the audit report is not part of the financial statements.

[Note 2]: It has not been possible to report consolidated data for the Group at the end of the reporting period. The Company is working on both management processes and at a systems level to provide this data in future reporting cycles.

[Note 3]: The Regulations of the General Meeting of Shareholders, establish the rules: (a) of constitution and operation of the General Meeting of Shareholders of Siemens Gamesa Renewable Energy, S.A.; and (b) for the exercise by the shareholders of the rights of information, attendance, speech, vote and any others that legally correspond to them. Those Regulations form part of the Company's Corporate Governance Standards. [\[Link\]](#). Additionally, the Company has a Shareholder Information Office which deals with shareholders daily and responds to any queries they may raise.

[Note 4]: The Chair of the highest governance body is not also the executive officer. The Chair holds the highest responsibility for the effective operation of the Board of Directors.

[Note 5]: The procedures for the selection, appointment, re-election, evaluation and resignation of board members, together with details of the competent bodies, processes to be followed and the criteria to be used in each procedure are disclosed in section C.1.19 of the Annual Corporate Governance Report 2019.

[Note 6]: Section D.6 of the Annual Corporate Governance 2019 describes the mechanisms implemented to detect, determine and resolve any conflicts of interest between the Company and/or its Group, and its directors, executives or significant shareholders.

[Note 7]: Indicated in the Regulations of the Board of Directors [\[Link\]](#)

[Note 8]: Indicated in Section C.1.20 of the Annual Corporate Governance Report 2019.

[Note 9]: Indicated in Section E of the Annual Corporate Governance Report 2019.

[Note 10]: The Board of Directors of Siemens Gamesa addresses the concerns which lie within its powers, as set forth in detail in Article 7 of the Regulations of the Board of Directors [\[Link\]](#)

[Note 11]: The Company rules which govern the remuneration of members of the Board of Directors are set forth in Article 45 of the By-Laws of Siemens Gamesa Renewable Energy, S.A. [\[Link\]](#), and in Article 29 of the Regulations of the Board of Directors [\[Link\]](#). Additional information can be accessed through Siemens Gamesa Renewable Energy S.A. and Subsidiaries Consolidated Annual Accounts for the period ended September 30, 2019. Also refer to the Annual Report on remuneration of the members of the Board of Directors 2019 for quantitative and qualitative details.

[Note 12]: The Annual Report on remuneration of the members of the Board of Directors is submitted to consultative vote on an annual basis within the Company's General Meeting of Shareholders. In accordance with prevailing legislation the remuneration policy of the year in course and the preceding year is set out in detail, including each director's individual remuneration.

At the Company's General Meeting of Shareholders held on March 27, 2019, the report was approved with 99.38% of the votes in favor, 0.49% votes against and 0.12% abstentions.

[Note 13]: At the time of reporting, it was not possible to aggregate the information relating to compensation or annual increases. Although specific compensation related data is confidential, we'll make an overarching approach in the following reporting periods. Generally, we comply with local regulations, law and general business ethics. That includes local regulations on minimum wage and equal opportunity in employment defined in our Business Conduct Guidelines.

[Note 14]: There is a strategic analysis of the risks of climate change dated 2016. It was not possible to conduct a complete new analysis of financial risks at Group level during the reporting period.

[Note 15]: Additional information can be accessed at Siemens Gamesa Renewable Energy S.A. and Subsidiaries *Consolidated Annual Accounts for the period ended September 30, 2019*.

[Note 16]: Total fines from penalties at the end of the reporting period were non-existent or not material.

[Note 17]: The Group is equipped with procedures which set out systematic processes to exercise appropriate control over loading, unloading and transport operations of hazardous goods by land, sea and air carried out at the group's centers with the organization's own resources or those of subcontracted companies in order to ensure suitable protection for people, goods and the environment, as well as to comply with the legislation in force.

[Note 18]: There is no record of any grievances or complaints having been received during the reporting period. [\[L11-SO10\]](#)

[Note 20]: There were no significant investment agreements in the reporting period that could endanger the protection of human rights, affect the Company's reputation or the stability of such investments. Significant investments are construed to be any that must be disclosed as Relevant Disclosures to the National Securities Market Commission (CNMV), and any information the knowledge of which could reasonably affect an investor to buy or transfer securities or financial instruments and which could therefore noticeably affect their listing in the secondary market will be deemed as such.

[Note 21]: Siemens Gamesa places special importance on providing an appropriate degree of information and labeling on the sustainability of its products and services. Given the nature of the equipment sold, warranties are set forth in agreements between the customer and the supplier.

Annex V - UN Global Compact

Siemens Gamesa has endorsed, ratified and committed to upholding the ten principles of the United Nations' Global Compact. This commitment was ratified for the first time at legacy Gamesa on February 2, 2005 (participant ID 4098) and remains applicable to the new group. To describe the progress made during the fiscal year against these principles' readers can refer to our Consolidated Non-Financial Statement 2019, our online communication on progress at the UN Global Compact webpage ⁴⁵ and to the following report index.

Human Rights	<p>Principle 1: Business should support and respect the protection of internationally proclaimed human rights within their area of influence</p> <p>Principle 2: Business should make sure that they are not complicit in human rights abuses.</p>	Labor	<p>Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>Principle 4: Business should uphold the elimination of all forms of forced and compulsory labor.</p> <p>Principle 5: Business should uphold the effective abolition of child labor.</p> <p>Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation.</p>	Environment	<p>Principle 7: Business should support a precautionary approach to environmental challenges.</p> <p>Principle 8: Business should undertake initiatives to promote greater environmental responsibility.</p> <p>Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.</p>	Anti-corruption	<p>Principle 10: Business should work against corruption in all its forms, including extortion and bribery.</p>
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This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

⁴⁵ See UN Global Compact webpage: <https://www.unglobalcompact.org/what-is-gc/participants/4098>

Annex VI - Index according to the ten principles of the United Nations Global Compact

Principle	Policies and systems implemented	Significant progress made
Principle 1-5	<ul style="list-style-type: none"> ▪ Support and respect for human rights. Adoption of a Corporate Social Responsibility Policy. Section 5.2. "Compliance" (p.25) and CSR policy (p.20) ▪ Support and respect for human rights. Adoption of Business Conduct Guidelines. ⇒ Section 5.2. "Compliance" (p.25) and section 5.2.4. "Business Conduct Guidelines" (27) ▪ Commitment to human rights, the fight against child labor and forced labor. ⇒" Section 5.2.6.4. "Human Rights" (p.29) ▪ Economic, social and environmental performance supervision mechanisms established. ⇒Note 7 - (p. 97). ▪ Priority given to occupational health and safety of employees. ⇒Section 6.5. "Occupational health and safety" (p.49) ▪ Justice and equity. Employees treated with respect and remunerated in a fair and equitable way. Section 6.3. "Diversity and equal opportunity" section (p.43) ▪ Labor conditions are given priority in talent management and appropriate training given to people. ⇒ Section 6.2.2. "Learning and training" (p.42) ▪ Responsible management of the global supply chain. ⇒Section 8.2. "Sustainability in the Supply Chain" (p.69) ▪ Protection and defense of human rights in the communities where Siemens Gamesa has a presence. ⇒Section 9. "Community engagement" (p.73) ▪ Defense of the freedom of association and collective bargaining. ⇒ Section 6.2.3. "Labor Relations" (p.42) 	<ul style="list-style-type: none"> ▪ The Company has an updated Corporate Social Responsibility Policy (p.20), which complies with the provisions set forth in Article 19.1 of the Articles of Association and with Articles 5 and 39 of the Board of Directors Regulations. As a result, the 2018-2020 Corporate Social Responsibility Master Plan was being drawn up and completed during the period. ⇒(p.21) ▪ The number of training hours raised to 904,529 (619,217 in 2018) in the fiscal period 2019 (p.42) ▪ Implementation of the Occupational Health and Safety Plan through 112 full audits, safety inspections (15,770) and safety observations (52,310) ⇒Section 6.5. "Occupational Health and Safety" (p.49) ▪ Supply base of 17,890 suppliers and procurement volume exceeding €8.2 billion create jobs and local wealth. ▪ Human rights compliance processes in the supply chain. ⇒ (p.70) ▪ Community actions and programs in Mexico, Brazil, Uruguay and India aimed at covering basic educational needs and access to other decent conditions. ⇒Section 9. "Community engagement" (p.73) ▪ Commitment made to workers to defend human and labor rights by means of a Global Collective Agreement. See section 6.2.3. "Labor Relations" section (p.42) ▪ Undertakings in equality and diversity matters. ⇒ Section 6.3. "Diversity and equal opportunity" section (p.43)

<p>Principle 6</p>	<ul style="list-style-type: none"> ▪ Siemens Gamesa does not tolerate discrimination and seeks to develop a favorable framework for labor relations based on the equal opportunities. ▪ Committed to the UNGC Women's Empowerment Principles and have already signed the Diversity Charter, an initiative by the Spanish government. ▪ This stance is set out in the Diversity and Inclusion Policy, the Global Corporate Social Responsibility Policy and in Business Conduct Guidelines. ⇒ Section 6.3. "Diversity and equal opportunity" section (p. 43) 	<ul style="list-style-type: none"> ▪ In the year under review, the share of female employees represents an overall 18.8% of the total workforce. ▪ In fiscal 2019 women hired amounted 17.03 % of all new hires. ▪ At the end of the reporting period Siemens Gamesa had 332 employees in management positions, 10.24% of whom were women. ▪ The age structure in the fiscal year 2018 was dominated by the under-35 age group (37.39%), followed by employees aged 35-44 (36.95%); 45-54 (18.66%); 55-60 (5.19%) with those over 60 accounting for 1.81%. Section 6.3. "Diversity and equal opportunity" section (p. 43)
<p>Principle 7</p>	<ul style="list-style-type: none"> ▪ Responsibility for protecting the environment in wind turbine design and manufacturing processes by applying management requirements in accordance with the ISO 14.001 standard and other environmental standards which apply. ▪ Siemens Gamesa has taken up the challenge of reaching carbon neutrality by 2025. ▪ ⇒ Section "Climate Change" (p. 57 and the following) 	<ul style="list-style-type: none"> ▪ We report direct greenhouse gas emissions (Scope 1), indirect greenhouse gas emissions (Scope2). The Company's total emissions of CO2-eq under Scope 1 and Scope 2 amounted to 70,698 tons CO2-eq during the reporting period. (p.60) ▪ The current reporting period shows a 100% rate for products covered with Life cycle assessments (LCAs) (Screening and Full-Scale) and EPDs (Both Type II & Type III), as well as a 100% revenue-based coverage ratio within our business. ▪ New Environmental Product Declaration (EPD). In fiscal year 19 Siemens Gamesa published the following Environmental Declarations: i) Type II Environmental Declaration for SG 8.0-167 DD and ii) Type III Environmental Product Declarations for SG 2.6-126 (former G126-2.625 MW) and SG 3.4-132 (former G132-3.465 MW) (p.65)
<p>Principle 8</p>	<ul style="list-style-type: none"> ▪ Commitment to researching and developing environmentally friendly products that produce long-term environmental benefits. ▪ Siemens Gamesa is founder of the Basque Ecodesign Center, an organization based in the Basque Country and structured pursuant to a partnership framework between firms in the private sector and the Basque Government. It aims to foster the design and execution of innovative eco design project. 	<ul style="list-style-type: none"> ▪ Patents granted at the end of the reporting period: 4,198 (3,363 in FY18). New patents first filing: 264. ▪ Section ⇒ "Life Cycle Assessments" section (p. 65).
<p>Principle 9</p>	<ul style="list-style-type: none"> ▪ Siemens Gamesa quantifies and documents the significant life cycle impacts of our products and operations (manufacturing, installations, services) by performing Life Cycle Assessments (LCAs) in accordance to the ISO 14040 series of standards and applicable Product Category Rules (PCRs). ▪ We develop and market products, solutions and services that enable our customers to reduce their CO₂ emissions, lower lifecycle costs and protect the environment. 	<ul style="list-style-type: none"> ▪ In 2019, 9.3 GW of wind energy was installed helping our customers further reduce their emissions by 25 million tons of CO₂. Cumulatively since 1998, more than 99 GW of wind energy has been installed from Siemens Gamesa's wind turbines. This allows our customers to mitigate their carbon footprint by more than 259 million tons of CO₂ a year.

Principle 10

- The Group makes sure its activity is based on respect for the Law and on the fight against corruption in all its forms. This stance is set out in the Global Corporate Social Responsibility Policy.
 - Siemens Gamesa Business Conduct Guidelines provide the ethical and legal framework within which we conduct our business activities. Our compliance system aims to ensure that all our worldwide business practices remain within this framework as well as in compliance with applicable laws.
- The Company implemented a Compliance Handbook addressing specific approach to Anticorruption (p.27)
 - Business Conduct Guidelines (p.27)
 - The Company continuously develops its Compliance System further in order to adapt it to changing requirements according to our global business. Siemens Gamesa has gone through a merge process that has affected all departments. ⇒ Section 5.2. “Compliance” (p.25)
 - Whistleblowing Channel available on the intranet, the website and by post, as well as a system of rights, duties, guarantees, conditions of access and use thereof by users. ⇒ Section 5.2. “Compliance” (p.25).

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[102-53]

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The report is available in English and Spanish. Both versions can be downloaded from Siemens Gamesa's corporate website:

www.siemensgamesa.com

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**Independent Assurance Report on the Consolidated Non-Financial
Statement for the year ended September 30, 2019**

SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES

INDEPENDENT ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

To the Shareholders of Siemens Gamesa Renewable Energy, S.A.:

In accordance with article 49 of the Commercial Code, we have verified, with a limited scope, the Consolidated Non-Financial Statement (hereinafter NFS) for the year ended September 30, 2019 of Siemens Gamesa Renewable Energy, S.A. and subsidiaries (hereinafter the Group), which is part of the Group's accompanying Consolidated Management Report.

The content of the Consolidated Management Report contains information in addition to that required by prevailing company law in respect of non-financial information that was not included in the scope of our assurance work. Consequently, our work was limited exclusively to verifying the information identified in the Annex III "The state of non-financial information" and in conformity with the Annex IV "GRI Content Index" included in the accompanying Consolidated Management Report.

Responsibility of the directors

The preparation of the NFS included in the Group's Consolidated Management Report and its content is the responsibility of the directors of Siemens Gamesa Renewable Energy, S.A. The NFS was prepared in accordance with the content required by prevailing company law and in conformity with the criteria outlined in the GRI Sustainability Reporting Standards (GRI standards), core option, as well as other criteria, described as explained for each subject matter in the Annex III "The state of non-financial information", in conformity with the Annex IV "GRI Content Index" of said report.

This responsibility likewise includes the design, implementation, and maintenance of the internal control considered necessary to ensure that the NFS is free of material misstatement, due to fraud or error.

The directors of Siemens Gamesa Renewable Energy, S.A. are also responsible for defining, implementing, adapting, and maintaining the management systems from which the necessary information for preparing the NFS is obtained.

Our independence and quality control

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC 1), and consequently maintains a global quality control system which includes documented policies and procedures relating to compliance with ethical requirements, professional standards, and the legal and applicable regulatory provisions.

The EY team is made up of experts in non-financial information engagements and specifically, information on economic, social, and environmental performance.

Our responsibility

Our responsibility is to express our conclusions on the Independent Assurance Report with limited assurance, based on the work performed, which refers exclusively to the 2018 financial year. Prior year data were not reviewed in compliance with prevailing company law.

We have carried out our work in accordance with the requirements established in the International Standard on Assurance Engagements (ISAE) 3000 (revised), "Assurance Engagements Other than Audits and Review of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the Guide for Non-Financial Statement verification engagements, issued by the Spanish Institute of Chartered accountants.

In a limited assurance engagement, the procedures carried out vary in their nature and timing, and are less in extent than those carried out for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is also substantially lower.

Our work consisted in making inquiries of management and of the Group's various business units participating in the preparation of the NFS, reviewing the processes for compiling and validating the information presented therein, and applying certain analytical procedures and sample review tests as described in general terms below. These procedures included:

- ▶ Holding meetings with Group personnel to gain an understanding of the business model, the policies and management approaches applied, and the main risks related to these matters, as well as to gather the information needed to perform the independent assurance work.
- ▶ Analyzing the scope, relevance, and integrity of the contents of the 2019 NFS, based on the materiality assessment performed by the Group and described in the Annex I "Materiality analysis," in light of the content required under prevailing company law.
- ▶ Analyzing the processes used to compile and validate the data presented in the 2019 NFS.
- ▶ Reviewing the disclosures relating to the risks, policies, and management approaches applied with respect to the material matters presented in the 2019 NFS.
- ▶ Checking, via tests of a selected sample, the information underlying the contents of the 2019 NFS and the satisfactory compilation of the NFS based on data taken from information sources.
- ▶ Obtaining a representation letter from the directors and management.

Conclusions

Based on the procedures performed and the evidence obtained, no additional matter came to our attention that would lead us to believe that the NFS of the Group for the year ended September 30, 2019 has not been prepared, in all material respects, in accordance with the content established in prevailing mercantile regulations and following the criteria GRI standards, in accordance with the core option, in line with the details provided for each matter in the Annex III "The state of non-financial information" in conformity with the Annex IV "GRI Content Index" of the Consolidated Management Report.

Use and distribution

This report was prepared in response to the requirement established by prevailing company law in Spain and may not be appropriate for other uses and jurisdictions.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Castilla Vida

November 28, 2019

Annual Corporate Governance Report

of Listed Companies

2019



ISSUER IDENTIFICATION

YEAR-END DATE: 09-30-2019

Tax Identification No. A01011253

Company Name: SIEMENS GAMESA RENEWABLE ENERGY, S.A.

Registered Office: PARQUE TECNOLÓGICO DE BIZKAIA, EDIFICIO 222, 48170 ZAMUDIO (VIZCAYA)

NOTICE:

i) The present document is a translation of a duly approved document in Spanish- language, and it is only provided for informational purposes. Shall a discrepancy between the present translation and the original document in Spanish- language appear, the text of the original Spanish-language document shall always prevail.

ii) Due to rounding, numbers presented throughout this Annual Corporate Governance Report may not add up precisely to the numbers or totals provided in other related documents and percentages may not precisely reflect absolute figures.

A. CAPITAL STRUCTURE

A.1. Complete the table below with details of the share capital of the company:

Date of last change	Share capital (Euros)	Number of shares	Number of voting rights
04-03-2017	115,794,374.94	681,143,382	681,143,382

Please state whether there are different classes of shares with different associated rights:

Yes

No

Class	Number of shares	Par value	Number of votes	Associated rights

A.2. Please provide details of the company's significant direct and indirect shareholders at year end, excluding any directors:

Name of shareholder	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
SIEMENS AKTIENGESELLSCHAFT	30.123	28.877	0.00	0.00	59.000
IBERDROLA, S.A.	0.00	8.071	0.00	0.00	8.071

Breakdown of the indirect holding

Name of indirect shareholder	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights
SIEMENS AKTIENGESELLSCHAFT	SIEMENS BETEILIGUNGEN INLAND GMBH	28.877	0.00	28.877
IBERDROLA, S.A.	IBERDROLA PARTICIPACIONES, S.A.U.	8.071	0.00	8.071

State the most significant shareholder structure changes during the year:

Most significant movements

No changes in the shareholding structure have occurred during fiscal year 2019.

A.3. In the following tables, list the members of the Board of Directors (hereinafter “directors”) with voting rights in the company:

Name of director	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights	% voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Cendoya Aranzamendi, Andoni	0.0001	0.0000	0.0000	0.0000	0.0001	0.0000	0.0000
Rodríguez-Quiroga Menéndez, Carlos	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total percentage of voting rights held by the Board of Directors						0.0001	

Remarks

Mr. Andoni Cendoya Aranzamendi is the direct holder of 1,000 shares of Siemens Gamesa Renewable Energy, S.A. (hereinafter, “SIEMENS GAMESA” or the “Company”), which represent 0.0001% of the share capital.

Mr. Carlos Rodríguez-Quiroga Menéndez is the direct holder of 315 shares of SIEMENS GAMESA, which represent 0.0000% of the share capital.

Ms Sonsoles Rubio Reinoso, a former director of the Company, was the direct holder of 1,030 shares of SIEMENS GAMESA, representing 0.0002% of the share capital, at the time of her voluntary resignation as a director, which took place on 12 December 2018.

In addition, it is reported that the shareholders acting at the General Meeting of Shareholders of SIEMENS GAMESA held on 23 March 2018 approved a “Long-Term Incentive Plan” (hereinafter, LTI) for the 2018-2020 period, which was amended by resolution of the shareholders at the Company’s General Meeting of Shareholders held on 27 March 2019, which includes the delivery of Company shares linked to the achievement of certain strategic objectives, directed to the CEO Mr. Markus Tacke, among others. As reported to the CNMV on 20 April 2018 and 29 April 2019, in relation to the aforementioned LTI, the Board of Directors assigned to Mr Markus Tacke 56,180 stock awards for the FY2018 cycle and 124,777 stock awards for the FY2019 cycle, respectively, resulting in a total of 180,957 stock awards. In relation to FY2020 cycle, the Board of Directors has assigned to Mr Markus Tacke on November 27, 2019, 114,161 *stock awards*. This assignment will be communicated to the Spanish National Securities Market Commission (CNMW) within the legal term. The amount of *stock awards* just means the potential maximum number of shares to be awarded to the CEO in case of maximum achievement of all objectives established for such cycles, but it does not imply in any case that all or part of them will be awarded. The number of shares which, if that is the case, are finally awarded, will be calculated over the basis of the level of effective achievement of the objectives to which it is subject to. No share has been awarded to the CEO, under any of the cycles of the LTI, by the date of issuance of this report.

Finally, it shall be noted that after the end of the 2019 fiscal year, on November 5, 2019, Mr. Markus Tacke acquired 5,000 shares of SIEMENS GAMESA, which represent 0.0007% of the share capital.

Breakdown of the indirect holding:

Name of director	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights	% voting rights that can be transmitted through financial instruments

A.4. If applicable, state any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, except those that are reported in Section A.6:

Name of related party	Nature of relationship	Brief description
SIEMENS AKTIENGESELLSCHAFT and SIEMENS BETEILIGUNGEN INLAND GMBH	Corporate	Both holders of significant interests are in turn related companies, as Siemens Beteiligungen Inland GmbH is 100%-owned by Siemens Aktiengesellschaft.

A.5. If applicable, state any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or group, unless they are insignificant or arise in the ordinary course of business:

Name of related party	Nature of relationship	Brief description
N/A	N/A	N/A

Remarks

The existing contractual relationships that exist between significant shareholders and SIEMENS GAMESA and/or group (understood as the group of companies where SIEMENS GAMESA is the mother company, the "SIEMENS GAMESA Group" or the "Group") arise in the ordinary course of business and are not included in this section A.5. View section D.2. for more detail.

A.6. Describe the relationships, unless insignificant for the two parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of proprietary directors.

Explain, as the case may be, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies in its group, specifying the nature of such relationships or ties.

Shareholders with significant interests are represented on the Board of Directors through Proprietary Non-Executive Directors. According to article 11 of the Regulations of the Board of Directors of SIEMENS GAMESA, the categories of directors are (a) Executive Directors; and (b) Non-executive Directors. Non-executive Directors may also be Independent, Proprietary or other External Directors.

The status of each Director will be determined in accordance with legal provisions and must be explained by the Board of Directors before the General Shareholders' Meeting that will carry out or approve their appointment and confirm or, where applicable, revise it annually in the Annual Corporate Governance Report after being verified by the Appointments and Remuneration Committee."

It should also be noted that article 9.4 of the Regulations of the Board of Directors states that "the Board of Directors shall attempt to include Proprietary and Independent Directors in the majority group of Non-executive Directors, maintaining a balance regarding the complexity of the Group, the ownership structure of the Company, the absolute and relative importance of significant shares, as well as the degree of continuity, commitment and strategic links with the owners of these stocks with the Company."

And then article 13.4 of said Regulations provides that "the provisions in this chapter will be understood notwithstanding the complete freedom of the General Shareholders' Meeting to make decisions on the appointment of Directors."

The Board of Directors of SIEMENS GAMESA is currently made up of the following proprietary directors:

- Ms. Lisa Davis, appointed at the Extraordinary General Meeting of Shareholders held on 25 October 2016 at the proposal of Siemens AG, her appointment becoming effective on 3 April 2017.

- Mr. Ralf Thomas, appointed at the Extraordinary General Meeting of Shareholders held on 25 October 2016 at the proposal of Siemens AG, his appointment becoming effective on 3 April 2017.

- Ms. Mariel von Schumann, appointed at the Extraordinary General Meeting of Shareholders held on 25 October 2016 at the proposal of Siemens AG, her appointment becoming effective on 3 April 2017.

- Mr. Michael Sen, appointed on an interim basis (co-option) by the Board of Directors on 8 May 2017 at the proposal of Siemens AG to replace Mr. Klaus Helmrich, his appointment having been ratified and the director having been re-elected for the bylaw-mandated term at the Annual General Meeting of Shareholders held on 20 June 2017.

- Mr. Miguel Angel López Borrego, appointed on an interim basis (co-option) by the Board of Directors on 16 October 2018 effective 1 December 2018 at the proposal of Siemens AG to replace Ms. Rosa María García García, his appointment having been ratified and the director having been re-elected for the bylaw-mandated term at the Annual General Meeting of Shareholders held on 27 March 2019.

- Mr. Pedro Azagra Blázquez, appointed on an interim basis (co-option) by the Board of Directors on 12 December 2018 at the proposal of Iberdrola Participaciones, S.A.U. to replace Ms. Sonsoles Rubio Reinoso, his appointment having been ratified and the director having been re-elected for the bylaw-mandated term at the Annual General Meeting of Shareholders held on 27 March 2019.

In particular, mention the existence, identity and post of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
López Borrego, Miguel Angel	SIEMENS AKTIENGESELLSCHAFT	Siemens, S.A.	Chairman of the Board of Directors and CEO
López Borrego, Miguel Angel	SIEMENS AKTIENGESELLSCHAFT	Siemens Holding, S.L.U.	Chairman of the Board of Directors
López Borrego, Miguel Angel	SIEMENS AKTIENGESELLSCHAFT	Siemens Rail Automation, S.A.U.	Member of the Board of Directors
López Borrego, Miguel Angel	SIEMENS AKTIENGESELLSCHAFT	Siemens, S.A. (Portugal)	Member of the Board of Directors
López Borrego, Miguel Angel	SIEMENS AKTIENGESELLSCHAFT	Siemens Healthineers, S.L.U.	Member of its Advisory Board
Davis, Lisa	SIEMENS AKTIENGESELLSCHAFT		Member of the Managing Board
Davis, Lisa	SIEMENS AKTIENGESELLSCHAFT	Siemens Proprietary Ltd., South Africa	Chairwoman of the Board of Directors
von Schumann, Mariel	SIEMENS AKTIENGESELLSCHAFT	Siemens Ltd. India	Member of the Board of Directors
von Schumann, Mariel	SIEMENS AKTIENGESELLSCHAFT	Siemens Stiftung	Member of the Board of Trustees
Sen, Michael	SIEMENS AKTIENGESELLSCHAFT		Member of the Managing Board
Sen, Michael	SIEMENS AKTIENGESELLSCHAFT	Siemens Healthineers AG	Chairman of its Supervisory Board, Chairman of the Chairman's Committee, Member of its Audit Committee and Chairman of the Innovation and Finance Committee
Thomas, Ralf	SIEMENS AKTIENGESELLSCHAFT		Member of the Managing Board
Thomas, Ralf	SIEMENS AKTIENGESELLSCHAFT		Chief Financial Officer
Thomas, Ralf	SIEMENS AKTIENGESELLSCHAFT	Siemens Healthineers AG	Member of its Supervisory Board and Chairman of its Audit Committee
Thomas, Ralf	SIEMENS AKTIENGESELLSCHAFT	Siemens Aktiengesellschaft Österreich	Member of its Supervisory Board and Chairman of its Audit Committee
Azagra Blázquez, Pedro	IBERDROLA, S.A.		Member of the Executive Committee and Corporate Development Director of Iberdrola Group
Azagra Blázquez, Pedro	IBERDROLA, S.A.	Neoenergia Brasil	Member of the Board of Directors and Member of the Audit Committee

Remarks

It is pointed out that Ms. Lisa Davis held the post of Chairwoman of the Board of Directors and CEO of Siemens Corporation, USA until June 2019.

It shall also be pointed out that Ms. Mariel von Schumann held the post as Chief of Staff and Head of Governance and Markets Department in SIEMENS AKTIENGESELLSCHAFT until July 2019.

Likewise, Mr. Ralf Thomas held the post as Vice Chairman and member of the Board of Directors of SIEMENS CORPORATION until July 2019.

Regarding Mr. Pedro Azagra Blázquez it shall be remarked that he also held the post as member of the Board of Directors and member of the Executive Committee of Avangrid, Inc. until June 27, 2019.

In relation to Ms. Rosa María García García, Chairwoman of the Board of Directors of SIEMENS GAMESA until December 1, 2018, it shall be pointed out that she also held until that same date the post as Chairwoman and CEO of SIEMENS, S.A. and Chairwoman of Siemens Holding, S.L.U.

Likewise in relation to Ms. Sonsoles Rubio Reinoso, member of the Board of Directors of SIEMENS GAMESA until December 12, 2018, it shall be remarked that she is the Internal Audit Director of the Iberdrola Group.

A.7. State whether the company has been notified of any shareholders' agreements that may affect it, in accordance with Articles 530 and 531 of the Ley de Sociedades de Capital ("Corporate Enterprises Act" or "LSC"). If so, describe these agreements and list the party shareholders:

Yes No

Parties to the shareholders' agreement	Percentage of affected shares	Brief description of the agreement	Date of termination of agreement, if applicable
IBERDROLA S.A., IBERDROLA PARTICIPACIONES, S.A. (SOCIEDAD UNIPERSONAL) and SIEMENS AKTIENGESELLSCHAFT	67.07%	In fulfillment of article 531 of the restated text of the Corporate Enterprises Act, approved by the RLD 1/2010, of July 2 (the "Capital Companies Law"), IBERDROLA, S.A. ("IBERDROLA") informed Gamesa Corporación Tecnológica, S.A. ("GAMESA") on June 17, 2016 of the signature of a shareholders' agreement between IBERDROLA and Iberdrola Participaciones, S.A. (Sociedad Unipersonal), as shareholders (non-direct and direct, respectively) of GAMESA, on one hand, and Siemens Aktiengesellschaft ("SIEMENS AG"), on the other hand (significant events number 239899 from June 17, 2016, and number 255530 from August 1, 2017). The contract was signed in the context of the process of combination of the wind energy businesses of GAMESA and SIEMENS AG through the merger by absorption of Siemens Wind Holdco, S.L. (Sociedad Unipersonal) by GAMESA ("Merger"). This shareholders' agreement governs, among other matters, the relationships of the parties as future shareholders of GAMESA after the Merger, which became effective on April 3, 2017.	Indefinite

State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

Yes No

Parties to the concerted action	Percentage of affected shares	Brief description of the agreement	Date of termination of agreement, if applicable

If any of the aforementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

Not occurred

A.8. State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Ley de Mercados de Valores (“Spanish Securities Market Act” or “LMV”). If so, please identify them:

Yes

No

Name of individual or company

SIEMENS AKTIENGESELLSCHAFT

Remarks

The significant shareholder SIEMENS AG owns 59% of the share capital of SIEMENS GAMESA and therefore can exercise control over it according to article 42 of the Commerce Code. The Company has five external proprietary directors appointed following proposal from SIEMENS AG in the Board of Directors.

It shall also be pointed out that according to the Significant Event sent by SIEMENS GAMESA to the CNMV on May 7, 2019 (registry number 277864), Siemens AG announced on the same day a significant event titled “Siemens plans to sharpen the focus of its portfolio” where, amongst other, it disclosed certain plans with respect to its stake in SIEMENS GAMESA. Full text of such significant event by Siemens AG may be found in its corporate website <https://new.siemens.com/global/en/company/investor-relations/events-publications-ad-hoc.html#AdhocAnnouncements>, a copy of which was attached to SIEMENS GAMESA’s Significant Event.

A.9. Complete the following table with details of the company’s treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
1,635,425	0	0.240

Remarks

It shall be pointed out that SIEMENS GAMESA signed on July 10, 2017 a liquidity contract with Santander Investment Bolsa, which entered into force and was reported to the CNMV through Significant Event (number 254428) on July 11, 2017.

Likewise, during 2019 fiscal year the CNMV has been notified of transactions carried out within the scope of the referred liquidity contract during the last quarter of 2018 fiscal year and the three next quarters of 2019 fiscal year via Significant Event numbers 270207, 273533, 276753, and 279880. By the beginning of 2020 fiscal year, the CNMV has been notified as well of transactions corresponding to last quarter of 2019 fiscal year via Significant Event number 282286.

(*) through:

Name of direct shareholder	Number of direct shares
N/A	N/A
Total:	

Explain any significant changes during the year:

Explain significant changes

Pursuant to article 40 of Royal Decree 1362/2007 of 19 October, implementing the Spanish Securities Market Act (Law 24/1988 of 28 July), regarding the transparency requirements in relation to information about issuers whose securities are admitted to trading on an official secondary market or other regulated market in the European Union (the "Royal Decree 1362/2007"), these issuers must inform the National Securities Market Commission (Comisión Nacional del Mercado de Valores or "CNMV") of the proportion of voting rights held when, from the last treasury stock acquisition announcement, they acquire their own shares amounting to at least 1% of the voting rights via either a single or successive transactions.

In this regard, during the 2019 fiscal year SIEMENS GAMESA made three announcements of direct acquisitions of treasury stock for reaching or exceeding the 1% threshold of the voting rights since the previous similar announcement. The announcements made are detailed below:

- Announcement dated on 11-08-2018, with a total number of directly acquired shares of 6,941,282 representing a capital share of 1.019%.
- Announcement dated on 03-29-2019, rectified on 08-19-2019, with a total number of directly acquired shares of 6,820,265 representing a capital share of 1.001%.
- Announcement dated on 08-19-2019, with a total number of directly acquired shares of 6,810,457 representing a capital share of 1.000%.

A.10. Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.

As at the date of approval of this report, the approval by the shareholders at the Company's Annual General Meeting of Shareholders held on 8 May 2015 under item nine on the agenda, pursuant to which the Board of Directors was authorized to acquire own shares of the Company, is in effect. The text of the resolution adopted by the shareholders at said Meeting in item nine on the Agenda is set forth verbatim below:

"Pursuant to the provisions of Section 146 of the Corporate Enterprises Act, to expressly authorise the Board of Directors, with express powers of substitution, to engage in the derivative acquisition of shares of Gamesa Corporación Tecnológica, Sociedad Anónima ("Gamesa" or the "Company"), on the following terms:

a.- Acquisitions may be made directly by Gamesa or by any of its subsidiaries upon the same terms of this resolution.

b.- Acquisitions of shares shall be made through purchase/sale, swap or any other transaction allowed by law.

c.- Acquisitions may be made at any time up to the maximum amount allowed by law.

d.- The minimum price of the shares shall be the nominal value thereof and the maximum price may not be greater than 110% of the listing price thereof on the date of acquisition.

e.- The shares acquired may be subsequently sold on terms that are freely determined.

f.- This approval is given for a maximum period of 5 years, expressly depriving of effect the approval granted by the shareholders at the Company's Annual General Meeting of Shareholders held on 28 May 2010, to the extent of the unused amount.

g.- The acquisition of shares, including shares previously acquired by the Company or by a person acting in their own name but on the Company's behalf and held thereby, may not have the effect of reducing net assets below the amount of share capital plus reserves restricted by law or the by-laws, all as provided in letter b) of Section 146.1 of the Corporate Enterprises Act.

Finally, as regards the provisions of the last paragraph of Section 146.1.a) of the Corporate Enterprises Act, it is stated that the shares acquired pursuant to this approval may be used by the Company for, among other things, delivery to employees or administrators of the Company, whether directly or as a result of the exercise of option or other rights contemplated in Incentive Plans of which they are holders and/or beneficiaries as provided by law, by-laws and regulations.”

A.11. Estimated working capital:

	%
Estimated working capital	32.688

A.12. State whether there are any restrictions (article of associations, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those regimes for the prior authorization or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company’s financial instruments.

Yes

No

Description of restrictions

Do not exist.

A.13. State if the shareholders have resolved at a meeting to adopt measures to neutralise a takeover bid pursuant to the provisions of Act 6/2007.

Yes

No

If so, please explain the measures approved and the terms under which such limitations would cease to apply:

Explain the measures approved and the terms under which such limitations would cease to apply

No resolution has been adopted.

A.14. State if the company has issued shares that are not traded on a regulated EU market.

Yes

No

If so, please list each type of share and the rights and obligations conferred on each.

List each type of share

N/A

General shareholders'
meeting

B. GENERAL SHAREHOLDERS' MEETING

B.1. State whether there are any differences between the quorum established by the LSC for General Shareholders' Meetings and those set by the company and if so, describe them in detail:

Yes

No

	% quorum different from that contained in Article 193 LSC for general matters	% quorum different from that contained in Article 194 LSC for special resolutions
Quorum required at 1st call	N/A	N/A
Quorum required at 2nd call	N/A	N/A

Description of differences

N/A

B.2. State whether there are any differences in the company's manner of adopting corporate resolutions and the manner for adopting corporate resolutions described by the LSC and, if so, explain:

Yes

No

Describe how it is different from that contained in the LSC.

	Qualified majority different from that established in Article 201.2 LSC for Article 194.1 LSC matters	Other matters requiring a qualified majority
% established by the company for adoption of resolutions	N/A	N/A

Describe the differences

N/A

B.3. State the rules for amending the company's Articles of Association. In particular, state the majorities required for amendment of the Articles of Association and any provisions in place to protect shareholders' rights in the event of amendments to the Articles of Association.

The amendment of the By-Laws of SIEMENS GAMESA is governed by the provisions of: (i) Sections 285 to 290 of the Corporate Enterprises Act, (ii) its By-Laws y (iii) its Regulations for the General Meeting of Shareholders.

Articles 14. h) of the By-Laws and 6.1 h) of the Regulations for the General Meeting of Shareholders provide that said amendment is within the purview of the shareholders acting at a General Meeting of Shareholders of SIEMENS GAMESA.

Furthermore, articles 18 of the By-Laws and 26 of the Regulations for the General Meeting of Shareholders include the quorum requirements and articles 26 of the By-Laws and 32 of the Regulations for the General Meeting of Shareholders provide for the majorities required to adopt resolutions at the General Meeting of Shareholders. All of said articles refer to the legal provisions on these matters.

Additionally, article 31.4 of the Regulations for the General Meeting of Shareholders provides that the Board of Directors, in accordance with the provisions of law, shall formulate different proposed resolutions relating to those matters that are essentially independent, so that the shareholders can exercise their voting rights separately. Within the context of amending the By-Laws, this rule means that each article or group of articles that is substantially independent shall constitute a separate proposal and shall be subject to individual approval.

Finally, pursuant to Section 518 of the Corporate Enterprises Act, for purposes of the call to meeting of a General Meeting of Shareholders at which an amendment of the By-Laws is proposed, the Company's website shall include the full text of the proposed resolutions regarding the items on the agenda in which said amendment is proposed, as well as the reports of the competent bodies in relation to these items.

B.4. Give details of attendance at General Shareholders' Meetings held during the year of this report and the previous year:

Attendance data

Date of General Meeting	% physically present	% present by proxy	% distance voting		Total
			Electronic voting	Other	
03-27-2019	9.47	74.42	0.00	0.00	83.89
Of which, free float:	1.40	15.42	0.00	0.00	16.82
03-23-2018	9.01	72.39	0.00	0.00	81.40
Of which, free float:	0.93	13.39	0.00	0.00	14.32
06-20-2017	9.42	75.46	0.00	0.00	84.88
Of which, free float:	1.35	16.46	0.00	0.00	17.81

General shareholders' meeting

Remarks

The free-float percentages have been calculated by dividing the shares present in person and by proxy less those belonging to significant shareholders and directors participating at each Meeting, according to the information available on the attendance roll, by the total number of shares outstanding on the date the Meeting is held. For these purposes, significant equity interests deposited into omnibus accounts (that are not in the name of the holders of said equity interests) have been subtracted from the shares present in person and by proxy, as the Company was aware of the participation of said significant shareholder at the Company's General Meeting.

By way of supplement to the information supplied in this section B.4, eighteen shareholders holding a total of forty-four thousand one hundred ninety-three (44,193) shares used the electronic absentee voting platform at the Annual General Meeting of Shareholders in fiscal year 2019.

B.5. State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason.

Yes

No

Points on agenda not approved

% votes against (*)

(*) If the non-approval of the point is for a reason other than the votes against, this will be explained in the text part and "N/A" will be placed in the "% votes against" column.

B.6. State if the Articles of Association contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:

Yes

No

Number of shares required to attend General Meetings

Number of shares required for distance voting

B.7. State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting.

Yes

No

Explain the decisions that must be subject to the General Shareholders' Meeting, other than those established by law

N/A

B.8. State the address and manner of access to the page on the company website where one may find information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

Article 48 of the By-Laws of SIEMENS GAMESA governs the activation of the Company's website pursuant to applicable law.

At its meeting of 13 September 2017, the Board of Directors of SIEMENS GAMESA approved the change of the corporate website from www.gamesacorp.com to www.siemensgamesa.com. The change was registered with the Commercial Registry of Biscay on 24 October 2017 and was published in the Official Gazette of the Commercial Registry (Boletín Oficial del Registro Mercantil) (BORME) on 2 November 2017, all for purposes of the full effectiveness thereof pursuant to Section 11 bis of the Corporate Enterprises Act.

The corporate website includes all information and content that must be published (directly accessible at <https://www.siemensgamesa.com/es-es/investors-and-shareholders>) pursuant to the Restated Text of the Securities Market Act approved by Royal Legislative Decree 4/2015 of 23 October (the "Securities Market Act"), the Corporate Enterprises Act, Order ECC/461/2013 of 20 March Determining the Content and Structure of the Annual Corporate Governance Report, the Annual Remuneration Report and Other Information Instruments of Listed Companies, Savings Banks and Other Entities that Issue Securities Admitted to Trading on Official Securities Markets, and CNMV Circular 3/2015 of 23 June on Technical and Legal Specifications and Information that must be Contained in Websites of Listed Companies and Savings Banks that Issue Securities Admitted to Trading on Official Secondary Securities Markets.

As to mandatory content, the Company seeks to continuously improve accessibility for users, particularly shareholders and investors, and this content is kept permanently updated pursuant to applicable law.

As regards accessibility of the mandatory content, it should be noted that access is provided on the home page of the corporate website. This access is located in the upper part of the page under the title "Investors and shareholders" (accessible at <https://www.siemensgamesa.com/en-int/investors-and-shareholders>), where there is a drop-down list of sections with all of the content that must be included on the websites of listed companies pursuant to the legal provisions mentioned above. These sections can also be accessed directly at their respective addresses:

- <https://www.siemensgamesa.com/en-int/investors-and-shareholders/corporate-governance>
- <https://www.siemensgamesa.com/en-int/investors-and-shareholders/share-and-dividend>
- <https://www.siemensgamesa.com/en-int/investors-and-shareholders/financial-information>
- <https://www.siemensgamesa.com/en-int/investors-and-shareholders/cnmv-filings>

It should also be noted that this access to section "Investors and shareholders" is also available at the bottom of the website's home page.

The corporate website also contains other information of interest for shareholders and investors and news relating to the Company's activities.

C. COMPANY ADMINISTRATIVE STRUCTURE

C.1. Board of Directors

C.1.1. Maximum and minimum number of directors established in the Articles of Association and the number set by the general meeting:

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the general meeting	13

C.1.2. Please complete the following table on directors:

Name of director	Natural person representative	Director category	Position on the Board	Date first appointed to Board	Last re-election date	Method of selection to Board
López Borrego, Miguel Angel		External Proprietary	Chairman	12-01-2018	03-27-2019	General Meeting
Tacke, Markus		Executive	Chief Executive Officer	05-08-2017	06-20-2017	General Meeting
Rodríguez-Quiroga Menéndez, Carlos		Executive	Director and Secretary	09-27-2001	06-20-2017	General Meeting
Davis, Lisa		External Proprietary	Director	04-03-2017	04-03-2017	General Meeting
von Schumann, Mariel		External Proprietary	Director	04-03-2017	04-03-2017	General Meeting
Sen, Michael		External Proprietary	Director	05-10-2017	06-20-2017	General Meeting
Hernández García, Gloria		Independent	Director	05-12-2015	03-27-2019	General Meeting


**Company
administrative
structure**

Thomas, Ralf	External Proprietary	Director	04-03-2017	04-03-2017	General Meeting
Azagra Blázquez, Pedro	External Proprietary	Director	12-14-2018	03-27-2019	General Meeting
Krämmmer, Rudolf	Independent	Director	02-20-2019	03-27-2019	General Meeting
Rosenfeld, Klaus	Independent	Director	04-03-2017	04-03-2017	General Meeting
Cendoya Aranzamendi, Andoni	Independent	Director	05-12-2015	03-27-2019	General Meeting
Alonso Ureba, Alberto	Independent	Director	10-20-2017	03-23-2018	General Meeting
Total number of directors				13	

State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

Name of director	Director type at time of leaving	Date of last appointment	Date director left	Specialised committees of which he/she was a member	Indicate whether the director left before the end of the term
García García Rosa María	External Proprietary	04-03-2017	12-01-2018	None	Yes
Rubio Reinoso, Sonsoles	External Proprietary	06-22-2016	12-12-2018	Appointments and Remunerations Committee	Yes
Conrad, Swantje	Independent	04-03-2017	02-20-2019	Audit, Compliance and Related Party Transactions Committee; and Appointments and Remunerations Committee	Yes

Reason for leaving and other remarks

Three members of the Board of Directors stepped down for personal reasons during fiscal year 2019.

To supplement the chart of the members of the Board of Directors, it should be noted that Mr. Juan Antonio García Fuente holds the position of non-member Deputy Secretary of the Board of Directors since his appointment on 20 October 2017.



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C.1.3. Complete the following tables regarding the members of the Board and their categories:

EXECUTIVE DIRECTORS

Name or company name of director	Post in organizational chart of the company	Profile
Tacke, Markus	Chief Executive Officer	<p>Born in Frankfurt (Germany). He is currently Chief Executive Officer of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>He holds a Mechanical Engineering Degree from the Technical University of Darmstadt (Germany), Master Degree of Engineering by Cornell University (USA) and a PhD by the Technical University of Darmstadt (Germany).</p> <p>With a great experience in the industry sector, he started his professional career in Ways&Freytag AG and joined Siemens group in 1998, having held a number of relevant positions: Head of the manufacturing Segment Rotor Manufacturing in the gas turbine plant Siemens owns in Berlin; Head of the Business Function Production within the Business Segment Industrial Steam Turbines, Head of the Business Segment Industrial Steam Turbines and CEO of the Business Unit Industrial Steam Turbines; last, CEO of the Business Unit Industrial Power within the Division Oil&Gas of the Sector Energy.</p> <p>Since August 2013 and until April 2017, Mr. Markus Tacke held the post of CEO of Siemens Division Wind Power and Renewables.</p>
Rodriguez-Quiroga, Carlos	Director-Secretary of the Board of Directors and Legal Counsel	<p>Born in Madrid. He currently holds the position of Member of and Secretary to the Board of Directors and Secretary (non-Member) of the Appointments and Remunerations Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>He holds a Law Degree from the Complutense University of Madrid.</p> <p>Diploma-holder of Employment Law from the Legal Practice School of Madrid.</p> <p>Diploma-holder in Comparative Industrial Relations and in European Community Relations from the Secretariat of State for Relations with the European Community.</p> <p>Practicing lawyer.</p> <p>Currently he performs tasks as Director, among other positions, in the following companies: Audiovisual Española 2000, S.A., Rodríguez-Quiroga Abogados, S.L. and member of the Fundación Pro Real Academia de Jurisprudencia y Legislación.</p>
Total number of executive directors		2
Percentage of Board		15.38

PROPRIETARY DIRECTORS

Name of director	Name or company name of the significant shareholder represented or that has proposed their appointment	Profile
López Borrego, Miguel Ángel	SIEMENS AKTIENGESELLSCHAFT	<p>Born in Frankfurt am Main (Germany), he holds the position of Chairman of the Board of Directors of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>Graduated in Business Administration Dipl. by the Berufsakademie Mannheim, Dipl. Betriebswirt (Germany) and MBA by the University of Toronto (Canada).</p> <p>He currently holds the position as Chairman and Chief Executive Officer of Siemens, S.A. (Spain) as well as Chairman of the Board of Directors of Siemens Holding S.L.U., member of the Board of Siemens Rail Automation S.A.U., member of the Board of Directors of Siemens, S.A. (Portugal) and member of the Advisory Board of Siemens Healthineers, S.L.U.. In addition to this, he is also member of the Managing Board of the Deutsche Handelskammer für Spanien (German Chamber of Commerce for Spain), member of the Managing Board of Innobasque (Basque Innovation Agency) and member of the Business Advisory Council of CEOE (Confederation of employers and industries of Spain).</p> <p>His professional career started as plant controller in VDO AG. Afterwards he was appointed Chief Financial Officer of VDO Instrumentos in Spain and of VDO's global Instruments Division. Within the Siemens Group he held the position as Chief Financial Officer of the Interior & Infotainment Business Unit of Siemens VDO AG, of the Low Voltage Controls & Distribution Business Unit in the Siemens Automation & Drives group, of the Industry Automation Division, of Siemens' Industry Sector, until in 2014 he was appointed CFO of Siemens Digital Factory Division. In 2017 he held the position of CFO of Siemens Gamesa Renewable Energy.</p> <p>Throughout his entire professional career, he held different positions on various boards of directors around the world. As an example, he has served on Primetals Technologies' Board of Directors in Austria and Great Britain; Valeo Siemens eAutomotive or several positions in China and in other countries such as France and Portugal.</p>
Azagra Blázquez, Pedro	IBERDROLA, S.A.	<p>Born in Madrid. He currently holds the position of Member of the Board of Directors and of the Appointments and Remuneration Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>He holds a Degree in Law and Economic and Management Sciences by the Universidad Pontificia Comillas (ICADE) (Madrid) and MBA by the Chicago University Business School (EE.UU.).</p> <p>He started his professional career in the investment banking division at Morgan Stanley until he joined the Iberdrola Group in 1997.</p> <p>Currently, and since 2008, he holds the post as Corporate Development Director of the Iberdrola Group and, during this time he has been member of the Board of Directors of Iberdrola Mexico, Avangrid, Energy East, Rochester Gas and Electric, New York State Electric and Gas Corporation, Iberdrola Portugal and Rokas. Likewise, he is member of the Executive Committee of the Iberdrola Group and member of the Board of Directors and Audit Committee of Neoenergia Brasil.</p> <p>He is also lecturer of Corporate Finance and Mergers and Acquisitions at the Universidad Pontificia Comillas (ICADE).</p>



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Davis, Lisa	SIEMENS AKTIENGESELLSCHAFT	<p>Born in Idaho (U.S.), she holds the position of Member of the Board of Directors of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>Graduated from the University of Berkeley (California, US) with a degree in chemical engineering.</p> <p>Since August 2014 to the present day, she has been a member of the Managing Board of Siemens AG. She is also member of the Board of Directors of Penske Automotive Group Inc., USA and Chairwoman of Siemens Proprietary Ltd., South Africa, until June 2019 she also held the post as Chairwoman and CEO of SIEMENS CORPORATION, USA.</p> <p>She has held various management posts at Exxon Corporation and Texaco and, most recently, at Royal Dutch Shell (both in the US and the UK). During this time she has contributed to the development of the business related to oil and gas production and processing, fuels distribution and alternative energy growth, and undertaken the following roles: Vice President of hydrocarbon supply for Europe, Vice-President of sales and marketing lubricants and bulk fuels in the Americas and Executive Vice-Chair of strategy, portfolio and alternative energy of Royal Dutch Shell.</p>
von Schumann, Mariel	SIEMENS AKTIENGESELLSCHAFT	<p>Ms. von Schumann holds the position of Member of the Board of Directors and of the Appointments and Remuneration Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>Born in Brussels (Belgium), she graduated from ICHEC University of Brussels (Bachelor in Economics and Business Administration and Management), and from EAP-ESCP Europe with a master's in International Business Administration and Management. She completed a number of postgraduate programs, among others at INSEAD and LBS.</p> <p>Throughout her professional career, she has held various management posts in Product Management, Mergers and Acquisitions, Strategy and Investor Relations. At Siemens AG, she served as Head of Investor Relations until October 2013 and held the posts as Chief of Staff and Head of Governance & Markets until July 2019. Currently, she is also on the Board of Directors for Siemens India and for the Siemens Foundation (Siemens Stiftung).</p>
Thomas, Ralf	SIEMENS AKTIENGESELLSCHAFT	<p>Born in Nürnberg (Germany), he holds the position of Member of the Board of Directors of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>Graduated from the University of Erlangen-Nuremberg (Germany) with a degree in Economics and Business Administration; he also holds a Doctorate in Company Tax Accounting.</p> <p>Since September 2013 to the present day, he has been a member of the Managing Board and chief financial officer of Siemens AG. He is also member of the Supervisory Board of Siemens Healthineers AG and Chairman of its Audit Committee, and member of the Supervisory Board and Chairman of the Audit Committee of Siemens Aktiengesellschaft Österreich.</p> <p>He has held various management posts in a number of companies of the Siemens Group; these positions include: Head of Accounting and Treasury of Siemens Ltd. South Africa, Financial Manager of the Angiography and Fluoroscopic and Radiographic Systems of Siemens Medical Solutions and Head of Accounting, Control, Information and Corporate Finance Taxation of Siemens.</p>
Sen, Michael	SIEMENS AKTIENGESELLSCHAFT	<p>Born in Korschenbroich (Germany). He is currently member of the Board of Directors of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>He holds a Degree in business and management administration by the Technical University of Berlin.</p>

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He has developed his professional career in Siemens AG holding different posts in the corporate development and corporate finance areas as chief financial officer of the information solutions and applications. Likewise he held the post as senior vice president of strategy transformation and investor relations. For 7 years he worked as chief financial officer of the healthcare sector in Siemens. In 2015 he joined E.ON SE as chief financial officer and since 2017 he is member of the Managing Board of Siemens AG. He also holds the post as Chairman of the Supervisory Board of Siemens Healthineers AG.

Total number of proprietary directors

6

Percentage of the Board

46.15

INDEPENDENT DIRECTORS

Name of director	Profile
Krämmer, Rudolf	<p>Born in Rosenheim (Germany), he holds the position of Member of the Board of Directors, Chairman of the Audit, Compliance and Related Party Transactions Committee and Member of the Appointments and Remunerations Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>Graduated from the University of Munich (Germany) with a degree in Business Administration, he is admitted for 25 years as tax consultant (Steuerberater) and certified public accountant (Wirtschaftsprüfer) in Germany.</p> <p>Mr. Krämmer has extensive experience in accounting, auditing, financial and business advisory. He worked for almost 15 years for Arthur Andersen and Andersen Consulting in Munich, Chicago, Moscow and St. Petersburg, the last six years as partner in different leadership positions. In 2002 he joined EY Germany as partner and was lead audit partner on significant publicly listed companies in Germany including Siemens AG. Overall, he served EY for 14 years thereof almost 10 years as member of the managing board.</p> <p>Currently he is registered in own practice and engaged in voluntary social work in his community. He is member of the supervisory board of Ärzte ohne Grenzen, Deutsche Sektion e.V.</p>
Rosenfeld, Klaus	<p>Born in Bonn (Germany), he holds the position of Member of the Board of Directors and of the Appointments and Remuneration Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>After an apprenticeship at Dresdner Bank and his military service he graduated in Business Administration from the University of Münster (Germany).</p> <p>Currently, he is the CEO of Schaeffler AG, a leading automotive and industrial supplier, a position he was appointed to in June 2014.</p> <p>He started his professional career in 1993 holding several positions in the Investment Banking Division in Dresdner Bank AG. In 2002 he became member of the Board of Directors, being responsible for Finance and Controlling, Compliance and Corporate investments Dresdner Bank AG.</p> <p>He joined the Schaeffler AG in March 2009 as Chief Financial Officer. During this period he led the corporate and financial restructuring of the group, after the takeover bid for Continental AG, and led, in 2012, Schaeffler AG's access to the debt markets and its IPO in October 2015.</p> <p>He is also a member of the management and supervisory bodies of various industrial companies. In particular, he is a member of the Supervisory Board and the Audit Committee of Continental AG, in Hanover (Germany), and the Board of Directors of Schaeffler India Ltd., in Mumbai (India). He is also a member of the Executive Committee of the Federation of German Industries (BDI) in Berlin.</p>
Hernández García, Gloria	<p>Born in Madrid, she holds the position of Member of the Board of Directors and of the Audit, Compliance and Related Party Transactions Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p>

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She studied at the Complutense University of Madrid, where she obtained a degree in Economic Sciences with a specialty in Economic Theory.

Until January 2019 she held the post as General Director of Finance and Capital Markets of Bankinter, S.A., manager of the treasury of the company, of balance sheet risk management, of solvency and calculation, and of the management of the resources of the Bankinter Group, as well as responsible for the budget control and the efficiency, the investors relations, accountancy policies and the financial control, the accounts and the financial information of the Bankinter group and the coordination of the relationship of the entity with the ECB. She was member of the Management Committee of Bankinter, S.A., Director as representative of Bankinter in Linea Directa Aseguradora, S.A., Bankinter Consumer Finance and Bankinter Global Services.

Before joining Bankinter, S.A., she served for over seven years as the Financial Director of Banco Pastor, S.A.

Doña Gloria Hernández García is Commercial Technician and State Economist on personal leave, and as such she worked until 2003 in different public posts connected to the Directorate General of the Treasury and Financial Policy, where she also held the position of General Manager of the Treasury. She also was nata Director of the CNMV and the Bank of Spain.

At last, she has had significant international experience by being, among others, a representative member of Spain on Committees of the European Union and Director of the subsidiary of Bankinter in Luxembourg.

Born in in Deba (Gipuzkoa), he holds the position of Member of the Board of Directors and Chairman of the Appointments and Remunerations Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

He holds a Master's in Electrical Engineering from the Escuela de Armería in Eibar, and a Master's in Human Resources from CEREM.

Cendoya Aranzamendi, Andoni

Andoni Cendoya Aranzamendi has broad experience in the industrial sector, having undertaken the majority of his career in a leading group of the aeronautical sector (the ITP Group). He also adds to his sectoral knowledge with experience in other sectors, with his role in the negotiation of restructuring the naval sector and the renewal of the bank agreement being particularly outstanding. Likewise he was member of the General Councils and member of the Executive Commissions of Spanish National Health Institute (Instituto Nacional de la Salud (INSALUD)), of the National Social Security Institute (Instituto Nacional de la Seguridad Social (INSS)) and of the Institute for the Elderly and Social Services (Instituto de Mayores y Servicios Sociales (IMSERSO)).

He has experience in the senior management of international companies, acquired during his time as the Executive Director of Human Resources of the ITP Group, where he was also a member of the Management Committee of the Group. He also has experience in the management of international companies, as he was part of the management team of ITP's subsidiaries in England and Mexico. Specifically, he started up the operations of the latter.

Born in Sevilla. He currently holds the position of Member of the Board of Directors and of the Audit, Compliance and Related Party Transactions Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

Law Degree and PhD in Law by the Universidad Complutense of Madrid and Chaired Professor of the Universidad Rey Juan Carlos since 1999. Previously he was Chaired Professor in the Universidad of Castilla-La Mancha (1988) and in the Universidad Complutense of Madrid (1993).

Practicing lawyer.

Alonso Ureba, Alberto

Currently, founding partner of Ramón y Cajal Abogados, member of its Management Committee and Partner co-director of the Corporate Law practice. Previously he has also led the Corporate Law practice in the law firm Baker McKenzie in the Madrid office.

Likewise he is an ex officio member of the Codification General Committee of the Justice Ministry since 1997.

In addition to his extensive experience as lawyer he also has wide of experience as member of the Board of Directors at major companies at international level. In this sense, he was member of the Board of Directors of Endesa S.A. (1998-2007) and Zeltia S.A. (1998-2006). Currently he is also the Secretary of the Board of Directors of Editorial Ecoprensa, S.A. (2019-present) and Secretary of the Board of Directors of SOCIEDAD ANONIMA DE OBRAS Y SERVICIOS COPASA (2017-present).



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He is also a member of the governing boards of prestigious specialist journals and reviews on corporate law and securities market law (Revista de Derecho de Sociedades and Revista de Derecho del Mercado de Valores), being also a member of the Editorial Boards of the Revista de Derecho de la Competencia y la Distribución, the Revista de Derecho Concursal y Paraconcursal and Cuadernos de Derecho y Comercio.

Number of independent directors

5

Percentage of the Board

38.46

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

In this case, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name of the director

Description of the relationship

Statement of the Board

N/A

N/A

N/A

OTHER EXTERNAL DIRECTORS

Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:

Name of director

Reason

**Company, director or
shareholder to whom the
director is related**

Profile

N/A

N/A

N/A

N/A

Total number of other external directors

0

Percentage of the Board

0.00

State any changes in status that has occurred during the period for each director:

Name of director

Date of change

Previous Status

Current status

N/A

N/A

N/A

N/A



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C.1.4. Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:

	Number of female directors				% of directors for each category			
	Year t	Year t-1	Year t-2	Year t-3	Year t	Year t-1	Year t-2	Year t-3
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	2	4	4	1	33.33%	66.67%	66.67%	33.33%
Independent	1	2	2	1	20.00%	40.00%	50.00%	14.29%
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	3	6	6	2	23.08%	46.15%	50.00%	16.67%

C.1.5. State whether the company has diversity policies in relation to the Board of Directors of the company on such questions as age, gender, disability and training and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Accounts Audit Act, will have to report at least the policy they have implemented in relation to gender diversity.

Yes

No

Partial policies

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also state the specific measures adopted by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

In the event that the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been implemented, including results achieved

SIEMENS GAMESA is aware of the significance of the principle of diversity both in the composition of the Board of Directors and in the processes of selection and re-election of candidates for director, and this is set forth in its Regulations of the Appointments and Remuneration Committee (art. 7.4), the Regulations of the Audit, Compliance and Related Party Transactions Committee (art. 15.2) and in the "Director Selection Policy". By way of example, the power to ensure compliance with this principle is given to the Appointments and Remuneration Committee, which supports it in processes within its purview, like searching for candidates for Director of the Company, preparing reports, and procedures for appointment or re-election of Directors.

Specifically, the "Director Selection Policy" of SIEMENS GAMESA, the last version of which was approved by resolution of the Board of Directors on 25 September 2019, includes among its objectives the search for persons whose appointment favours diversity of gender, knowledge and experience within the Board of Directors. Furthermore, the Company must take into account the principle of diversity, among other principles, in the formulation of proposals or reports issued in relation to candidates for director of the Company, as provided in section 4.c) of said Policy: "The selection of directors must be guided by the purpose of achieving diversity and balance in the composition of the Board of Directors supporting different viewpoints in its debates, thus enriching decision-making. To this end, the selection of candidates for director shall favour candidates whose appointment contributes to increasing the diversity of knowledge, skills, experience, origin, nationalities, age and gender. Selection practices must not suffer from implied bias that might entail discrimination of any kind, and particularly that might hinder the selection of female directors. Additionally, efforts should be made so that, by the year 2020, the number of female directors represents at least 30% of the total members of the Board of Directors."

Likewise, the Audit, Compliance and Related Party Transactions Committee shall seek diversity in the composition thereof, particularly as regards gender, professional experience, competencies, industry knowledge and geographic origin.

In line with the foregoing, during fiscal year 2019 the Company changed three of the thirteen directors making up its Board of Directors, which has allowed the inclusion of new skills and experiences. Together with these new entries, the Company has also re-elected two members of its Board of Directors. Said appointments and re-elections are described below:

- Mr. Miguel Angel López Borrego was appointed as a director by the Board of Directors effective 1 December 2018 through the interim appointment (co-option) procedure, with the classification of proprietary non-executive director. The appointment was ratified at the General Meeting of Shareholders held on 27 March 2019. Mr. López Borrego was appointed as chair of the Board of Directors on 1 December 2018.

- Mr. Pedro Azagra Blázquez was appointed as a director by the Board of Directors on 12 December 2018 through the interim appointment (co-option) procedure, with the classification of proprietary non-executive director. The appointment was ratified at the General Meeting of Shareholders held on 27 March 2019. Mr. Azagra Blázquez was appointed as a member of the Appointments and Remuneration Committee on 12 December 2018.

- Mr. Rudolf Krämmer was appointed as a director by the Board of Directors on 20 February 2019 through the interim appointment (co-option) procedure, with the classification of independent non-executive director. The appointment was ratified at the General Meeting of Shareholders held on 27 March 2019. Mr. Krämmer was appointed as a member of the Appointments and Remuneration Committee and of the Audit, Compliance and Related Party Transactions Committee on 20 February 2019 and was appointed as chair of the latter committee on 27 May 2019.

- Ms. Gloria Hernández García was re-elected as a director at the General Meeting of Shareholders held on 27 March 2019, with the classification of independent non-executive director. Ms. Hernández was appointed as chair of the Audit, Compliance and Related Party Transactions Committee on 27 May 2015, in which position she remained after her re-election until 27 May 2019, when she was appointed a member thereof after the passage of the maximum term allowed by the regulations.

- Mr. Andoni Cendoya Aranzamendi was re-elected as a director at the General Meeting of Shareholders held on 27 March 2019, with the classification of independent non-executive director. Mr. Cendoya was appointed as chair of the Appointments and Remuneration Committee on 27 May 2015, in which position he has remained after his re-election.

SIEMENS GAMESA publishes on its corporate website (www.siemensgamesa.com) the internal rules mentioned at the beginning, as well the Activities Report of the Board of Directors and of the committees thereof, in which one can analyze in greater detail the objectives and duties of the internal bodies, the procedures, and the profiles of the directors.

Board of Directors skills and diversity matrix

Our Board of Directors' composition provides the balance of knowledge, capabilities, qualifications, diversity and experience required to execute our strategy. This balance is reflected in the Board's skills and diversity matrix that has been approved in 2019.

The SIEMENS GAMESA's skills and diversity matrix included here below, separates the skills in two groups, general and specific, with reference to the degree of coverage of each of them by each Director, and by the Board of Directors as a whole.

Together with the section related to skills, there is another section related to diversity in relation to geographical origin or international studies, women, and independence of the members of the Board of Directors.

Company administrative structure

Capacities and experiences	Director 1	Director 2	Director 3	Director 4	Director 5	Director 6	Director 7	Director 8	Director 9	Director 10	Director 11	Director 12	Director 13
A. General													
Administration, senior management and experience in boards of directors (100%)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sectorial experience and expertise in energy or business related engineering or industry (77%)	✓	✓	✓			✓	✓	✓		✓	✓	✓	✓
International capacity or experience (100%)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Experience and expertise in strategy (46%)		✓	✓	✓		✓		✓		✓			
Accounting and financial knowledge (77%)	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓	
Audit, internal control and risk management knowledge and experience (62%)	✓				✓	✓	✓	✓	✓	✓		✓	
Institutional, regulatory and legal/corporate governance (31%)				✓	✓							✓	✓
B. Specific													
Digitization and Information Technologies (31%)	✓			✓		✓	✓						
Human resources, culture, talent and remuneration systems (31%)			✓	✓							✓		✓
Corporate social responsibility and sustainable development (38%)			✓	✓		✓			✓				✓



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Geographical origin or international studies:

The Board of Directors is composed of 92% of Directors with geographical origin or international education in Europe, 38% in North America or the United Kingdom and 8% with international education in LATAM and in APAC.

Women:

Currently, the Board has 3 women, that make up 23% of members of the Board.

Independence:

When it comes to tenure, 77% of Board Directors have been in office between 0 and 4 years, 15% have been between 5 and 8 years and 8% have been for more than 12 years.

- C.1.6. Describe the means, if any, agreed upon by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates and which makes it possible to achieve a balance between men and women:

Explanation of means

By application of article 14 of the Regulations of the Board of Directors, the Appointments and Remuneration Committee has established standards for selecting Directors of good character, solvency, competence and experience, endeavoring to ensure that female candidates meeting this profile are included in the selection process.

During fiscal year 2019, this led the Appointments and Remuneration Committee to amend its Regulations in order to improve internal processes regarding the promotion of diversity and the selection of female directors. Thus, the text of article 7.4 of the Regulations of the Appointments and Remuneration Committee approved by the Board of Directors on 29 July 2019 provides that the Committee will “ensure that, when filling vacancies or appointing new directors, the selection procedures: (i) do not suffer from implicit bias that might involve any discrimination and, in particular, that might hinder the selection of female directors, and (ii) favour the diversity of the members of the Board of Directors, particularly as regards gender, professional experience, competencies, personal skills and sector knowledge, international experience or geographical origin.” Furthermore, article 7.5 of the Regulations of the Appointments and Remuneration Committee provides that one of its functions is to “set a representation target for the gender that is least represented on the Board of Directors and prepare guidelines on how to achieve it.”

For the same purpose as above, there has also been an amendment of the “Director Selection Policy”, which in article 4.c) provides that “the selection of directors must be guided by the purpose of achieving diversity and balance in the composition of the Board of Directors supporting different viewpoints in its debates, thus enriching decision-making. To this end, the selection of candidates for director shall favour candidates whose appointment contributes to increasing the diversity of knowledge, skills, experience, origin, nationalities, age and gender. Selection practices must not suffer from implied bias that might entail discrimination of any kind, and particularly that might hinder the selection of female directors. Additionally, efforts should be made so that, by the year 2020, the number of female directors represents at least 30% of the total members of the Board of Directors.”

In the event that there are few or no female directors in spite of any measures adopted, please explain the reasons that justify such a situation:

Explanation of means

N/A

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C.1.7. Describe the conclusions of the appointments committee regarding verification of compliance with the selection policy for directors; in particular, as it relates to the goal of ensuring that the number of female directors represents at least 30% of the total membership of the Board of Directors by the year 2020

The conclusions of the verification of compliance with the “Director selection policy” during 2019 fiscal year carried out by the Appointments and Remuneration Committee are the following:

- The Appointments and Remuneration Committee confirms that the Company’s processes for the selection, appointment and re-election of directors complied during fiscal year 2019 with the requirements imposed by law and the Corporate Governance Rules of SIEMENS GAMESA, as well as the recommendations of the Good Governance Code.
- The Appointments and Remuneration Committee has expressly verified that the process of selecting candidates for director as well as their subsequent appointment as members of the Board of Directors during fiscal year 2019 complied with the latest version of the “Director Selection Policy of Siemens Gamesa Renewable Energy, S.A.” approved by the Board of Directors at its meeting of 25 September 2019.
- The Board of Directors of SIEMENS GAMESA, as a Company with a high level of internationalization, has members with different geographical and national origins, who also have a wide variety of personal qualifications, knowledge and professional experience, which reflects the Company’s clear commitment to diversity in the composition of its management decision-making body.
- This does not detract from the Company being committed to continuing to improve upon the application of the good governance standards, principles and rules regarding the selection of directors and it will promote that such selection processes take into account the recommendations of the Good Governance Code regarding diversity.

C.1.8. If applicable, please explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name of shareholder	Reason
N/A	N/A

State whether the Board has failed to meet any formal requests for membership from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed. If this is the case, please explain why the aforementioned requests were not met:

Yes No

Name of shareholder	Explanation

C.1.9. State the powers delegated by the Board of Directors, as the case may be, to directors or Board committees:

Name of director	Brief description
Tacke, Markus	The Board of Directors of SIEMENS GAMESA, in its meeting held on June 20, 2017, unanimously agreed, following a favorable report from the Appointments and Remunerations Committee, to re-elect Mr. Markus Tacke as CEO of the Company delegating in his favor all powers which, according to the law and the By-laws correspond to the Board of Directors, except those which cannot be delegated pursuant to the law and the By-laws, an appointment which was accepted by Mr. Tacke in the same act.

C.1.10. Identify any members of the Board who are also directors or officers in other companies in the group of which the listed company is a member:

Name of director	Name of group member	Position	Does the director have executive powers?
N/A	N/A	N/A	N/A

C.1.11. List any legal-person directors of your company who are members of the Board of Directors of other companies listed on official securities markets other than group companies, and have communicated that status to the Company:

Name of director	Name of listed company	Position
Rosenfeld, Klaus	Schaeffler AG	CEO
	Continental AG	Member of the Supervisory Board and Member of the Audit Committee
	Schaeffler India Ltd.	Member of the Board of Directors
Davis, Lisa	Siemens Aktiengesellschaft	Member of the Managing Board
	Penske Automotive Group Inc., USA	Member of the Board of Directors
Sen, Michael	Siemens Aktiengesellschaft	Member of the Managing Board
	Siemens Healthineers Aktiengesellschaft	Chairman of the Supervisory Board, Chairman of the Chairman's Committee, Member of the Audit Committee and Chairman of the Innovation and Finance Committee
Thomas, Ralf	Siemens Aktiengesellschaft	Member of the Managing Board
	Siemens Healthineers Aktiengesellschaft	Member of the Supervisory Board and Chairman of the Audit Committee
von Schumann, Mariel	Siemens Ltd. India	Member of the Board of Directors
Azagra Blázquez, Pedro	Neoenergia Brasil	Member of the Board of Directors and Member of the Audit Committee

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Remarks

Mr. Pedro Azagra Blázquez was member of the Board of Directors and member of the Executive Committee of Avangrid, Inc. until June 27, 2019.

It should also be noted that Ms. Swantje Conrad, member of the Board of Directors of SIEMENS GAMESA until the date of her voluntary resignation from the position on 20 February 2019, was a member of the Board of Directors of BMO PRIVATE EQUITY TRUST plc.

C.1.12. State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

Yes No

Explanation of the rules and identification of the document where this is regulated

Article 10 of SIEMENS GAMESA's Board of Director's Regulations establishes rules on the maximum number of companies' boards its directors may be a part of:

"Article 10. Incompatibilities for becoming a Director

The following individuals cannot be Directors or, where applicable, natural person representatives of a Legal Entity Director:

(...)

b) Any individual acting in the position of administrator of three or more companies whose shares are traded in domestic or foreign securities markets.

(...)"

C.1.13. State total remuneration received by the Board of Directors:

Board remuneration in financial year (thousand euros)	3,498
Amount of vested pension interests for current members (thousand euros)	333
Amount of vested pension interests for former members (thousand euros)	0

Remarks

In addition to the information provided above it shall be mentioned that:

- pursuant to articles 45.3 and 45.6 of the Bylaws of SIEMENS GAMESA and as agreed by virtue of the fifteenth resolution of the agenda of the 2015 General Meeting of Shareholders, the remuneration of the Company to all directors as fixed annual remuneration and allowances for their dedication and attendance does not exceed the maximum amount of three million euro (€3,000,000) as established by the cited General Meeting of Shareholders, as such consideration is compatible with and independent from the remuneration received by executive directors.
- the information shown therein matches the figures in Note 20 of the Individual Report and Note 31 of the Consolidated Report, which form part of the financial statements for fiscal year 2019.



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C.1.14. Identify senior management staff who are not executive directors and their total remuneration accrued during the year:

Name	Position
Nauen, Andreas	CEO Offshore Business Unit
Faubel Frauendorff, Alfonso	CEO Onshore Business Unit
Albenze, Mark	CEO Services Business Unit
Bartl, Jürgen	General Secretary
Mesonero Molina, David	Chief Financial Officer
Wollny, Christoph	Chief Operations Officer
Zarza Yabar, Félix	Internal Audit Director
Total senior management remuneration (thousand euros)	6,752

Remarks

The remuneration of the Top Management includes:

- the amount of a payment, during fiscal year 2019 of the remaining 50% of incentive plan 2016-2017 to two top managers and one former top manager. The characteristics of said plan are described in the 2017 Annual Report about the Remuneration of the Members of the Board of Directors.
- the amount of a severance payment to and the amount due to a non-competition clause of one top manager.
- a strategic incentive linked to the fulfillment of targets established by the board of directors for one top manager, and a salary compensation for the exercise, on an interim basis, of an additional position to the own for another top manager.

The information shown therein matches the figures in Note 20 of the Individual Report and Note 31 of the Consolidated Report, which form part of the financial statements for fiscal year 2019.

C.1.15. State whether the Board rules were amended during the year:

Yes

No

Description of amendment

N/A

C.1.16. Specify the procedures for selection, appointment, re-election and removal of directors: the competent bodies, steps to follow and criteria applied in each procedure.

Selection and appointment procedure:

As provided by article 30 of the By-Laws of SIEMENS GAMESA, the members of the Board of Directors are “*appointed or approved by the General Shareholders’ Meeting*” with the provision that “*if there are openings during the period for which Directors were appointed, the Board of Directors can appoint individuals to occupy them until the first General Shareholders’ Meeting is held*”, always in accordance with the applicable provisions of the Corporate Enterprises Act and the By-Laws.

Furthermore, pursuant to article 13.2 of the Regulations of the Board of Directors, *“the proposals for appointing Directors submitted by the Board of Directors for consideration by the General Shareholders’ Meeting and the appointment decisions adopted using the co-option procedure must be preceded by: (a) for Independent Directors, a proposal from the Appointments and Remuneration Committee; and (b) in other cases, a report from the aforementioned committee.”* In this regard, article 13.3 of said Regulations provides that *“when the Board of Directors declines the proposal or the report from the Appointments and Remuneration Committee mentioned in the above section, it must justify doing so and include a record of it in the minutes.”*

Article 13.4 of said Regulations then provides that *“the provisions in this chapter will be understood notwithstanding the complete freedom of the General Shareholders’ Meeting to make decisions on the appointment of Directors.”*

Finally, article 14 of said Regulations provides 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”* and adds that *“concerning a Legal Entity Director, the natural person representing it in the performance of the duties related to the position will be subject to the conditions included in the previous paragraph.”*

Re-election procedure:

Article 15 of the Regulations of the Board of Directors provides that *“proposals for re-election of Directors submitted by the Board of Directors to the General Shareholders’ Meeting must be accompanied by the corresponding explanatory report in the terms set forth by the law. 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 favourable report from this committee.”*

In this regard, section 2 of said article adds that *“directors that are part of the Appointments and Remuneration Committee must abstain from taking part in the deliberations and votes that affect them.”*

Finally, section 3 states that *“the re-election of a Director who is part of a committee or who holds an internal position on the Board of Directors or one of its committees will determine his/her continuity in this position without requiring express re-election and notwithstanding the power of revocation which corresponds to the Board of Directors.”*

Evaluation procedure:

Article 25.8 of the Regulations of the Board of Directors governs the procedure for evaluation of directors, and provides that *“the Board of Directors shall evaluate at least once a year: (a) the quality and effectiveness of its operation; (b) the performance of duties of the Chairman of the Board of Directors, and if applicable, of the CEO and Coordinating Director, based on the report submitted to the Appointments and Remuneration Committee; and (c) the operation of the committees based on the reports they submit to the Board of Directors.”*

In this regard, article 8 of the Regulations of the Appointments and Remuneration Committee provides that said committee shall have the following main functions regarding the evaluation of the Board:

“1. To promote and coordinate the annual assessment of the performance of the Chairman of the Board of Directors and, where appropriate; the CEO; Board of Directors; Delegated Executive Committee; Audit, Compliance and Related Party Transactions Committee; Appointments and Remuneration Committee; Coordinating Director and any other advisory committee constituted in accordance with the provisions of the Corporate Governance Standards.

2. To submit to the Board of Directors the results of said evaluation together with a draft action plan and with recommendations to correct any deficiencies identified or to improve the functioning of the Board of Directors or its committees.

3. As part of the evaluation, the Committee shall also monitor the attendance of the directors at meetings.

4. To perform the evaluations, the Committee shall have the internal means it deems appropriate in each case, and the support of independent external consultants at least every three years. Consultants supporting the Committee in the exercise of its powers of evaluation provided for in the Corporate Governance Rules shall be different from any that advise the Company in the process of selecting directors or members of Top Management or in relation to the remuneration thereof.”

Removal procedure:

Pursuant to the By-Laws, directors will hold their position for four years, for so long as they are not removed by resolution of the General Meeting of Shareholders or they do not resign from their position.



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Article 16 of the Regulations of the Board of Directors provides 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.”*

The processes and standards to follow for removal will be those provided for in the Corporate Enterprises Act and in Royal Decree 1784/1996 of 19 July approving the Regulations of the Commercial Registry.

Finally, section 2 of article 16 of the Regulations of the Board of Directors provides the instances in which Directors must tender their resignation to the Board of Directors and formalize it, if the Board of Directors sees fit, subject to a report from the Appointments and Remuneration Committee.

C.1.17. Explain how the annual evaluation of the Board has given rise to significant changes in its internal organization and to procedures applicable to its activities:

Description of changes

The governance bodies of SIEMENS GAMESA have continued to evolve during fiscal year 2019, making improvements in the operation and efficiency of the Board of Directors and its committees.

The most important advances have specifically been the following:

- As to operation, there has been a significant reduction in the duration of the meetings of the Board of Directors in order to limit them to a number of hours that ensures the attention of the directors.
- The process for approving the minutes has been streamlined.
- There has been a considerable increase in the time that the Board of Directors has dedicated to the Company’s strategic issues.
- A specific onboarding plan for directors has been established for each of the committees.
- As to skills development, an amendment of the Regulations of the Appointments and Remuneration Committee has been approved to include changes required to align this body with the new Technical Guide 1/2019 on Nomination and Remuneration Committees.
- A matrix of competencies of the members of the Board of Directors has been approved in order to improve the planning and evaluation of future appointments of directors.
- As to composition, another member with experience in auditing and accounting has been added to the Audit, Compliance and Related Party Transactions Committee.

Describe the evaluation process and the areas evaluated by the Board of Directors with the help, if any, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and evaluated areas

The Board of Directors of SIEMENS GAMESA evaluates its performance on an annual basis. Thus, on 29 July 2019 the Board of Directors approved the commencement of the process of evaluation of the Board of Directors itself, of the Audit, Compliance and Related Party Transactions Committee, of the Appointments and Remuneration Committee, of the chair of the Board of Directors and of the CEO. This fiscal year, it was decided to hire PricewaterhouseCoopers Asesores de Negocios, S.L. (“PwC”) as an external adviser in the evaluation process.

The evaluation process, which has included the analysis of more than 180 indicators, has covered the following areas: (i) composition of the bodies, (ii) operation thereof, (iii) exercise of powers and performance of duties, and (iv) relations with other bodies. These areas have been analyzed from 3 perspectives: (i) compliance with internal rules and with applicable regulations; (ii) analysis of future trends in the area of corporate governance; and finally, (ii) level of compliance with the recommendations for improvement identified in prior evaluation processes. As regards the past fiscal year, the evaluation has included indicators relating to *Technical Guide 1/2019 on Nomination and Remuneration Committees*. During the process, individual interviews were held with the chair of the Board, the chairs of the committees and the secretary of the Board.

The process concluded at the meeting of the Board of Directors held on 24 October 2019, with the approval of the results of the evaluation and the Action Plan for fiscal year 2020.



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The conclusions of the evaluation process show a high degree of compliance with the indicators reviewed and that the operation of the Company's governance bodies continued to evolve during the fiscal year. These results should also be viewed within the context of a particular company, as this is the third fiscal year since the effectiveness of the merger of Siemens Wind HoldCo, S.L.U. and Gamesa Corporación Tecnológica, S.A. and the board has thus had to deal not only with recurring issues but also with issues of a more extraordinary nature.

The Action Plan 2020 deriving from the evaluation process focuses on continuing to advance in the proper operation of the governance bodies. For this reason, among other areas for advancement, work will continue on encouraging attendance, strengthening the use of video-conferencing systems and providing more executive information prior to meetings of the Board and committees.

C.1.18. Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.

The business relations of the consultant and the companies of its group with SIEMENS GAMESA during the last fiscal year amounted to 2.2 million euros (representing less than 0.5% of PwC España's billing and less than 0.01% of PwC's billing worldwide). The services were mainly focused on advice in the legal and corporate governance areas and financial aspects.

C.1.19. State the situations in which directors are required to resign.

As established in Article 16.2 of the Board of Director's Regulations, "directors or the natural person representing a Legal Entity Director must offer their resignation to the Board of Directors and formalize it, if the Board sees fit, subject to a report provided by the Appointments and Remuneration Committee in the following cases:

- a) Concerning Proprietary Directors, whenever these or the shareholder they represent cease to be the owners of significant stocks in the Company, as well as when such shareholders revoke representation.
- b) Concerning Executive Directors, when they are removed from the executive positions associated with their appointment as Director and, in all cases, whenever the Board of Directors considers it necessary.
- c) Concerning Non-executive Directors, when they join the management of the Company or of any of the companies in the Group.
- d) When, due to circumstances beyond their control, they are involved in cases of incompatibility or prohibition as set forth by law or the Corporate Governance Standards.
- e) Whenever they are brought to trial for a supposedly criminal act or a court ruling is passed against them to open a trial for any of the offenses set forth in the provisions of the Capital Company Act related to the prohibitions on being an administrator, or whenever they are involved in a sanction for a serious or very serious offense brought by supervisory authorities.
- f) Whenever they are issued a serious warning by the Board of Directors or are sanctioned for a serious or very serious offense by a public authority for having breached their duties as Directors in the Company.
- g) Whenever their continuity on the Board of Directors could put the Company's interests at risk, or whenever the reasons for their appointment have ceased to exist.
- h) When, due to acts attributable to the Director acting in his/her capacity as such, cause significant damage to the Company's assets, or the reputation of the Company, or result in the loss of the business and professional reputation and credibility required for being a Director of the Company."

C.1.20. Are qualified majorities other than those established by law required for any specific decision?

Yes X

No

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If so, please describe any differences.

Description of differences

The Regulations of the Board of Directors (article 4.4) requires of at least two-thirds of the directors attending the meeting to pass amendment thereof (save for modifications imposed by mandatory standards, in which case a simple majority will be required to adopt the resolution).

Article 18.3 of the Regulations of the Board of Directors stipulates that in case the position of Chairperson of the Board of Directors is held by an Executive Director, *“removal from the position of this director will require the absolute majority of the members of the Board of Directors.”*

In addition, article 29.8 of the cited Regulations states that the formalization of the contract establishing the remuneration and further terms and conditions of Executive Directors for the performance of management duties, must be approved by the Board of Directors with at least a favorable vote of two-thirds of its members.

C.1.21. Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the Board of Directors.

Yes No

Description of requirements

N/A

C.1.22. State whether the Articles of Association or the Board Rules establish any limit as to the age of directors:

Yes No

	Age limit
Chairman	N/A
CEO	N/A
Directors	N/A

C.1.23. State whether the Articles of Association or the Board Rules establish any term limits for independent directors other than those required by law:

Yes No

Additional requirements and/or maximum number of term limits	N/A
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- C.1.24. State whether the Articles of Association or Board Rules establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may have, as well as if any limit regarding the category of director to whom votes may be delegated and whether a director is required to delegate to a director of the same category. If so, please briefly describe the rules.

Article 25.3 of the Regulations of the Board of Directors states that *"the Directors must attend the meetings that are held. However, Directors may cast their vote in writing or delegate in writing their representation to another Director, specifically for each meeting, and the number of representations that each Director can receive is not limited. Non-executive Directors may only delegate representation to another Non-executive Director."*

For the purposes of delegating votes, each time a meeting of the Board of Directors is convened, the specific proxy award model for that meeting is made available to the directors so that they can confer their representation and, where applicable, voting instructions if deemed necessary by the represented director are included. All aforementioned also in compliance with article 32.2 of the By-laws of SIEMENS GAMESA which states that *"any Director may cast his/her vote in writing or confer his/her representation to another Director, specifically for each meeting. Non-executive Directors may only do so to another Non-executive Director."*

- C.1.25. State the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Meetings where the chairman sent specific proxy instructions are to be counted as attended.

Number of Board meetings	18
Number of Board meetings without the chairman	0

Remarks

One of the eighteen meetings held by the Board of Directors during the 2019 fiscal year was in writing and with no meeting, according to Article 25.5 of the Regulations of the Board of Directors.

State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	0
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Please specify the number of meetings held by each committee of the Board during the year:

Number of meetings held by the Audit Compliance and Related Party Transactions Committee	21
Number of Meetings held by the Appointments and Remuneration Committee	10



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C.1.26. State the number of meetings held by the Board of Directors during the year in which all of its directors were present. For the purposes of this section, proxies given with specific instructions should be considered as attendance

Number of meetings where at least 80% of the directors attended	16
% of attendance over total votes during the year	90.95%
Number of meetings in situ or representations made with specific instructions of all directors	3
% of votes issued at in situ meetings or with representations made with specific instructions out of all votes cast during the year	91.40%

Remarks

Pursuant to the provisions of article 25.5 of the Regulations of the Board of Directors, during fiscal year 2019 the Board met once in writing and without a meeting, which, due to the nature of such procedure, has not been considered for this section C.1.26. Leaving said meeting in writing and without a meeting aside, the personal attendance of at least 80% occurred in 16 out of the 17 remaining Board of Directors meetings considered in this section.

During fiscal year 2019, there were absences of one Director from three meetings, of one Director from six meetings, of one Director from seven meetings, of another Director from two meetings, and of one Director from two meetings. In all cases, they delegated their proxy to another Director of the same category but only in one occasion the proxy was granted with specific instructions.

It is also reported that those cases in which the directors are subject to a conflict of interest pursuant to article 31 of the Regulations of the Board of Directors and therefore refrain from attending and participating in the deliberations, voting, decision-making and execution of operations and matters affected by the conflict are not deemed to be absences for these purposes.

C.1.27. State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

Yes

No

Identify, if applicable, the person/s who certified the individual and consolidated financial statements of the company for preparation by the Board:

Name	Position
Tacke, Markus	CEO
Mesonero Molina, David	Chief Financial Officer
Wollny, Christoph	Chief Operation Officer
Spannring, Thomas	Accounting, Reporting and Controlling Director

C.1.28. Explain any measures established by the Board of Directors to prevent the individual and consolidated financial statements prepared by the Board from being submitted to the General Shareholders' Meeting with a qualified audit opinion.

The Board of Directors, through the Audit, Compliance and Related Party Transactions Committee, has a crucial role in the supervision of the process of elaboration of the financial information of the Company.

In this sense and to achieve this goal, the work of the Audit, Compliance and Related Party Transactions Committee is oriented to the following main questions:

A) Auditing of accounts

Article 6 of the Regulations of the Audit, Compliance and Related Party Transactions Committee gives the Audit, Compliance and Related Party Transactions Committee the following powers, among others, in relation to the auditing of accounts:

“e) Serve as a channel of communication between the Board of Directors and the auditor, ensuring that the Board of Directors holds an annual meeting with the auditor to be informed on the work carried out, the evolution of the accounting position and the risks.

f) Request from the auditor on a regular basis information about the audit plan and its implementation and any other matters related to the audit process, as well as all other communications provided for in the current audit legislation.

g) Assess the results of each audit and the management team's response to its recommendations.

(...)

i) Supervise the content of audit reports before they are issued and, where applicable, the content of limited review reports on interim statements, trying that said content and the opinions expressed therein regarding the annual financial statements are drafted by the auditor clearly, precisely and without limitations or exceptions and, should any exist, explaining them to the shareholders. In this sense, the Committee shall supervise the main findings of the audit work in conjunction with the auditor and, if necessary, propose adequate measures to the Board of Directors in order to remove the impairments found by the auditor.”

B) Supervision of the process of elaboration and presentation of the mandatory financial information

It should also be noted that article 8 of the Regulations of the Audit, Compliance and Related Party Transactions Committee describes the following principal functions of said Committee regarding the process for preparing economic/financial information:

“a) Oversee the preparation, presentation and integrity of economic, financial and non-financial information relating to the Company and its consolidated Group, as well as the correct delimitation of such group, and raise the recommendations or proposals to the Board of Directors that may deem appropriate in this sense. The Committee shall perform its duty of overseeing continuously and, on an ad-hoc basis, when requested by the Board of Directors.

b) Supervise that all periodic economic and financial information (Half-Yearly Financial Reports and the quarterly management statements) is formulated under the same accounting criteria as the annual financial information and, for this purpose and where appropriate, propose to the Board of Directors that the auditor perform a limited review thereof.

c) Oversee compliance with legal requirements and the correct application of generally accepted accounting principles and inform the Board of any significant changes in accounting criteria.

d) Supervise the reasons why the Company should disclose in its public reporting certain alternative performance measures, instead of the metrics defined directly by accounting standards, the extent to which such alternative performance measures provide useful information to investors and the degree of compliance with the best practices and international recommendations in this respect.

e) Be informed of the significant adjustments identified by the auditor or arising from Internal Auditing reviews, and management's position on such adjustments.

f) Address respond to and properly take account of any requests or demands issued, in the current or in previous years, by the supervisory authority of financial reporting to ensure that the type of incident previously identified in such demands does not recur in the financial statements.

g) Supervise on a quarterly basis that the financial information published on the corporate website of the Company is regularly updated and matches the information authorized by the Board of Directors and published on the National Securities Market Commission website. Following the supervision, if the Committee is not satisfied with any aspect, it shall notify such aspect to the Board of Directors through its secretary.”

C) Supervision of the efficiency of the internal control of the Company

Article 9 of the Audit, Compliance and Related Parties Transactions Committee Regulations includes the key functions of the aforementioned Committee regarding the internal control and risks management system:

“a) Receive regular reports from management on the functioning of existing systems and on the conclusions of any tests conducted on such systems by internal auditors or any other professional specifically engaged for this purpose, and on any significant internal control shortfall detected by the statutory auditor in the course of its statutory auditing work. As a result of this supervision the Committee may raise recommendations or proposals to the Board of Directors.

b) Supervise, at least on an annual basis, all risk policies and propose amendments thereof or the adoption of new policies to the Board of Directors.

c) Supervise that policies on the control and management of risks identify at least:

i. The different types of risk (operational, technological, financial, legal, fiscal, reputational, climatic, social, etc.) affecting the Company and its Group, including financial or economic risks, contingent liabilities and other off-balance sheet risks.

ii. The levels of risk that the Company and the Siemens Gamesa Group deem acceptable in accordance with the Corporate Governance Standards.

iii. The planned measures to mitigate the impact of identified risks, should they materialize.

iv. The information and internal control systems used to control and manage risks.

d) Supervise, at least on an annual basis, the key financial and non-financial risks and the level of tolerance established.

e) Supervise that the Risk Department participates in defining the risk strategy, in the correct functioning and effectiveness of the control systems and in mitigating the risks detected.

f) Hold, at least on an annual basis, a meeting with the officers heading up business units of the Group in order to explain the business trends and the related risks.”

D) Internal Auditing Supervision and, in particular, according to Article 7 of the Audit, Compliance and Related Parties Transactions Committee Regulations:

“a) Ensure the independence and effectiveness of the Internal Auditing function of the Company and its Group.

b) Approve the internal audit plan, as well as the objectives of the Internal Audit Department, overseeing that both the Internal Audit Department and its personnel have sufficient resources, encompassing (internal and external) human resources and financial and technological resources, to carry out its work.

c) Propose to the Board of Directors the budget for Internal Auditing.

d) Supervise Internal Auditing activity of the Company and its Group and that said activity is focused primarily on the relevant risks of the Company and its Group.

e) Assess the performance of the Internal Audit Department, for which the Committee shall seek the opinion of the chief executive officer.

The conclusions of the assessment shall be notified to the Internal Audit Department and taken into account for the purpose of determining the variable components of the annual remuneration.

f) Receive regular information on the activities carried out by the Internal Audit Department of Siemens Gamesa and the companies of its Group and, particularly, on the implementation of the annual work plan, any issues found and an annual report, which shall include a summary of the activities carried out and reports issued over the year with the recommendations and action plans.

g) Oversee that Senior Management bears in mind the conclusions and recommendations of Internal Audit Department reports.”

One of the main purposes of the reports prepared by the Audit, Compliance and Related Party Transactions Committee is to bring to light any aspects that might involve qualifications in the audit report of SIEMENS GAMESA and its Group, making any appropriate recommendations in order to avoid them. Said reports are submitted to the full Board of Directors prior to the approval of the financial information.

It should also be noted that the External Auditor appeared before the Audit, Compliance and Related Party Transactions Committee on several occasions during the fiscal year ended on 30 September 2019:

- appearance on 30 October 2018 in connection with the monitoring of statutory audit work for fiscal year 2018.
- appearance on 14 November 2018 in connection with the audit of the annual accounts for fiscal year 2018.
- appearance on 14 November 2018 in connection with non-audit work performed by the auditor.
- appearance on 22 January 2019 in connection with the review of the financial information for the first quarter of fiscal year 2019.
- appearance on 11 February 2019 in connection with the presentation of its recommendations on internal control over financial information.
- appearance on 9 April 2019 in connection with the fees approved for the audit of fiscal year 2019 and non-audit services provided by the auditor.
- appearance on 26 April 2019 in connection with the limited review of the half-yearly financial statements at 31 March 2019.
- appearance on 24 June 2019 in connection with the Audit Plan for fiscal year 2019.
- appearance on 24 July in connection with the review of the financial information for the third quarter of fiscal year 2019.

The audit reports on the individual and consolidated annual accounts formulated by the Board of Directors have historically been issued without qualifications, as set forth in the information contained in the corporate website and in the information on SIEMENS GAMESA contained in the website of the National Securities Market Commission.

As included later in section F (“Internal Risk Management and Control Systems related to the process of publishing financial information (ICFR)”) in this Annual Corporate Governance Report 2019, SIEMENS GAMESA has a proper Internal Risk Management and Control system related to the process of publishing financial information (ICFRS).

C.1.29. Is the secretary of the Board also a director?

Yes

No

If the secretary is not a director, please complete the following table:

Name of the secretary	Representative

C.1.30. State, if any, the concrete measures established by the entity to ensure the independence of its external auditors, financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

1. Mechanisms to preserve the independence of the auditor:

SIEMENS GAMESA has established a procedure for this purpose, called “Protection of auditor independence (Non-audit services)”, which allows it to:

- Align the independence policies of SIEMENS GAMESA and SIEMENS AG about the External Auditor's services in accordance with the requirements defined by the European Union and endorsed by regulatory bodies in Spain and Germany.
- Ensure that the policy and the limits for accepting or not accepting non-audit services are aligned between SIEMENS GAMESA and SIEMENS AG.
- Provide a practical method of compliance with the requirements without needlessly asking SIEMENS GAMESA's Audit, Compliance and Related Party Transactions Committee to approve non-audit services that are considered insignificant for SIEMENS GAMESA, by means of the establishment of a pre-approved list by SIEMENS GAMESA's Audit, Compliance and Related Party Transactions Committee. The pre-approved list requires annual approval by both Audit Committees (SIEMENS GAMESA and SIEMENS AG).
- All requests for services included in the pre-approved list are subject to review and approval by SIEMENS GAMESA's Director of Internal Audit, who, prior to giving approval, must confirm that the services are acceptable and included in the pre-approved list after a statement by the external auditor to the effect that said services are permissible under all applicable independence rules and standards. These services must subsequently be approved by SIEMENS AG.

In this regard, different approval levels are classified, specified (if there is a list of services) and defined both by the Audit, Compliance and Related Party Transactions Committee and by other departments, for the services provided by the external auditor:

- Audit services.
- Non-audit services:
 - Other verification services:
 - Reasonably related to the audit (pre-approved list).
 - Not reasonably related to the audit (individualized approval).
 - Prohibited services:
 - Tax services.
 - Other services.

SIEMENS GAMESA's Internal Audit Directorate is responsible for maintaining an appropriate and continuous register of non-audit services provided to SIEMENS GAMESA by the External Auditor throughout the fiscal year, together with the amount thereof and the percentage they represent of the total fees received for audit services during such fiscal year and must periodically report thereon at the meetings held by SIEMENS GAMESA's Audit, Compliance and Related Party Transactions Committee.

For this reason, the internal auditor and the external auditor appear before the full Audit, Compliance and Related Party Transactions Committee on a half-yearly basis in order to present an itemized list of each and every service provided during the period in question and to state that they are included in the pre-approved list.

It should also be pointed out that the External Auditor's total fees for Non-audit Services provided to SIEMENS GAMESA may not exceed 30% of the External Auditor's total fees for all Audit Services provided to SIEMENS GAMESA on a worldwide basis during the applicable fiscal year. However, if there is a convincing reason to hire the External Auditor for the provision of non-audit services beyond the aforementioned limit, and so long as it falls within the applicable limit under the law, said provision will be possible following individual approval by the Audit, Compliance and Related Party Transactions Committee.

Article 34 of the Regulations of the Audit, Compliance and Related Party Transactions Committee of SIEMENS GAMESA governs the relations of said Committee with the External Auditor. The full text is available at www.siemensgamesa.com.

2. Mechanisms to preserve the independence of financial analysts, investment banks and rating agencies:

SIEMENS GAMESA regulates this matter in its Policy on Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors, the current version of which was approved by resolution of the Board of Directors of 25 September 2019 and which establishes that the general principles are those of transparency, accuracy, equal treatment, promotion of ongoing information, collaboration, taking advantage of new technologies, and compliance with the provisions of law and the Corporate Governance Rules, as well as with the principles of cooperation and transparency with competent authorities, regulatory bodies and government administrations.

By application of said principles, the provision of information to financial analysts and investment banks and the presentation of results and of other relevant documents issued by the Company are carried out simultaneously for all of them after submission thereof to the CNMV, always in the strictest compliance with securities market regulations.

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Specifically, in compliance with the CNMV's Recommendation of 22 December 2005 on informational meetings with analysts, institutional investors and other securities market professionals, SIEMENS GAMESA announces the meetings with analysts and investors at least seven calendar days in advance, indicating the date and time at which the meeting is scheduled to be held and any technical means (teleconference, webcast) which any interested party can use to follow the meeting in real time.

The documentation supporting the meeting is made available on the Company's website (www.siemensgamesa.com) before the beginning thereof. Finally, a recorded broadcast of the meeting is made available to investors for one month on the Company's website.

Spanish/English interpretation services are also made available to the participants.

Furthermore, road shows are periodically carried out in the most significant countries and financial markets, where individual meetings are held with all these market players. Their independence is protected by the existence of a contact person specifically assigned to them, who ensures objective, equal and non-discriminatory treatment.

Finally, the Company has various channels of communication and service to analysts and investors:

- E-mail on the corporate website (info_accionista@siemensgamesa.com for minority shareholders and irsg@siemensgamesa.com for institutional shareholders and financial analysts).
- Telephone line for shareholder information (+34 944 20 93 18).
- Periodic publications, information relating to quarterly results, corporate transactions, business prospects.
- In-person and recorded broadcasts of presentations.
- Mailing of releases and news.

C.1.31. State whether the company changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:

Yes

No

If there were any disagreements with the outgoing auditor, please provide an explanation:

Yes

No

Explanation of disagreements

N/A

C.1.32. State whether the audit firm provides any non-audit services to the company and/or its Group and, if so, the fees paid and the corresponding percentage of total fees invoiced to the company and/or Group:

Yes

No

	Company	Group Companies	Total
Amount invoiced for non-audit services (thousand euros)	486	62	548
Amount invoiced for non-audit services/Amount for audit work (in %)	12.02	1.53	13.55

Remarks

The audit related fees such as "other attest services" and, unlike previous years, also the "other audit related attest services", have been considered as non-audit fees.

C.1.33. State whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, please explain the reasons given by the chairman of the audit committee to explain the content and extent of the aforementioned qualified opinion or reservations.

Yes No

Explanation of reasons

N/A

C.1.34. State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group. Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	6	6
	Individual	Consolidated
Number of years audited by the current audit firm/number of fiscal years the company has been audited (by %)	20.69%	20.69%

C.1.35. State whether there is a procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time and provide details if applicable:

Yes No

Explanation of procedure

The Company's internal regulations settle the procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time.

Thus, the Regulations of the Board of Directors provides on its article 26.3 when referring to the call that "*The call to convene shall be a least six business days in advance, will always include the meeting agenda and best efforts will be made so that the relevant information for the meeting is accompanied with the aforementioned advance of six business days. Exceptionally, information may be provided with a minimum period of at least three business days, the Board of Directors not being able to make a decision if such information has not been made available to the Directors with the aforementioned advance notice The Directors may exceptionally adopt a decision even if the information was not made available within the aforementioned period if they consider it beneficial and no Director opposes it.*"

On a similar sense, article 24.2 of the Regulations of the Audit, Compliance, and Related Party Transactions Committee states that "*The call to meeting, except in the case of emergency meetings, shall be issued at least three days in advance and include the agenda of the meeting.*"

Also, article 18.2 of the Regulations of the Appointments and Remunerations Committee provides that "*The call to meeting, except in the case of emergency meetings, shall be issued at least three days in advance and include the agenda of the meeting.*"

SIEMENS GAMESA's internal regulations set also that directors can receive external experts' support for the developments of their functions.

In this sense, pursuant to the provisions of article 36 of the Regulations of the Board of Directors:

"1. The Board of Directors may request the aid of legal, accounting and financial experts, as well as the other external experts at the Company's expense, when it is deemed necessary or beneficial for the performance of its competencies.



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2. *Non-executive Directors, in order to be aided in the performance of their duties, may also request contracting external experts at the Company's expense.*

3. *The contracting request must be drawn up by the Chairman."*

On similar terms, article 37 of the Regulations of the Audit, Compliance and Related Party Transactions Committee provides that *"in order to be aided in the performance of their duties, the Committee may request the engagement of legal, accounting and financial consultants, as well as the aid of other experts at the Company's expense."*

Article 27 of the Regulations of the Appointments and Remuneration Committee provides that *"in order to be aided in the performance of their duties, the Committee may request the engagement of legal consultants or other experts at the Company's expense. The Committee shall provide an annual report to the Board of Directors on the expenses incurred, subject, if the Board of Directors so deems appropriate, to a review of the Audit, Compliance and Related Party Transactions Committee, with the support, of the internal audit function, if any.*

2. *The Committee shall ensure that potential conflicts of interest of external professionals do not prejudice the independence of the outside advice received."*

C.1.36. State whether the company has established rules whereby directors must provide information regarding and, if applicable, resign, in circumstances that may damage the company's standing and reputation. If so, provide details:

Yes

No

Explain the rules

As stated in section C.1.19 above, article 16 of the Regulations of the Board of Directors provides the instances in which Directors must tender their resignation to the Board of Directors and formalize it, if the Board of Directors sees fit.

These include instances that might damage the credit or reputation of the Company.

Specifically, Directors must proceed in the manner indicated:

- (i) *"When, due to circumstances beyond their control, they are involved in cases of incompatibility or prohibition as set forth by law or the Corporate Governance Standards."* (article 16.2.d).
- (ii) *"Whenever they are brought to trial for a supposedly criminal act or a court ruling is passed against them to open a trial for any of the offenses set forth in the provisions of the Capital Company Act related to the prohibitions on being an administrator, or whenever they are involved in a sanction for a serious or very serious offense brought by supervisory authorities."* (article 16.2.e).
- (iii) *"Whenever they are issued a serious warning by the Board of Directors or are sanctioned for a serious or very serious offense by a public authority for having breached their duties as Directors in the Company."* (article 16.2.f).
- (iv) *"Whenever their continuity on the Board of Directors could put the Company's interests at risk (...)"* (article 16.2.g).
- (v) *"When, due to acts attributable to the Director acting in his/her capacity as such, cause significant damage to the Company's assets, or the reputation of the Company, or result in the loss of the business and professional reputation and credibility required for being a Director of the Company."* (article 16.2.h).

For its part, article 35.2.d) of the Regulations of the Board of Directors provides that a director must inform the Company of any *"legal, administrative or other type of proceedings that are filed against the Director and which, due to their significance or characteristics, may negatively affect the reputation of the Company. Particularly, Directors must inform the Company, through the Chairman, if he/she is processed or a court ruling is passed against him/her regarding the opening of trial for any of the offenses set forth in Section 213 of the Capital Company Act. In this case, the Board of Directors will examine the case as soon as possible, and make the decisions it considers the most appropriate regarding the interests of the Company."*

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C.1.37. State whether any member of the Board of Directors has notified the company that he or she has been tried or notified that legal proceedings have been filed against him or her, for any offences described in Article 213 of the LSC:

Yes

No

Name of director	Criminal charge	Remarks
N/A	N/A	N/A

State whether the Board of Directors has examined the case. If so, explain in detail the decision taken as to whether the director in question should continue in his or her post or, if applicable, describe any actions taken by the Board up to the date of this report, or which it intends to take.

Yes

No

Decision/Action taken	Explanation

C.1.38. Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

In conformity with the framework agreement dated December 21, 2011 (significant event 155308) between IBERDROLA, S.A. and the subsidiary of SIEMENS GAMESA RENEWABLE ENERGY, S.A. (SIEMENS GAMESA), SIEMENS GAMESA RENEWABLE ENERGY EOLICA, S.L Sociedad Unipersonal, the supposed change of control in SIEMENS GAMESA will permit IBERDROLA, S.A. to terminate the framework agreement, and neither party may make any claims subsequently.

On May 4, 2015, SIEMENS GAMESA and SIEMENS AG signed a Framework Agreement which sets out (i) certain rights and obligations and related matters concerning the relationship of the parties after the merger between SIEMENS GAMESA and Siemens Wind Hold Co.; (ii) certain principles applicable to the provision of services between SIEMENS GAMESA and SIEMENS AG after the merger; and (iii) includes mandatory items to be complied with by SIEMENS GAMESA for the purposes of meeting and complying with Siemens Group Requirements. The Framework Agreement contains a termination event whereby it may be terminated by the Parties at such time that SIEMENS AG ceases to be a Controlling shareholder in SIEMENS GAMESA whereby Control is defined as SIEMENS AG holding the majority of voting rights in SIEMENS GAMESA or having the right to appoint the majority of its board members.

On December 17, 2015, Siemens Gamesa Renewable Energy Wind Farms, S.A.U. (buyer) and GESTIÓN, ELABORACIÓN DE MANUALES INDUSTRIALES INGENIERÍA Y SERVICIOS COMPLEMENTARIOS, S.L., INVERSIONES EN CONCESIONES FERROVIARIAS, S.A.U., CAF POWER & AUTOMATION, S.L.U. y FUNDACIÓN TECNALIA RESEARCH & INNOVATION (seller) signed a purchase-sale agreement for the shares. On the same date, to oversee the relationship between Siemens Gamesa Renewable Energy Wind Farms, S.A.U. and INVERSIONES EN CONCESIONES FERROVIARIAS, S.A.U. (ICF), as future NEM partners (where applicable), the parties signed the Partners' Agreement. By virtue of the terms established in the abovementioned agreement, should control over SIEMENS GAMESA subsequently take place, Siemens Gamesa Renewable Energy Wind Farms, S.A.U. must offer the remaining partners direct acquisition of its NEM shares.

On June 17, 2016, effective April 3, 2017, SIEMENS GAMESA and SIEMENS AKTIENGESELLSCHAFT (Siemens) signed a strategic alliance agreement, featuring a strategic supply contract by virtue of which Siemens became the strategic supplier of gears, segments, and other products and services offered by SIEMENS GAMESA Group. The abovementioned alliance will continue in force during the period during which Siemens: (a) directly or indirectly holds 50.1% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Directors voting rights, with no shareholders which individually or jointly hold at least 15% of share capital. Therefore, in cases of change of control, the parties are entitled to terminate the strategic alliance, although its minimum duration in any case would be three (3) years (i.e., until April 3, 2020).

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On June 17, 2016, SIEMENS GAMESA and SIEMENS AG signed a Merger Agreement which sets out terms and conditions applicable to the Transaction (i.e. the statutory merger of SWP with SIEMENS GAMESA) and certain aspects of SIEMENS GAMESA's future business organization and corporate governance. Although there is no termination possibility for the Merger Agreement as a consequence of a change of control, the Merger Agreement does include a non-compete obligation which prohibits SIEMENS AG from (i) manufacturing wind turbine generators; (ii) selling wind turbine generators manufactured by the Siemens Group; and delivery of product-related maintenance services for wind turbine generators produced and sold by the SIEMENS GAMESA Group or the Siemens Group. This non-compete obligation is enforceable for three years from the merger effective date (i.e. until April 3, 2020) and thereafter as long as Siemens (a) directly or indirectly holds 50.1% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Directors voting rights, with no shareholders which individually or jointly hold at least 15% of share capital. Therefore, the non-compete obligation would expire upon the occurrence of a change in control.

On March 31, 2017, SIEMENS GAMESA and Siemens entered into a licensing agreement by virtue of which SIEMENS GAMESA is entitled to use the Siemens brand in its Company name, corporate brand, and product brands and names. The abovementioned alliance will continue in force during the period in which Siemens: (a) directly or indirectly holds 50.1% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of the share capital, as long as it holds the majority of Board of Directors voting rights, with no shareholders which individually or jointly hold at least 15% of share capital. Therefore, a change of control might lead to termination of the licensing agreement.

By virtue of certain agreements reached as a result of the merger between SIEMENS GAMESA and Siemens Wind HoldCo, S.L. (Sociedad Unipersonal), the Siemens Group will have and grant certain guarantees with regard to the joint venture. The above agreements may be terminated and their applicable terms granted may be amended in case a change of control take place.

Likewise, as is customary for large electricity supply infrastructure projects, there are contracts with clients which regulate a supposed change in control, thereby providing each reciprocal power to terminate them should such a situation arise, especially in cases in which the new controlling party is the other party's competitor.

On April 3, 2017, SIEMENS GAMESA and Siemens entered into a master agreement for the contracting of financial derivatives between both companies. The agreement will remain in force while Siemens (a) owns, directly or indirectly, the majority of the shares in SIEMENS GAMESA, and/or (b) SIEMENS GAMESA keeps as a fully consolidated subsidiary in Siemens. Therefore, a change of control might lead to termination of the master agreement.

On August 1, 2018, (as amended) SIEMENS GAMESA and Siemens entered into an external services agreement for procurement area by virtue of which, during an initial period of 1 year for sourcing services, and 2 years for other procurement services, SIEMENS GAMESA Group shall benefit from the collective negotiation strength. Such agreement will be in force while Siemens remains as mayor shareholder of SIEMENS GAMESA. Therefore, in case of change of control, both parties are entitled to terminate the agreement with a 36 months prior notice.

Finally, it shall be pointed out that on May 30, 2018 SIEMENS GAMESA executed a Syndicated Multi-Currency Term and Revolving Credit Facility with a group of domestic and international banks (Significant Event 266275). In the event that any person or group of persons in a concerted manner (a) hold, directly or indirectly, more than 50% of the share capital of SIEMENS GAMESA; or (b) have the right to appoint the majority of members of the Board of Directors, and therefore exercise control over the Company, each of the participating financial entities may negotiate in good faith for a period of 30 days the maintenance of its commitments derived from the contract. In the event that an agreement is not reached, the financial entity(ies) in question may cancel all or part of the commitments acquired and require full or partial repayment of their participation in the financing.



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C.1.39. Identify individually for director, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.

Number of beneficiaries	98
Type of beneficiary	Description of agreement
CEO, Top Management, Managers, and Employees.	<p>CEO (1 agreement): The CEO, as executive director and in compliance with the “Policy of remuneration of directors” approved by the General Meeting of Shareholders held on March 27, 2019, has a one year fixed salary severance pay.</p> <p>Top management (6 agreements): The policy currently applied by the Company to the Top Management recognizes the right to receive a severance pay equal to one year of fixed remuneration in case of termination of the relationship provided that it is not a result of a breach attributable thereto or solely to the desire thereof.</p> <p>However, some members of the Top Management whose relationship with the Company is prior to the implementation of the current policy have a recognized severance pay of different amount regarding the specific post of each beneficiary, and could amount up to 18 months of the fixed remuneration and the last annual variable remuneration received. The cited severance pay operates mainly in cases of termination for a cause not attributable to the beneficiary.</p> <p>In certain cases, the severance pay is established with respect to the legal rights foreseen in the labour regulation if these were more beneficial.</p> <p>Managers and Employees (91 agreements): The agreements with managers and employees of SIEMENS GAMESA do not contain, as a general rule, specific severance payment clauses, so in case of termination of the labor relationship the general rule established under labor law shall apply. However, the Company has specific severance payment clauses agreed with some managers and employees. The severance payment amount is generally fixed depending on seniority and the remuneration and professional conditions of each of them and the reason for the termination of the manager or employee. A lot of these agreements have been agreed in jurisdictions where this severance pay is a common labor market practice. The warranty clauses of these agreements are lower than one year fixed salary in 80% of cases.</p>

State if these contracts have been communicated to and/or approved by management bodies of the company or of the Group. If they have, specify the procedures, events and nature of the bodies responsible for their approval or for communicating this:

	Board of Directors	General Shareholders' Meeting
Body authorising the severance clauses	X	
		YES NO
Are these clauses notified to the General Shareholders' Meeting?	X	


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In relation to the information provided regarding the CEO it shall be pointed out that his contract, and as included in the Annual report about the remunerations of the members of the Board, provides for a post-contractual non-competition obligation for a term of 1 year, which is remunerated with the payment of one year of his fixed remuneration payable 50% upon termination and the other 50% after the passage of six months from termination. Therefore, the total severance pay is aligned with best practices and in fulfillment of Recommendation 64 of the GGC.

It is also mentioned that the Board of Directors authorized the clauses related to the CEO and Top Management but not those related to the rest of beneficiaries.

Finally it is pointed out that the information about these clauses is notified to the General Shareholders' Meeting by making the Annual Corporate Governance Report, the Annual Report on Remunerations of directors, and the Directors Selection Policy available to the shareholders when the meeting is called.

C.2. Committees of the Board of Directors

C.2.1. Provide details of all committees of the Board of Directors, their membership, and the proportion of executive, proprietary, independent and other external directors that comprise them:

AUDIT, COMPLIANCE AND RELATED PARTY TRANSACTIONS COMMITTEE

Name	Post	Category
Krämmer, Rudolf	Chairman	Independent
Hernández García, Gloria	Member	Independent
Alonso Ureba, Alberto	Member	Independent
% of proprietary directors		0%
% of independent directors		100%
% of external directors		0%

Remarks

It is also stated that Mr. Juan Antonio García Fuente holds the position of non-member Secretary of the Audit, Compliance and Related Party Transactions Committee.

Furthermore, the changes occurring within the Audit, Compliance and Related Party Transactions Committee during and since the close of the fiscal year are described below:

At its meeting of 20 February 2019 and in accordance with Notice of Significant Event (Hecho Relevante) 274945 sent to the CNMV on 20 February 2019, the Board of Directors approved the appointment on an interim basis (co-option), upon a proposal from the Appointments and Remuneration Committee, of Mr. Rudolf Krämmer as a new member of the Board of Directors, and also approved, upon a proposal from the Appointments and Remuneration Committee, the appointment of Mr. Rudolf Krämmer as a new member of the Audit, Compliance and Related Party Transactions Committee. At the General Meeting of Shareholders held on 27 March 2019, the shareholders ratified the appointment of Mr. Rudolf Krämmer and approved his re-election as an independent director. Mr. Krämmer was appointed as chair of the Audit, Compliance and Related Party Transactions Committee on 27 May 2019 to replace Ms. Gloria Hernández García upon expiration of the term of office established in the Regulations thereof.

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

Duties:

The Audit, Compliance and Related Party Transactions Committee of SIEMENS GAMESA is a permanent internal body of the Board of Directors for information and consultation, entrusted with informing, advising and making recommendations.

Articles 5 to 14 of Chapter II of the Regulations of the Audit, Compliance and Related Party Transactions Committee establish the functions of this Committee. The full texts of the internal rules of the Company are available at www.siemensgamesa.com.

The functions of the Audit, Compliance and Related Party Transactions Committee mainly relate to supervision of the Company's internal audit, review of the systems for internal control of the preparation of economic/financial information, the auditing of accounts, related party transactions and regulatory compliance upon the terms set forth in its regulations.

Composition:

- a) The Committee shall comprise a minimum of three (3) and a maximum of five (5) Non-Executive Directors, a majority of whom must be independent directors, appointed for a maximum term of four (4) years by the Board of Directors, upon a proposal from the Appointments and Remuneration Committee.
- b) The Board shall encourage the diversity of composition, especially in relation to gender, career experience, skills, sector-specific knowledge and geographical origin, and that at least one of the independent directors appointed has knowledge and experience in accounting, auditing or both.
- c) The Committee shall choose its Chair from among the independent directors, for a maximum term of 4 years, at the end of which the director holding the position cannot be re-elected as Chair until the term of one year has elapsed from ceasing to hold this office; and a Secretary thereof, who need not be a Director.
- d) The members shall no longer hold their office: a) when they cease to be non-executive directors of the Company; b) when independent directors lose that office, if this means the number of independent directors on the Committee is less than the majority; and c) when agreed on by the Board of Directors.
- e) Members of the Committee that are re-elected as Directors of the Company shall continue to serve on the Committee unless the Board of Directors decides otherwise.

Functioning:

- a) The Committee shall meet as often as necessary to perform its duties, at the Chair's behest and, in any case, the Committee shall have a minimum of four annual meetings. Meetings shall also be held whenever two of the members so request.
- b) The Committee shall be validly constituted when more than half of its members are present or represented at the meeting.
- c) Resolutions shall be adopted by the absolute majority of members present at the meeting.
- d) When the issues to be dealt with during the Committee meetings directly affect some of its members or individuals related thereto and, in general, when this member enters into a conflict of interest, he/she must leave the meeting until the decision is made, being removed from the number of members of the Committee, to calculate the quorum and majorities related to the item in question.

Most important activities:

During fiscal year 2019, the Audit, Compliance and Related Party Transactions Committee has been informed of all matters that are within its purview, and in this context has satisfactorily performed the duties assigned thereto by law, the By-Laws, the Regulations of the Board of Directors and its own Regulations governing its organization and operation. Its most important activities during the fiscal year are included in the annual activities report of the Audit, Compliance and Related Party Transactions Committee, which is made available to the shareholders on the corporate website on occasion of the call to the General Meeting of Shareholders.

Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

Name of directors with experience	Krämmmer, Rudolf
	Hernández García, Gloria
Date of appointment of the chairperson	May 27, 2019

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Post	Category
Cendoya Aranzamendi, Andoni	Chairman	Independent
Krämmmer, Rudolf	Member	Independent
von Schumann, Mariel	Member	Proprietary
Rosenfeld, Klaus	Member	Independent
Azagra Blázquez, Pedro	Member	Proprietary
% of proprietary directors		40%
% of independent directors		60%
% of external directors		0%

Remarks

It should also be pointed out that Mr. Carlos Rodríguez-Quiroga Menéndez holds the position of non-member Secretary of the Appointments and Remuneration Committee.

Furthermore, the changes occurring within the Appointments and Remuneration Committee during and since the close of the fiscal year are described below:

At its meeting of 12 December 2018 and in accordance with Notice of Significant Event (Hecho Relevante) 272412 sent to the CNMV on 12 December 2018, the Board of Directors approved the appointment on an interim basis (co-option), upon a proposal from the Appointments and Remuneration Committee, of Mr. Pedro Azagra Blázquez as a new member of the Board of Directors, and also approved, upon a proposal from the Appointments and Remuneration Committee, the appointment of Mr. Pedro Azagra Blázquez as a new member of the Appointments and Remuneration Committee. At the General Meeting of Shareholders held on 27 March 2019, the shareholders ratified the appointment of Mr. Pedro Azagra Blázquez and approved his re-election as a proprietary non-executive director.

In addition, at its meeting of 20 February 2019 and in accordance with Notice of Significant Event (Hecho Relevante) 274945 sent to the CNMV on 20 February 2019, the Board of Directors approved, upon a proposal from the Appointments and Remuneration Committee, the appointment of Mr. Rudolf Krämmmer as a new member of the Appointments and Remuneration Committee. At the General Meeting of Shareholders held on 27 March 2019, the shareholders ratified the appointment of Mr. Rudolf Krämmmer and approved his re-election as an independent director.

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

Functions:

This committee is an internal body of the Board of Directors, without executive duties, for information and consultation, entrusted with informing, advising and making recommendations on matters within its purview.

Articles 5 to 9 of Chapter II of the Regulations of the Appointments and Remuneration Committee establish the functions of this Committee. In particular, this committee has the essential function of supervising the composition and functioning as well as the evaluation of the Board of Directors, its committees and its members, and the remuneration of the Board of Directors and of the Top Management of the Company.

The full texts of the internal rules of the Company are available at www.siemensgamesa.com.

Composition:

- a) The Committee shall comprise a minimum of three (3) and a maximum of five (5) Non-Executive Directors, at least two of whom must be independent directors, appointed for a maximum term of four (4) years by the Board of Directors, upon a proposal from the Appointments and Remuneration Committee, and may be re-elected one or more times for terms of equal duration.
- b) The Committee chooses its Chair from among the independent directors and a Secretary, who need not be a director.
- c) The members shall no longer hold their office: a) when they cease to be non-executive directors of the Company; b) when independent directors lose that office, if this means the number of independent directors on the Committee is less than two; and c) when agreed on by the Board of Directors.
- d) Members of the Committee that are re-elected as Directors of the Company shall continue to serve on the Committee unless the Board of Directors decides otherwise.

Functioning:

- a) The Committee shall meet as often as necessary to perform its duties, at the Chairman's behest, at least three times per year. Meetings shall also be held whenever two of the members so request.
- b) The Committee shall be validly constituted when more than half of its members are present or represented at the meeting.
- c) Resolutions shall be adopted by the absolute majority of members present at the meeting.
- d) When the issues to be dealt with during the Committee meetings directly affect some of its members or individuals related thereto and, in general, when this member enters into a conflict of interest, he/she must leave the meeting until the decision is made, being removed from the number of members of the Committee, to calculate the quorum and majorities related to the item in question.

Most important activities:

During fiscal year 2019, the Appointments and Remuneration Committee has been informed of all matters that are within its purview, and in this context has satisfactorily performed the duties assigned thereto by law, the By-Laws, the Regulations of the Board of Directors and its own Regulations governing its organization and operation. Its most important activities during the fiscal year are included in the annual activities report of the Appointments and Remuneration Committee, which is made available to the shareholders on the corporate website on occasion of the call to the General Meeting of Shareholders.

C.2.2. Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors							
	Year t		Year t-1		Year t-2		Year t-3	
	Number	%	Number	%	Number	%	Number	%
Audit compliance and related party transactions committee	1	33.33%	2	66.67%	2	100%	2	50.00%
Appointments and remuneration committee	1	20.00%	3	60.00%	3	60.00%	N/A	0.00%

C.2.3. State, where applicable, the existence of any regulations governing Board committees, where these regulations may be found, and any amendments made to them during the year. Also state whether any annual reports on the activities of each committee have been voluntarily prepared.

Audit, Compliance and Related Party Transactions Committee

The Audit, Compliance and Related Party Transactions Committee is governed by the By-Laws, the Regulations of the Board of Directors and its own Regulations of the Audit, Compliance and Related Party Transactions Committee, which are available to interested parties on the Company's website (www.siemensgamesa.com).

The Regulations of the Audit and Compliance Committee were approved by the Company's Board of Directors on 29 September 2004 and were subsequently amended on 21 October 2008, 15 April 2011, 20 January 2012, 24 March 2015 and 22 February 2017.

On 4 April 2017 the Board of Directors approved a revised version of said Regulations and changed the name of the Committee to the Audit, Compliance and Related Party Transactions Committee.

Finally, the Company's Board of Directors approved an amendment of the restated text of said Regulations on 23 March 2018 and confirmed approval of the current restated text on 26 July 2018. There were no amendments of said Regulations during fiscal year 2019.

The current text of the Regulations of the Audit, Compliance and Related Party Transactions Committee is available on the Company's website: <https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/internal-corporate-rules/regulations-of-the-audit-compliance-and-related-party-transactions-committee.pdf>

Appointments and Remuneration Committee

The Appointments and Remuneration Committee is governed by the By-Laws, the Regulations of the Board of Directors and its own Regulations of the Appointments and Remuneration Committee, which are available to interested parties on the Company's website (www.siemensgamesa.com).

The Regulations of the Appointments and Remuneration Committee were approved by the Company's Board of Directors on 4 April 2017 and subsequent amendments thereof were approved by the Board of Directors on 26 July 2018 and 29 July 2019.

The amendments made to the Regulations during fiscal year 2019 were intended to make improvements to conform the Regulations to the principles and recommendations contained in Technical Guide 1/2019 on Nomination and Remuneration Committees approved by the CNMV on 20 February 2019, while taking into account that they are advisory in nature and adapting them to the particular circumstances and nature of SIEMENS GAMESA.

The current text of the Regulations of the Appointments and Remuneration Committee is available on the Company's corporate website: <https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/internal-corporate-rules/regulations-of-the-audit-compliance-and-related-party-transactions-committee.pdf>

D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1. Describe, if applicable, the procedure for approval of related-party and intragroup transactions.

Article 33 of the Regulations of the Board of Directors regulates the transactions of the Company and the Group with Directors, significant shareholders or their related persons establishing the procedure for the approval of such transactions.

Its two first paragraphs establish 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 thereby 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 the meeting held on July 26, 2018, the "Policy regarding related party transactions with directors, significant shareholders and parties related thereto" (the "Policy"), which is included in the Corporate Governance Rules of SIEMENS GAMESA, and is available on the corporate website (www.siemensgamesa.com).

Further, in case of transactions which are qualified as material according the referred Policy, paragraph 3 sets forth the need of an independent expert report, which shall be at the disposal of the Board of Directors before approval of the relevant transaction. Paragraph 4 of article 33 deals with cases of transactions within the ordinary course of business that are customary and recurring and executed at market prices, as well as cases so determined by the Policy, for which a general prior framework approval by the Board of Directors, after receiving a favourable report from the Audit, Compliance and Related Party Transactions Committee, may be sufficient. As settled in paragraph 5 of article 33, the approval by the Board of Directors shall not be required if such transactions simultaneously meet all of the following three requirements: (i) they are conducted under contracts whose terms and conditions are standardized and apply on an across-the-board basis to a large number of customers; (ii) they are conducted at prices or rates established on a general basis by the party acting as supplier of the goods or services in question; and (iii) the amount thereof does not exceed one per cent of the annual revenue of the Company based on the audited annual accounts for the last fiscal year ended on the date of the transaction in question. Finally, according to Paragraph 6 of article 33, the authorization of a related-party transaction will be necessarily agreed by the General Meeting of Shareholders when the value of a related party transaction exceeds 10% of the corporate assets appearing on the last approved and audited consolidated balance sheet.

The conclusion of a related-party transaction with a Director, or a related person to a Director, would put that Director in a conflict of interest situation, and consequently the article 31 of the Regulations of the Board of Directors will apply where appropriate.

It shall be also pointed out that paragraph b) of article 13 of the Regulations of the Audit, Compliance and Related Party Transactions Committee points out that the referred Committee shall have, among others, as main purpose: "report, prior to their authorization by the Board of Directors or the General Shareholders, as appropriate, any operations or transactions that could represent conflicts of interests:

- (i) with the Company and companies of its Group;
- (ii) with directors of the Company and the Group and their related parties;
- (iii) with shareholders that have a significant holding or are represented on the Board of Directors and their related parties;

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(iv) with senior management and other managers, except if those are part of any company of the Group that has created an audit committee, in which case that committee will be in charge of elaborating the corresponding report, having to inform the Committee; as well as

(v) any other relevant transaction related thereto, unless unnecessary in accordance with the law or the Corporate Governance Standards.

The Committee shall be able to rely on the corresponding advice of the internal units or departments of the Company in order to issue said report, and may also request outside advice if it so deems necessary".

Finally, it shall be pointed out that additional information about related party transactions is included and available in the financial statements, this annual corporate governance report, annual activities report of the Audit, Compliance and Related Party Transactions Committee, and in the Report of the Audit, Compliance and Related Party Transactions Committee about its interventions regarding the related party transactions, all available in the corporate website (www.siemensgamesa.com).

D.2. Describe any transactions which are significant, either because of the amount involved or subject matter, entered into between the company or entities within its group and the company's significant shareholders:

Name of significant shareholder	Name of company within the group	Nature of the relationship	Type of transaction	Amount (thousand euros)
IBERDROLA, S.A.	Siemens Gamesa Renewable Energy Eolica, S.L.	Contractual	Reception of services	1,792
IBERDROLA, S.A.	Gamesa Energy Transmission, S.A. Unipersonal	Contractual	Reception of services	2,524
IBERDROLA, S.A.	Adwen GmbH	Contractual	Rendering of services	18,896
IBERDROLA, S.A.	Adwen GmbH	Contractual	Sales of finished goods or not	45,373
IBERDROLA, S.A.	Siemens Gamesa Energia Renovável Ltda.	Contractual	Rendering of services	5,107
IBERDROLA, S.A.	Siemens Gamesa Energia Renovável Ltda.	Contractual	Sales of finished goods or not	1,839
IBERDROLA, S.A.	Siemens Gamesa Renewable Energy Eolica, S.L.	Contractual	Rendering of services	47,989
IBERDROLA, S.A.	Siemens Gamesa Renewable Energy Eolica, S.L.	Contractual	Sales of finished goods or not	72,698
IBERDROLA, S.A.	Siemens Gamesa Renewable Energy Invest, S.A.	Contractual	Sales of finished goods or not	4,851
IBERDROLA, S.A.	Siemens Gamesa Renewable Energy Limited	Contractual	Rendering of services	28,173
IBERDROLA, S.A.	Siemens Gamesa Renewable Energy Limited	Contractual	Sales of finished goods or not	434,409
IBERDROLA, S.A.	Siemens Gamesa Renewable Energy, Inc.	Contractual	Sales of finished goods or not	16,843

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IBERDROLA, S.A.	Siemens Gesa Renewable Energy, S.A. de C.V.	Contractual	Rendering of services	10,369
IBERDROLA, S.A.	Siemens Gesa Renewable Energy, S.A. de C.V.	Contractual	Sales of finished goods or not	28,307
SIEMENS AG	Siemens Gamesa Energia Renovável Ltda	Contractual	Purchases of finished goods or not	2,586
SIEMENS AG	Siemens Gamesa Renewable Energy (Shanghai) Co. Ltd	Contractual	Reception of services	2,122
SIEMENS AG	Siemens Gamesa Renewable Energy A/S	Contractual	Licensing agreements	18,549
SIEMENS AG	Siemens Gamesa Renewable Energy A/S	Contractual	Purchases of finished goods or not	213,399
SIEMENS AG	Siemens Gamesa Renewable Energy A/S	Contractual	Reception of services	9,354
SIEMENS AG	Siemens Gamesa Renewable Energy A/S	Contractual	Research and Development transfers	6,193
SIEMENS AG	Siemens Gamesa Renewable Energy B.V	Contractual	Purchases of finished goods or not	4,235
SIEMENS AG	Siemens Gamesa Renewable Energy B.V	Contractual	Reception of services	1,478
SIEMENS AG	Siemens Gamesa Renewable Energy Eolica, S.L.	Contractual	Purchases of finished goods or not	8,579
SIEMENS AG	Siemens Gamesa Renewable Energy GmbH & Co KG	Contractual	Purchases of finished goods or not	138,063
SIEMENS AG	Siemens Gamesa Renewable Energy GmbH & Co KG	Contractual	Reception of services	30,489
SIEMENS AG	Siemens Gamesa Renewable Energy Limited	Contractual	Purchases of finished goods or not	2,348
SIEMENS AG	Siemens Gamesa Renewable Energy Limited	Contractual	Reception of services	20,261
SIEMENS AG	Siemens Gamesa Renewable Energy Limited	Contractual	Warranties and guarantees	5,610
SIEMENS AG	Siemens Gamesa Renewable Energy Pty Ltd	Contractual	Reception of services	1,107
SIEMENS AG	Siemens Gamesa Renewable Energy S.A.	Contractual	Reception of services	10,169

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SIEMENS AG	Siemens Gamesa Renewable Energy Technology (China) Co Ltd	Contractual	Purchases of finished goods or not	21,323
SIEMENS AG	Siemens Gamesa Renewable Energy Inc.	Contractual	Purchases of finished goods or not	65,922
SIEMENS AG	Siemens Gamesa Renewable Energy Inc.	Contractual	Reception of services	16,321
SIEMENS AG	Siemens Gamesa Renewable Energy Limited	Contractual	Operating Lease Contracts	1,320

Remarks

For the purposes of the present section D.2 only the transactions of an amount over 1,000 thousand euros are considered as significant. Likewise the related party transactions of the same type between the same SIEMENS GAMESA Group company and the same significant shareholder are included in this table on an aggregated form.

It shall be pointed out that this information coincides with Note 30 of the Consolidated Report incorporated in the 2019 Financial Statements.

Regarding the amount attributed to "Sales and services rendered" of Siemens Group, included in cited Note 30 of the Consolidated Report (2,315 thousand euro), it shall be remarked that this amount was not included in this section as it is an aggregated amount of several transactions whose individual amount didn't exceed, in any of them, the amount of 1,000 thousand euro. In relation to the amount of the transactions included in "Sales and services rendered" of IBERDROLA, S.A. in the same Note 30, only those transactions with an amount over the aforementioned threshold of 1,000 thousand euro have been included in this section. The amount of the transactions included in "Sales and services rendered" of IBERDROLA, S.A. in the referred Note 30 but not included in this section for not reaching the referred threshold as well as due to effects of rounding is 1,498 thousand euro.

Finally, according to the referred relevancy criteria and regarding to transactions included in "Purchases and services received" of Siemens Group in the same Note 30, only have been included in this section those with an amount over the threshold and aggregated by SIEMENS GAMESA Group companies, and in turn, likewise aggregated by type of transaction. The amount of the transactions included in "Purchases and services received" of Siemens Group in the referred Note 30 but not included in this section for not reaching the referred threshold as well as due to effects of rounding is 33,926 thousand euro. The amount attributed to "Purchases and services received" of IBERDROLA, S.A., included in cited Note 30 of the Consolidated Report but not included in this section for not reaching the referred 1,000 thousand euro threshold, as well as due to effects of rounding, is 1,589 thousand euro.

D.3. Describe any transactions that are significant, either because of their amount or subject matter, entered into between the company or entities within its group and directors or managers of the company:

Name of director or manager	Name of the related party	Relationship	Type of transaction	Amount (thousand euros)
N/A	N/A	N/A	N/A	0

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D.4. Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's ordinary business activities in terms of their purpose and conditions.

In any event, note any intragroup transaction conducted with entities established in countries or territories which are considered tax havens:

Name of entity within the group	Brief description of the transaction	Amount (thousand euros)
N/A	N/A	0

Remarks

SIEMENS GAMESA Group companies established in countries or territories considered to be tax havens for being included in the list of the Decree Law 1080/1991 of 5 July 1991, and which do not fulfill the requirements to be excluded of such qualification are classified as operating companies and all transactions carried out by them are exclusively ordinary business activities. The table below includes the list of such companies.

The company Siemens Gamesa Renewable Energy, S.A. has not concluded any transaction with its subsidiaries established in countries or territories that are considered a tax haven.

The transactions within the SIEMENS GAMESA Group carried out by subsidiaries of Siemens Gamesa Renewable Energy, S.A., with entities established in countries or territories that are considered a tax haven are all transactions carried out in the ordinary course of business and are eliminated within the process of drawing up the consolidated financial statements, with the following detail:

Company name of the entity in its group	Brief description of the transaction	Report (thousands of euros)
Siemens Gamesa Renewable Energy Limited (Mauritius)	Intercompany financing interest	4
Siemens Gamesa Renewable Energy Limited (Mauritius)	Intercompany sales and services rendering	17
Siemens Gamesa Renewable Energy Eolica S.L. (Jordan)	Intercompany sales and services rendering	466

D.5. State the amount of any transactions conducted with other related parties that have not been reported in the previous sections.

Name of entity within the group	Brief description of the transaction	Amount (thousand euros)
Windar Renovables, S.L.	Purchases of finished goods or not by Siemens Gamesa Renewable Energy Eolica, S.L.	106,010
Windar Renovables, S.L.	Purchases of finished goods or not by Siemens Gamesa Renewable Energy Power Private Limited	4,587
Torres Eolicas do Brasil Ltda.	Purchases of finished goods or not by Siemens Gamesa Energia Renovável Ltda.	4,037

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Schaeffler AG	Purchases of finished goods or not by Siemens Gamesa Renewable Energy Eolica, S.L.	1,876
Schaeffler AG	Purchases of finished goods or not by Gamesa Energy Transmission S.A. Unipersonal	14,443
Schaeffler AG	Purchases of finished goods or not by Siemens Gamesa Renewable Energy Inc	1,573
Schaeffler AG	Purchases of finished goods or not by Siemens Gamesa Renewable Energy A/S	1,218
VejaMate Offshore Project GmbH	Rendering of services by Siemens Gamesa Renewable Energy GmbH & Co. KG	1,766
OWP Butendiek GmbH & Co. KG	Rendering of services by Siemens Gamesa Renewable Energy GmbH & Co. KG	41,683
Siemens Gamesa Renewable Energy Eolica, S.L.	Sales of finished goods or not by Windar Renovables, S.L.	1,159
ZeeEnergie C.V., Amsterdam	Rendering of services by Siemens Gamesa Renewable Energy B.V.	14,763
Buitengaats C.V., Amsterdam	Rendering of services by Siemens Gamesa Renewable Energy B.V.	14,763
GalloperWF HoldCo Ltd, Swindon	Rendering of services by Siemens Gamesa Renewable Energy Limited	26,910
Tromsoe Vind AS	Sales of finished goods or not by Siemens Gamesa Renewable Energy A/S	188,896
Tromsoe Vind AS	Sales of finished goods or not by Siemens Gamesa Renewable Energy A/S	57,377
ZeeEnergie C.V., Amsterdam	Rendering of services by Siemens Gamesa Renewable Energy A/S	1,426
Buitengaats C.V., Amsterdam	Rendering of services by Siemens Gamesa Renewable Energy A/S	1,426
Orange Sironj Wind Power Private Limited	Sales of finished goods or not by Siemens Gamesa Renewable Power Private Limited	17,169
Akuo Energy Dominicana, S.R.L, Santo Domingo	Sales of finished goods or not by Gamesa Dominicana, S.A.S.	12,264
Akuo Energy Dominicana, S.R.L, Santo Domingo	Sales of finished goods or not by Siemens Gamesa Renewable Energy Latam, S.L.	3,964
VejaMate Offshore Project	Rendering of services by Siemens Gamesa Renewable Energy GmbH & Co. KG GmbH	22,516
OWP Butendiek GmbH & Co. KG	Rendering of services by Siemens Gamesa Renewable Energy GmbH & Co. KG	3,515

Remarks

For the purposes of the present section D.5 only the transactions of an amount over 1,000 thousand euros are considered as significant.

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Likewise, it shall be pointed out that such information matches with Note 30 of the Consolidated Report which is part of the financial statement of fiscal year 2019.

Regarding the amount attributed to "Purchases and services received" of other related parties, included in cited Note 30 of the Consolidated Report it shall be remarked that only those transactions for an amount over 1,000 thousand euro were included, for being considered as significant. The amount of the transactions included in "Purchases and services received" of other related parties. in the referred Note 30 but not included in section is 2,165 thousand euro.

Finally, according to the referred relevancy criteria the amount of the transactions included in "Sales and services rendered" to other related parties in the referred Note 30 but not included in section is -429 thousand euro as transactions with negative sign are booked.

D.6. Describe the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.

a) 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. In particular, paragraphs 1 and 2 define the situations in which a director has a conflict of interest and lists persons who, given that they are considered linked thereto, could generate situations of conflicts of interest.

Likewise, the following sections in this article regulate the mechanisms for resolving situations of conflict of interest. In particular, paragraphs 3 and 4 establish that any director who incur in a situation of conflict of interest or who notices the possibility thereof shall notify it to the Board through its Chairperson and refrain from attending and intervening in the deliberations, voting, decision-making and execution of transactions and matters affecting the said conflict. The votes of Directors affected by the conflict and who, therefore, had to abstain, will not be considered in order to calculate the required majority of votes to adopt the relevant resolution.

The following paragraph in article 31 of the Regulations of the Board clarifies that *"in unique cases, the Board of Directors or the General Shareholders' Meeting, as appropriate and in accordance with the terms provided by law, may waive the prohibitions arising from the duty to avoid conflicts of interest"*.

Paragraph 6 specifies that *"the waiver shall be preceded by the corresponding report of (a) the Audit, Compliance and Related Party Transactions Committee regarding the operation subject to a possible conflict of interest, in which it will propose the adoption of a related specific resolution, or (b) the Appointments and Remuneration Committee regarding the waiver of fulfillment of contract duties"*.

Paragraph 7 of the cited article states that *"the Chairman of the Board of Directors must include the transaction and the conflict of interest in question on the agenda of the next corresponding meeting of the Board of Directors so that it may adopt a resolution as soon as possible regarding the issue, on the basis of the report drawn up by the corresponding Committee, deciding to approve or not the transaction, or the alternative that may have been proposed, as well as the specific measures to be adopted."*

Finally, paragraphs 8 and 9 state that the Annual Corporate Governance Report shall include conflict-of-interest situations involving Directors or persons related thereto, and that the report of the annual financial Statements shall detail the transactions incurring in conflict of interest that have been authorized by the Board, as well as any other existing conflict of interest pursuant to the provisions of current legislation during the fiscal year of the financial statements.

b) Possible conflicts of interest between the Company and/or its Group, and its managers:

The Senior Management of the Company and/or of the companies constituting the SIEMENS GAMESA Group, as well as any professional of the Company and/or of the companies constituting the referred Group who, by undertaking his/her activity in areas related to the securities markets or having regular, recurring access to Privileged Information, are classified as Affected Persons (as defined in article 6 of SIEMENS GAMESA's Internal Regulations for Conduct in the Securities Markets (RIC)) by the Ethics and Compliance Division, will be subject to the Internal Regulations for Conduct in the Securities Markets, which most recently revised version was approved on 25 September 2019.

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In this regard, according to article 20 of the RIC managers and professionals considered to be Affected Persons must immediately inform either their supervisor or senior manager or the Ethics and Compliance Division of situations that could potentially give rise to a conflict of interest and keep such bodies permanently up to date with regard to said situations. Any concerns regarding the actual existence of a conflict of interest must be addressed with the Ethics and Compliance Division.

c) Possible conflicts of interest derived from transactions between the Company and/or its Group with Directors 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. Section D.1 above details the content of such article so we refer to the same. In any case, the full text of the Regulation of the Board of Directors is available on the corporate website (www.siemensgamesa.com).

d) Relationships of the directors and/or significant shareholders with companies of the Group:

Article 37 of the Regulations of the Board states that *“the obligations of the Directors of the Company and of the shareholders that own a significant stake which are referred to in this Chapter will be understood as applicable, analogically, regarding their possible relations with companies of the Group.”*

The Business Conduct Guidelines of the Company approved by the Board on September 12, 2018, dedicate a paragraph to conflict of interest which is applicable to all Group professionals regardless of their hierarchical position.

D.7. Is there more than one company in the group listed in Spain?

Yes

No

Identify the other companies that are listed in Spain and their relationship to the company:

Identity and relationship with other listed group companies

N/A

State if the respective areas of activity and business relationships between the listed companies have been defined publicly and precisely, as well as between the subsidiary and other members of the group;

Yes

No

Describe the business relationship between the parent and subsidiary listed companies as well as between the subsidiary and other members of the group

Identify measures taken to resolve potential conflicts of interest between the listed subsidiary and the other group companies:

Measures taken to resolve potential conflicts of interest

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including tax compliance risk.

SIEMENS GAMESA has certain **Risk Control and Management Systems** that are covered by the rules of **Corporate Governance** within a flagship internal framework that we call **ERM** (Enterprise Risk Management). ERM is taken into account at the highest level, based on the guidelines established in the Regulations of the Board of Directors (Arts. 6 and 7) and in the Regulations of the Audit, Compliance and Related Party Transactions Committee (Arts. 5, 9 and 11) and also based on internationally recognized methods (COSO 2004 and ISO 31000:2009).

The **Risk Control and Management Systems within ERM** are promoted by the Board of Directors and Top Management and implemented throughout the organization. SIEMENS GAMESA has an Internal Control department that is responsible for the overall Internal Control system and reports to the Chief Operating Officer (COO). Furthermore, there is an Enterprise Risk Management (ERM) and Internal Control over Financial Reporting team reporting to the Chief Financial Officer (CFO). Both functions regularly inform the Audit, Compliance, Related Party Transactions Committee. The Group's Internal Control system is managed through a platform called "RIC".

The **General Risk Control and Management Policy**, which establishes the foundations and general context for the key elements of ERM that are summarized below, sets forth the basis for these systems.

The general risk management process classifies risks in four categories:

- **Strategic:** Risks that are directly influenced by strategic decisions, arise from long-term strategies or are related to top-level objectives
- **Operational:** Risks resulting from day-to-day activities and relating to the effectiveness and efficiency of the Company's operations, including performance and return objectives
- **Financial:** Risks resulting from financial transactions and from non-compliance with tax, accounting or reporting requirements
- **Compliance:** Risks resulting from non-compliance with the business conduct guidelines or legal, contractual or regulatory requirements

The ERM process is a continuous cycle intended to proactively manage business risks. It is divided into six phases:

- **Identify:** Aiming to identify significant risks and opportunities (R/Os) that could adversely or positively impact the achievement of the Company's strategic, operational, financial and compliance objectives. The identification of R/Os is a continuous process for which everyone is responsible in their day-to-day work. It is based on the "Top-down" and "Bottom-up" approaches throughout the organization, represented by corporate, business-unit and regional **R/O maps** supported by specific risk management systems and the necessary consistency between "micro- and macro-risk"
- **Evaluate:** Evaluating and prioritizing the identified R/Os in order to focus management attention and resources on the most important ones. All identified R/Os are evaluated based on their impact on the organization and probability of occurrence, taking into account a three-year time period and different perspectives, including effects on business objectives, reputation, regulation, top management time and financial matters. ERM is based on net risk, taking into account residual risks and opportunities after the implementation of existing control measures
- **Respond:** Focusing on the definition, agreement and implementation of response plans to manage identified risks by selecting one of our general risk response strategies (avoid, transfer, reduce or accept). Our general response strategy in relation to opportunities is to seize or take advantage of the most significant ones

- **Monitor:** Dealing with appropriate controls and continuous supervision to permit timely notification of significant changes in the R/O situation, of progress on KRIs and of response plans
- **Report and scale:** Focusing on the standardized and structured reporting of identified R/Os. This process provides significant risk information to management
- **Continuous improvement:** Risk management in SIEMENS GAMESA's ERM evolves based on the application of the principle of continuous improvement, audits, self-assessments, benchmarking, etc., and is based on reviews of the efficiency and effectiveness of the ERM process and compliance with legal and regulatory requirements in order to ensure sustainability

E.2. Identify the bodies within the company responsible for creating and executing the Risk Management and Control System, including tax compliance risk.

The **Board of Directors** as Company's main decision, supervision and control body authorizes and approves all relevant transactions. It is also responsible for establishing the general policies and strategies, included the General Risk Control and Management Policy and tax strategy of the Company and for supervising the implementation thereof and the internal reporting and control systems.

The Company's Risk Control and Management Systems are applied by means of **an organization structured into four levels of defense:**

1º Ownership of risk control

As owner of the top risks, among other aspects, **the Executive Committee (ExCo)** is responsible for:

- Ensuring and promoting compliance with relevant legal requirements and internal policies
- Applying the General Risk Control and Management Policy and the R/O management strategy as a basis for the R/O management process
- Ensuring that risk management and control is integrated into business and decision-making processes
- Defining and proposing the approval of the specific numerical values for the risk limits listed in the specific policies and/or in the annually established targets
- Reporting to the Audit, Compliance and Related Party Transactions Committee on all Company-related issues relating to strategy, planning, business development, risk management and compliance

Business unit directorates: Each business unit, as the owner of the R/Os for its unit, performs a function at this level similar to that of the Executive Committee.

Regional Executive Committees: As owners of the regional R/Os, they perform a function at this level similar to that of the Executive Committee.

Financial Directorate: As established in the Investment and Finance Policy, it centralizes the management of finance-related risks for the entire SIEMENS GAMESA Group

Tax Department: Reporting to the Financial Directorate, it ensures compliance with the tax strategy and policy, reporting to the control and supervisory bodies on the tax standards and policies applied during the fiscal year and on the control of tax risks of the entire Group

2º. Monitoring and compliance

- **Risk Department (ERM):** Integrated within the Financial Directorate, it participates in defining the risk strategy and in the mitigation of risks, endeavoring to ensure that the executive team evaluates all matters relating to the Company's risks, including operational, technological, financial, legal, social, environmental, political and reputational risks.
- **Governance and Internal Control Department (GOV/CON):** Reporting to the Operations Directorate, it is responsible for the effectiveness of the internal control systems.
- **Ethics and Compliance Directorate:** Directly reporting to the Audit, Compliance and Related Party Transactions Committee of the Board of Directors, it is in charge of applying the Business Conduct Guidelines and the Internal Regulations for Conduct in the Securities Markets, as well as supervising the implementation of and compliance with the Crime Prevention and Anti-Fraud Policy and Handbooks.

3º Independent assurance

Reporting to the Board of Directors' Audit, Compliance and Related Party Transactions Committee and to the CEO, the **Internal Audit Directorate** is responsible for informing, advising and directly reporting, among others on the following matters:

- The Company's application of generally accepted accounting principles, as well as any significant accounting change in relation therewith
- Risks associated with the balance sheet and with functional areas of activity, with the existing identification, measurement and control relating thereto
- The Company's transactions with third parties if they involve a conflict of interest or are transactions with shareholders holding a significant stake in the Company.
- Financial information that is regularly or periodically issued to investors and market agents and to securities market regulatory bodies.
- Adequacy and integration of internal control systems

4º Supervision

The Audit, Compliance and Related Party Transactions Committee, as consultation and information body, supports the Board of Directors in the supervision of the system and informs the later about its adequacy.

The **Audit, Compliance and Related Party Transactions Committee** shall have the following key functions related to internal control and risk management systems:

- a) Receive regular reports from management on the functioning of existing systems and on the conclusions of any tests conducted on such systems by internal auditors or any other professional specifically engaged for this purpose, and on any significant internal control shortfall detected by the statutory auditor in the course of its statutory auditing work. As a result of this supervision the Committee may raise recommendations or proposals to the Board of Directors.
- b) Supervise, at least on an annual basis, all risk policies and propose amendments thereof or the adoption of new policies to the Board of Directors.
- c) Supervise that policies on the control and management of risks identify at least:
 - i. The different types of risk (operational, technological, financial, legal, fiscal, reputational, climatic, social, etc.) affecting the Company and its Group, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
 - ii. The levels of risk that the Company and the Siemens Gamesa Group deem acceptable in accordance with the Corporate Governance Standards.
 - iii. The planned measures to mitigate the impact of identified risks, should they materialize.
 - iv. The information and internal control systems used to control and manage risks.
- d) Supervise, at least on an annual basis, the key financial and non-financial risks and the level of tolerance established.
- e) Supervise that the Risk Department participates in defining the risk strategy, in the correct functioning and effectiveness of the control systems and in mitigating the risks detected.
- f) Hold, at least on an annual basis, a meeting with the officers heading up business units of the Group in order to explain the business trends and the related risks.

The Board of Directors approves the risk levels or the policies from which the risk levels derive that the SIEMENS GAMESA Group considers acceptable (risk tolerance criteria), which are aimed at maximizing and protecting the economic value of SIEMENS GAMESA within controlled variability.

E.3. State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives

In deploying its strategic and operational planning, SIEMENS GAMESA faces various risks inherent to the sector and the countries in which it operates. These risks can affect the achievement of business objectives.

Generally, risk is defined as a potential loss caused by an event (or a series of events) that may adversely affect the achievement of the business objectives of a company, for which reason the Risk Control and Management Systems are clearly linked to the strategic planning process and the setting of the Company's objectives.

We set out below a brief summary of the principal risks that may affect the achievement of business objectives and that have been monitored in 2019.

Strategic

- Significant changes in the share ownership of SIEMENS GAMESA that could give rise to **uncertainty in the securities market**.
- **Pressure on contribution margin and on volumes of MW**, due to factors like changes in governmental political decisions, the cost of wind power compared to other sources of energy, and changes in the business model towards auctions in an increasing number of countries.
- As a result of geographic diversification and the extensive base of customers and suppliers, SIEMENS GAMESA is exposed to "**country risk**", which is understood as the environment in which socio-political and security conditions may affect the local interests of SIEMENS GAMESA, such as the effect on the Turkish and Argentine wind markets of the macro situation in these countries, processes like Brexit in the UK, trade wars with the United States, and potential risks from doing business in countries under embargoes or sanctions by strategic countries.

Operational

- **Cyberattack risks**: Like many other multinational companies, SIEMENS GAMESA is exposed to the growing threat of increasingly professionalised cybercrime.
- Risk that the **cost reduction processes for some products do not occur as quickly as required** to offset the pressure on prices.
- Risks relating to the **commitments made** in certain contracts with customers that could end up affecting cash flow or balance sheet provisions.
- Operational risks relating to the launch of **new products** and the opening of **new production centres**.

Financial

- **Risks relating** to the needs of the wind market with respect to **third party guarantees**.
- **Risks that could affect the strength of the balance sheet**, the control of cash flow and structure, and/or results (including the continuous improvement of costs), including significant strategic and/or operational issues that could entail impairments of assets.
- **Market price risks**: SIEMENS GAMESA is exposed to risks relating to fluctuations in the prices of raw materials, as well as duties on the importation of particular products in some countries that could affect supply chain costs.
- **Exchange rate risk**: SIEMENS GAMESA engages in transactions with international counterparties in the ordinary course of its business that give rise to income in currencies other than the euro and future cash flows of entities of the SIEMENS GAMESA Group in currencies other than their functional currency, for which reason it is exposed to risks of changes in exchange rates.
- **Interest rate risk**: the risk that the reasonable value or future cash flows of a financial instrument fluctuate as a result of changes in interest rates. The risk occurs each time the interest terms for financial assets and liabilities are different. SIEMENS GAMESA uses external sources to finance a portion of its operations. Variable rate loans expose the Group to interest rate risks, while fixed rate loans expose the Group to the risk of interest rates at fair value. Variable rates are mainly linked to LIBOR or EURIBOR
- **Tax risks** arising from local and/or global requirements and direct or indirect taxation.

Compliance

- **Risk of occurrence of serious and/or fatal accidents** with the additional effects of delays, damage to assets and reputational loss, caused by, among other things, the high risk profile of some work, potential failures in the processes of selection, monitoring and qualification of contractors, and work in emerging market environments with a less mature culture in relation to safety, health and environmental standards.
- **Risk of regulatory uncertainty and compliance with applicable legal and contractual requirements**, intellectual property rights, and controlling the risk of crimes being committed, such as fraud and corruption (including bribery, extortion, embezzlement, influence peddling and misappropriation of assets).

The Management Report of the Annual Report for fiscal year 2019 includes additional details regarding some of the risks associated with the activities of SIEMENS GAMESA.

E.4. State whether the entity has a risk tolerance level, including tolerance for tax compliance risk.

Top Management establishes the risk strategy and tolerance based on quantitative (indicators) or qualitative variables, allowing it to set the amount of risk that it is prepared to assume to achieve its objectives.

SIEMENS GAMESA uses 3 levels of risk tolerance: “risk acceptance”, “risk monitoring” and “risk escalation”. Tolerance is regularly updated, at least each time changes are made to the strategy and/or policies.

SIEMENS GAMESA essentially has 3 complementary ways of establishing risk tolerance levels:

- 1) By means of regularly reviewed specific policies and internal regulations, particularly including the following:
 - General Risk Control and Management Policy
 - Corporate Tax Policy
 - Investment and Finance Policy (exchange rate, credit and interest rate risks)
 - Excellence Policy (health and safety, respect for the environment, quality and energy efficiency)
 - Business Conduct Guidelines
 - Crime Prevention and Anti-Fraud Policy
 - Cybersecurity Policy
- 2) The setting of objectives on an annual basis or based on strategic regularity, for indicators that are used to monitor certain risks. These indicators include:
 - EBIT, cash conversion, net financial debt, CAPEX and working capital
 - MW sold and new orders
 - Cyberattacks
 - Frequency index, severity index in relation to Health & Safety.

In this context, the specific numerical values of the most significant risk limits have been updated during fiscal year 2019.

- 3) The use of various perspectives to assess impact according to a number of standards, so that if they are assessed as major or high risks when combined with their likelihood of occurrence, they are deemed to exceed the tolerance threshold and will require mitigation plans.

For a particular risk identified and assessed as major or high and for which a risk policy and/or limit has also been exceeded or breached, or if it is anticipated that it could be exceeded or breached, such mitigation actions must be implemented as necessary to reduce the risk below its tolerance threshold.

Each Group company is responsible through its governance bodies for approving the specific risk limits applicable thereto and for implementing the necessary control mechanisms to ensure compliance with the Risk Internal Control Policy and with the specific limits that affect the governance body.

Once the risks (including tax-related risks) threatening achievement of objectives have been identified, the risk owners or those delegated thereby, with the support of the ERM Department and other support functions, assess the risks with a view to identifying their priority and measuring levels of exposure in relation to tolerance levels, so as to establish the required treatment (risk mitigation plans).

E.5. State which risks, including tax compliance risks, have materialized during the year.

The risk factors that have materialized during 2019 in the countries and markets in which SIEMENS GAMESA has done business have had an adverse impact on the Group's financial results, the most significant being price pressure.

It is noteworthy that activities in 2020 will be subject to the continuation of these same risk factors in the development of the wind market. The Group also expects to face uncertainties arising from the process of negotiating the United Kingdom's exit from the European Union and the policies adopted by the United States government relating to its tariff policies and embargos on various countries.

E.6. Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise.

The specific response and supervision actions that apply to significant risks, including tax risks, that are regularly reported to the Board of Directors and to the Audit, Compliance and Related Party Transactions Committee (whether or not they have occurred) include:

Strategic

- Creation of a project team in charge of analyzing the implications of a change in share ownership and of implementing the relevant mitigation measures.
- Development of new business opportunities, entry into new countries, and cost reduction programmes at all units to mitigate the risk of pressure on the margin and on volumes.
- The possible effects of specific drops in business due to "country risk" are mitigated with a balanced diversification of sales in other countries/regions, diversification in the supply chain and a Security Model that ensures the continuity and security of the business, of people and of assets in the countries in which the Company does business, using early alerts and contingency and emergency plans.

Operational

- Information Security Model led and continuously improved by a holistic and cross-functional Security Committee that is capable of preventing and mitigating the external threats of cyberattacks.
- There is an ongoing reduction in costs through specific goal-based programmes deployed in all regions and controlled by the corporation, seeking to improve profitability in terms of Energy Cost and gross margin.
- Commitments to customers are regularly monitored, and negotiation and product reassignment alternatives are sought.
- New products and new production centers are regularly monitored to ensure that both cost and quality as well as regulatory compliance are fulfilled as expected.

Financial

- Risks relating to the needs of the wind market regarding third party guarantees are mitigated by obtaining ratings from rating agencies, as well as through negotiation with customers.
- Balance sheet risks are prevented / mitigated by continuously monitoring cash flows and significant business issues that could lead to impairments of assets.
- Market risk relating to the price of raw materials is mitigated in some cases by using derivatives, as well as through negotiations, changes in supplier, and even the redesign of some components.
- Various actions are taken to reduce exposure to exchange rate risk, including: increase in local content, hedging through the use of derivative financial instruments, monitoring of exposure to fluctuations while ensuring compliance with the Group's hedging limit, and analysis of currency sensitivity.
- The division of external financing between variable and fixed rates is constantly analyzed in order to optimise exposure to interest rates, and derivative financial instruments are used to reduce interest rate risk.

- Tax risks are controlled with various mechanisms established within the Tax Risk Control and Analysis Framework, including: regularly reporting to the management and supervisory bodies of the Company on compliance with good tax practices; application of the Corporate Tax Policy; and specific monitoring of compliance with legal requirements on tax matters by region.

Compliance

- The risk of serious and fatal accidents is mitigated through various actions, including: strengthening of the zero tolerance policy; specific emergency plans for each serious accident; global prevention plans for the regions with the worst results; and preventive H&S actions prior to commencing operations in a new country.
- SIEMENS GAMESA holds Systems for monitoring regulatory changes and crime prevention Handbooks in accordance with the legal requirements and risks associated to the company's activity in the principal regions in which it does business, which include the corresponding specific detection and prevention controls of such risks with special focus on all forms of corruption (among others: bribery, extortion, embezzlement, influence peddling and misappropriation of assets).

The Management Report of the Annual Report and the management discussion & analysis of the 2019 annual accounts include additional information regarding response and supervision plans.

In addition to the specific response plans, continuous supervision and monitoring processes are developed to ensure an appropriate response to the principal risks of the Company, including the following:

- Control by the heads of the business units, the regions and the Executive Committee regarding the evolution of R/O maps and mitigation plans.
- Reports to the Audit, Compliance and Related Party Transactions Committee of the Board of Directors regarding changes in the R/O maps by the head of ERM, and individually by the R/O owners to deal with significant risks and opportunities
- Insurance of operational third-party risks, with annual update and review of coverages.
- External management system certifications pursuant to OHSAS18001, ISO 14001 and ISO9001.
- Internal certifications by Management to the effect that the ERM process, as part of the risk and internal control system, is implemented and guarantees that significant risks and opportunities are being properly managed.
- Declaration of conformity of the ERM system in accordance with the ISO 31000 standard from 2009.
- Evaluations, including independent evaluations, by Management, by the department of internal audit and by external audit of the effectiveness of the internal controls over financial information.
- Regular training sessions for managers and senior managers regarding the Risk and Internal Control Policy, integrated R/O management methods, and implementation of the ERM Methodology.
- Internal audits of significant risks by the Internal Audit Directorate.

F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms comprising the System of Internal Control over Financial Reporting (ICFR) of your company.

F.1. Control environment

Report on at least the following, describing their principal features:

- F.1.1. The bodies and/or departments that are responsible for (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.

According to the article 33.5.g) of the Company's By-Laws, the Board of Directors has among its competencies *"preparing the financial statements and the report on individual management of the Company and consolidated management reports with its subsidiaries, as well as the proposed allocation of earnings for approval, where applicable, by the Shareholders' General Meeting"*.

Likewise, as established by article 7.3 a) of the Regulations of the Board of Directors, the Board of Directors has the competency of supervising the internal information and control systems and the transparency and accuracy of the information provided by the Company and approving the financial information which, as a result of its status as listed on the stock exchange, should be published regularly.

Internal risk management and control systems related to the process of publishing financial information (ICFR)

Finally, the Management of SIEMENS GAMESA Group is responsible through its Internal Control department and through its Internal Control Over Financial Reporting (ICFR team) for the design, implementation and maintenance of a proper Internal Risk Management and Control system related to the Process of Publishing Financial Information (ICFRS).

In support of the Audit, Compliance and Related Party Transactions Committee, the Company has an Internal Audit department, which has direct access to the aforementioned committee and by performing its annual work plan reinforces control relating to the reliability of the financial information.

The Regulations of the Audit, Compliance and Related Party Transactions Committee establish that it is within the purview of said Committee to supervise the effectiveness of the Company's internal control system, the systems for the management of risks, including tax risks and supervision of the process of preparing and filing the regulated financial information.

In relation to the powers relating to the process of preparing the economic and financial information, the Audit, Compliance and Related Party Transactions Committee performs the following functions, among others, as defined in Article 8 of the Regulations of the Audit, Compliance and Related Party Transactions Committee:

- Oversee the preparation, presentation and integrity of economic, financial and non-financial information relating to the Company and its consolidated Group, as well as the correct delimitation of such Group, and raise the recommendations or proposals to the Board of Directors that it may deem appropriate. The Committee shall perform its duty of overseeing continuously and, on an ad-hoc basis, when requested by the Board of Directors.
- Supervise that all periodic economic and financial information (half-yearly Financial Reports and the quarterly management statements) is formulated under the same accounting criteria as the annual financial information and, for this purpose and where appropriate, propose to the Board of Directors that the auditor perform a limited review thereof.
- Oversee compliance with legal requirements and the correct application of generally accepted accounting principles and inform the Board of any significant changes in accounting criteria.
- Supervise the reasons why the Company should disclose in its public reporting certain alternative performance measures, instead of the metrics defined directly by accounting standards, the extent to which such alternative performance measures provide useful information to investors and the degree of compliance with the best practices and international recommendations in this respect.
- Be informed of the significant adjustments identified by the auditor or arising from Internal Auditing reviews, and management's position on such adjustments.
- Address, respond to and properly take account of any requests or demands issued, in the current or in previous years, by the supervisory authority of financial reporting to ensure that the type of incident previously identified in such demands does not recur in the financial statements.
- Supervise on a quarterly basis that the financial information published on the corporate website of the Company is regularly updated and matches the information authorized by the Board of Directors and published on the National Securities Market Commission website. Following the supervision, if the Committee is not satisfied with any aspect, it shall notify such aspect to the Board of Directors through its secretary.

In relation to the internal control and risk management systems, as defined in Article 9 of Regulations of the Audit, Compliance and Related Party Transactions Committee:

- Receive regular reports from management on the functioning of existing systems and on the conclusions of any tests conducted on such systems by internal auditors or any other professional specifically engaged for this purpose, and on any significant internal control shortfall detected by the statutory auditor in the course of its statutory auditing work. As a result of this supervision the Committee may raise recommendations or proposals to the Board of Directors.
- Supervise, at least on an annual basis, all risk policies and propose amendments thereof or the adoption of new policies to the Board of Directors.

Internal risk management and control systems related to the process of publishing financial information (ICFR)

- Supervise that policies on the control and management of risks identify at least:
 - i. The different types of risk (operational, technological, financial, legal, fiscal, reputational, climatic, social, etc.) affecting the Company and its Group, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
 - ii. The levels of risk that the Company and the SIEMENS GAMESA Group deem acceptable in accordance with the Corporate Governance Standards.
 - iii. The planned measures to mitigate the impact of identified risks, should they materialize.
 - iv. The information and internal control systems used to control and manage risks.
- Supervise, at least on an annual basis, the key financial and non-financial risks and the level of tolerance established.
- Supervise that the Risk department participates in defining the risk strategy, in the correct functioning and effectiveness of the control systems and in mitigating the risks detected.
- Hold, at least on an annual basis, a meeting with the officers heading up business units of the Group in order to explain the business trends and the related risks.

SIEMENS GAMESA has an Internal Control department that is responsible for the overall Internal Control system and reports to the Chief Operating Officer (COO). Furthermore, there is an Enterprise Risk Management (ERM)/ ICFR team reporting to the Chief Financial Officer (CFO). Both functions regularly report to the Audit, Compliance, Related Party Transaction Committee including on the overall status of the Internal Control system, non-ICFR and ICFR specific content. The Group's internal control system is managed through a platform called "RIC tool".

F.1.2. State whether the following are present, especially if they relate to the creation of financial information:

- *Departments and/or mechanisms in charge of: (i) design and review of corporate structure; (ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity.*

In relation to the definition of the organizational structure, the regulations of the Board of Directors establish that the Appointments and Remuneration Committee must inform the Board of Directors of the proposals for appointment and removal of Top Management and must also report on the remuneration conditions and terms and conditions of the employment contracts thereof prior to their approval by the Board of Directors.

The Group's Executive Committee is responsible for defining, designing and reviewing the organizational structure. It assigns functions and tasks, ensuring appropriate separation of functions and that the areas of the various departments are coordinated so as to achieve the Company's objectives.

The Group has clearly defined lines of authority and responsibility for purposes of preparing the financial information. The CFO organization has the main responsibility for preparing the financial information.

The CFO organization is responsible for the existence and proper dissemination within the Group of the internal policies and procedures that are necessary to ensure reliability in the process of preparing the financial information. The CFO organization also plans the key dates and reviews to be carried out by each responsible area.

The Chief Operating Officer (COO) through his Internal Control department is responsible for the existence and proper dissemination within the Group of the Internal Control policies and procedures.

The Group has financial organizational structures that are adapted to the local needs of each region in which it operates, led by a Managing Director Administration & Finance of the legal entities whose duties include the following:

- Designing and establishing appropriate local organizational structures for the performance of the financial tasks assigned thereto.
- Integrating the corporate financial policies defined by the Group into local management.

Internal risk management and control systems related to the process of publishing financial information (ICFR)

- Adapting the corporate accounting and management systems to local needs (in close alignment with the Head of Accounting).
- Complying with the procedures covered by the Group's Internal Control over Financial Reporting System (ICFRS) and ensuring proper separation of functions at local level.
- Locally implementing and maintaining control models by means of corporate IT tools.

Specifically, and as regards the model for ICFRS, the existing organizational structure has sufficient resources for the proper functioning thereof, with centralised guidelines that are controlled and supervised at central Group level and with local-level implementation in each region with the aim of providing detail on the processes considered key for the Company.

- *Code of conduct, the body approving this, degree of dissemination and instruction, including principles and values, (state if there is specific mention of transaction recording and creation of financial information), a body charged with analyzing breaches and proposing corrective actions and sanctions.*

SIEMENS GAMESA has approved Business Conduct Guidelines (replacing the previous Code of Conduct), the current version of which was approved by its Board of Directors on 12 September 2018. The Business Conduct Guidelines define the attitude of SIEMENS GAMESA in relation to the conduct of a responsible business and describe how SIEMENS GAMESA fulfils its responsibilities as a company, i.e. as an employer, in its markets, in society and towards the environment. This Business Conduct Guidelines are available both on the corporate website and on the internal intranet after a specific Company-wide communication by the Chief Executive Officer (CEO).

Regarding its economic and financial information, SIEMENS GAMESA Group is committed to transparent, clear, truthful, complete and consistent reporting to investors, employees, customers, institutions and governmental agencies.

More specifically, the Business Conduct Guidelines state that as an international company, SIEMENS GAMESA is committed to accurate and truthful reporting to investors, employees, customers, business partners, the public and all government agencies. SIEMENS GAMESA follow all applicable laws, regulations, standards and practices.

SIEMENS GAMESA ensures that its books and records are kept completely, accurately and truthfully, they are prepared on time and in accordance with the applicable rules and standards (IFRS), that they comply with the Financial Reporting Guidelines and follow internal control processes.

SIEMENS GAMESA provides correct and complete information for financial reporting purposes.

Among other aspects and in relation to the Business Conduct Guidelines, the Compliance department, which reports functionally to the Audit, Compliance and Related Party Transactions Committee, is responsible for resolving doubts that may arise and for receiving any queries or complaints via the established channels that are referred to in the Business Conduct Guidelines for actions that are unethical, lack integrity or conflict with the principles included therein.

- *Whistleblower channel, that allows notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organization, reporting, as the case may be, if this is of a confidential nature.*

In accordance with the provisions of the Business Conduct Guidelines and of Article 10.g of the Regulations of the Audit, Compliance and Related Party Transactions Committee with respect to the duties of the aforementioned Committee relating to the Corporate Governance area, SIEMENS GAMESA has developed a mechanism known as the Compliance Whistle-blower Hotline that allows its employees to confidentially or anonymously report any potentially significant irregularities, with express reference to financial or accounting improprieties that they discover within the Company.

The Audit, Compliance and Related Party Transactions Committee is responsible for establishing and supervising the Compliance Whistle-blower Hotline, which SIEMENS GAMESA manages through its Compliance department according to the conditions and powers set forth in the Compliance Handbook, which form part of the internal regulations and which sets out its operation and conditions for use, access, scope and other aspects.

Internal risk management and control systems related to the process of publishing financial information (ICFR)

As established by our internal regulations, in Articles 12.b and 12.c of the Regulations of the Audit, Compliance and Related Party Transactions Committee, the Compliance department has the duty of assessing and reporting on the level of compliance with the Business Conduct Guidelines; it will submit such reports to the Audit, Compliance and Related Party Transactions Committee with information on suggestions, concerns, proposals and breaches.

- It is for the Compliance department, upon receipt of a complaint that satisfies a series of requirements and minimum content, to decide whether it is appropriate to *process* or file such complaint.

If there is evidence of an infringement of the Business Conduct Guidelines, a confidential case file will be opened, and such actions as deemed necessary may be commenced, particularly interviews with the parties involved, witnesses or third parties considered capable of providing useful information and collection of such paper or electronic documents as required. Assistance may be obtained from other areas of the Company if deemed suitable, as well as from independent experts (establishing an investigative team).

Upon conclusion of the complaint procedure, the investigative team will prepare a report that will contain at least a description of the context of the investigation, its findings, the legal advice on such findings and the actions to rectify the problem.

The Disciplinary Committee (comprising the representatives of the Financial, Legal, Compliance and Human Resources departments) is responsible for establishing relevant disciplinary measures for cases of breach of the Business Conduct Guidelines, which are proportionate to the severity of said breaches.

If the Compliance department finds evidence of unlawful conduct when processing the case and preparing the report, it will inform the Legal department for purposes of assessing whether the competent legal or administrative authorities must be informed.

- *Training and periodic refresher programmes for staff involved in the preparation and revision of financial information, as well as assessment of the ICFR (Internal Control System for Financial Information), that covers at least accounting rules, audits, internal control and risk management.*

SIEMENS GAMESA has staff recruitment procedures and processes in place to identify and define all selection and recruitment process milestones ensuring that new employees are qualified to perform the responsibilities associated with their position.

A main line of action for SIEMENS GAMESA is managing employee knowhow through the identification, retention and development of the required talent and knowhow, in addition to ensuring the proper transfer thereof.

In this context, SIEMENS GAMESA has processes and tools to determine the level of performance and development needs for the people who make up its organization.

The staff directly and indirectly responsible for actions in the financial and accounting area have been subject to previously established selection and recruitment processes, and moreover, their training needs have been also analyzed in internal development processes. In this context, they have the necessary professional qualifications and expertise to perform their duties, in terms of both applicable accounting standards and internal control-related principles. These staff are kept continuously up-to-date with applicable regulatory requirements.

Specifically, the Compliance department provides various training sessions on the Business Conduct Guidelines and the Whistle-blower channel.

F.2. Assessment of financial information risks Report on at least the following:

F.2.1. The main characteristics of the risk identification process, including error and fraud risk, as regards:

- *Whether the process exists and is documented.*

The Company has developed the ICFRS based on the international standards established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Internal risk management and control systems related to the process of publishing financial information (ICFR)

As stated below, there is a model aimed at identifying the effects of the various types of risk. However, and specifically for risks relating to financial information, an internal control model is applied with a “top-down” approach for the identification of risks based on the most significant accounts in the financial statements and taking into account parameters relating to the impact, likelihood of occurrence and characteristics of the accounts and of the business process.

The process of identifying risks with a potentially significant impact on the Financial Statements takes into account quantitative aspects such as the aggregate percentage that they represent of the individual Company/ account with respect to assets, revenues, earnings and other qualitative aspects.

The qualitative risk factors include aspects relating to:

- Nature of the account: volume of transactions, judgment required, complexity of accounting principle, external conditions.
- Nature of the process: complexity of process, centralisation/decentralisation, automation, third-party interaction, experience/maturity of the process.
- Risk of fraud: degree of estimation and judgment, common schemes and frauds in the relevant sector/market, geographic regions, unusual and complex transactions, nature of automation, urgent transactions, relationship with compensation systems.
- *If the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency.*

The process has been designed taking into account the financial reporting objectives set forth in the internal financial reporting document in listed companies issued by the CNMV in June 2010.

In the above context and in the case of processes associated with economic or financial information, the process has been focused on analyzing events that could affect the financial reporting objectives relating to:

- Integrity.
- Validity.
- Valuation.
- Timeliness.
- Records.
- Presentation and breakdown.

The risk assessment model for the achievement of objectives related to the reliability of financial information identifies the critical risks and processes on an annual basis and in a systematic and objective manner.

- *The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex company structures, shell companies, or special purpose entities.*

In accordance with the recommendations of the Unified Code of Good Governance, Article 7.3.b.iv of the Regulations of the Board of Directors establishes the power to approve the creation or purchase of stocks in special-purpose entities or entities in countries or territories that are considered tax havens according to applicable law.

Additionally, and in this context, the Group’s corporate tax policy states that in carrying out its activities, Siemens Gamesa shall follow the principles of an orderly and diligent tax policy that materialises in the commitment to:

- Avoiding the use of artificial and/or opaque structures for tax purposes, with the latter understood as those used to keep the competent Tax Authorities from knowing the final party responsible for the activities or the ultimate owner of the property or rights involved.
- Not organising or acquiring companies residing in tax havens in order to avoid tax obligations.

The SIEMENS GAMESA Group also maintains a continuously updated record of all the legal entities that sets forth all the equity interests it directly or indirectly holds, whatever the nature thereof, including if applicable shell companies and special-purpose entities.

Internal risk management and control systems related to the process of publishing financial information (ICFR)

For purposes of identifying the scope of consolidation, in accordance with the standards established in international accounting regulations, the Company maintains and regularly updates a database containing all the companies that make up the SIEMENS GAMESA Group.

The Group has an established process within the Financial Controlling & Accounting department that ensures the necessary flow of approvals in relation to changes in the scope of consolidation and updates to the database of companies. The scope of consolidation is monitored within the established internal control over the financial reporting system and as part of the consolidation process

- *If the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.*

SIEMENS GAMESA has implemented a risk management process based on the COSO method and on standard ISO 31000:2009 within the **ERM** (Enterprise Risk Management) internal benchmark framework and which, in accordance with the General Risk Control and Management Policy, takes into account four risk categories that are each in turn made up of other sub-categories:

- **Strategic:** Risks that are directly influenced by strategic decisions, arise from long-term strategies or are related to top-level objectives.
- **Operational:** Risks resulting from day-to-day activities and relating to the effectiveness and efficiency of the Company's operations, including performance and return objectives.
- **Financial:** Risks resulting from financial transactions and from non-compliance with tax, accounting and/or reporting requirements.
- **Compliance:** Risks resulting from non-compliance with the Business Conduct Guidelines or legal, contractual or regulatory requirements.

The methodology applied translates into a risk map that is updated regularly (normally on a quarterly basis).

- *The governing body within the company that supervises the process.*

The process is ultimately supervised by the Audit, Compliance and Related Party Transactions Committee, which is supported by the Internal Audit department in the performance of its duties.

F.3. Control activities

Report on whether the company has at least the following, describing their main characteristics:

- F.3.1. Review and authorization procedures for financial information published by the stock markets and a description of the ICFR, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including financial closing procedures and the specific review of judgements, estimates, valuations and relevant forecasts.

The Board of Directors is the highest-level body responsible for supervising and approving the financial statements of the SIEMENS GAMESA Group.

The Group sends information to the securities market on a quarterly basis. The Financial Controlling & Accounting department prepares said information, carrying out a series of control activities during the accounting close in order to ensure the reliability of the financial information. These controls are included within the "Consolidation and Financial Close" process in the Group's ICFRS model.

On a monthly basis, Financial Controlling & Accounting department provides the various departments involved in the accounting closing process with plans and guidelines so that each department can prepare the financial information, as well as the date on which it must be reported.

The Group's financial statements are subject to the following review levels:

- Review by Financial Controlling & Accounting department
- Supervision of the Audit, Compliance and Related Party Transactions Committee.
- Approval by the Board of Directors (half-yearly and annual).

Internal risk management and control systems related to the process of publishing financial information (ICFR)

The annual accounts and interim financial statements summarised on a half-yearly basis are also subject to audit and limited review, respectively, by the statutory auditor.

On a quarterly basis, there is an internal certification process throughout the SIEMENS GAMESA Group. The Management of the different organizational levels, backed by the confirmations from the business units' managements as well as the management of the companies of the SIEMENS GAMESA Group, confirm a) the accuracy of the financial data disclosed to Corporate Management, b) regulatory and legal compliance, c) certification of the bank accounts and d) independence vis-à-vis the external auditor of the SIEMENS GAMESA Group.

There is also an assessment of the design and operational effectiveness of the implemented internal control system at the end of each fiscal year. The Management of the different organizational levels, backed by the management of the companies of the SIEMENS GAMESA Group, confirms fulfilment of its responsibility to establish and maintain an effective internal control system. Reports are produced on the effectiveness of the internal control systems, including the shortfalls that could hinder the achievement or development of the key business objectives or those with a material impact on the financial statements.

The financial statements are prepared based on a reporting calendar and delivery dates that are known to all the participants in the process, taking into account the legally established deadlines.

As mentioned in the previous section, the control activities designed to cover the previously identified risks are performed both at Management level in a Corporate environment, with analytical reviews of the reported information, and at the level of each business unit from a more operational and specific perspective, by identifying the corresponding processes and sub-processes according to the various local organizational structures.

The risks considered to have a material impact on the financial statements are identified, monitored and mitigated through internal control activities.

We consider the control activities relating to the following aspects to be particularly relevant:

- Revenue recognition on construction contract
- Capitalisation of wind farm promotion expenses.
- Provisions
- Material assets.
- Hedging management.
- Procurement.
- Consolidation and Financial Close.
- Fair value measurement (goodwill, intangible assets and inventories).

During 2019 and within the context of continuously improving the model, SIEMENS GAMESA has continued to work on optimisation and adaptation thereof to the best practices in the sector.

The established system is a continuous process insofar as those responsible and the owners of the internal control processes prepare, review and update the activities and control procedures with the support of the Internal Control department and ICFR team.

F.3.2. Internal IT control policies and procedures (access security, change controls, their operation, operational continuity, and segregation of duties, among others) which support relevant processes within the company and relate to the creation and publication of financial information.

Management of SIEMENS GAMESA recognises information and the assets it supports as strategic assets for the business, for which reason it expresses its resolve to achieve the security levels necessary to ensure the protection thereof in terms of availability, confidentiality, integrity, authentication and traceability.

Specifically, and within the scope of the ICFRS model, SIEMENS GAMESA has developed a process of general information technology systems controls. This process has in turn been broken down into various sub-processes, for which various controls have been designed and established.

For the companies that make up the Group, these sub-processes and their main control activities are as follows:

- **Backups:** Business continuity as regards the timely recovery of essential business data in the event of a disaster, via the duplication of critical infrastructures and the regular production of backup copies of information in separate physical locations, and a policy for review and control of the integrity of the copies made.

Internal risk management and control systems related to the process of publishing financial information (ICFR)

- **Security of physical access to the Data Processing Centre (CPD):** Among other physical control activities, the IT department restricts access to authorised personnel in various areas in which key IT elements of the Company are located. Said locations are monitored with appropriate control and security systems.
- **Internal and external security of software access:** At the software security level there are defined, configured and implemented techniques and tools enabling restriction of access to computer applications and information databases to authorised personnel only, based on their role/ function, by means of control procedures and activities including review of users and assigned roles, encryption of sensitive information, managing and regularly changing access passwords, control of unauthorised downloads of computer applications, and analysis of identified security incidents.
- **Controls relating to the maintenance and implementation of computer applications:** Among others, the request and approval processes are defined and implemented at the appropriate level for new computer applications, for definition of versioning policies and maintenance of existing applications and their associated action plans, for definition of the various application implementation and migration plans, for validation and control of changes in the creation of applications, and for risk management via separate environments for operation and tests and simulation. There are also controls relating to ensuring that applications have been verified and updated by the respective competent authorities before live launch thereof.
- **Controls relating to the separation of functions:** Approved matrix for separation of functions, according to which the different roles are assigned to users in accordance with identified needs, with no exceptions permitted. Regular review and approval of the different assigned roles, as well as reassignments, updates, elimination of users, verification of infrequent or unused users, etc.

F.3.3. Internal control policies and procedures intended to guide the management of subcontracted activities and those of third parties, as well as those aspects of assessment, calculation or evaluation entrusted to independent experts, which may materially affect financial statements.

SIEMENS GAMESA sub-contracts the performance of certain routine transaction processing activities with an impact on financial information (e.g. accounts payable, payroll, invoice records) to internal shared service centres or external/Group service providers. In the cases in which this sub-contracting occurs, it is backed by a services agreement on fully competitive terms that clearly indicates the service provided and the means that the provider, internal, external or Group will use to provide the services, reasonably guaranteeing the technical expertise, independence and competence of the sub-contracted party.

In any case, the outsourced activities are mainly different administrative processes in offices and small subsidiary companies that are supported by a services agreement that clearly states the service provided and the means that the qualified external professional provider will use to provide the services, reasonably ensuring the technical qualifications, independence and competence of the sub-contracted party. SIEMENS GAMESA's ICFRS model identifies control activities for activities outsourced to third parties.

There is also an internal procedure for the procurement of services that establishes the requirement for certain levels of approval depending on the transaction value.

Such services are procured by the Heads of the corresponding areas, reasonably ensuring the competence and technical and legal qualifications of the sub-contracted parties, with the evaluations, calculations or appraisals conducted by external parties being reviewed if applicable.

F.4. Information and communication

State whether the company has at least the following, describing their main characteristics:

F.4.1. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organization, as well as an up-to-date accounting policy manual distributed to the business units through which the Company operates.

Among other functions, the Financial Controlling & Accounting department is responsible for identifying, defining, updating and communicating the accounting policies that affect SIEMENS GAMESA, as well as for responding to accounting queries that may be raised by subsidiaries or the various geographic areas and business units. In this context, it maintains a close relationship with management of the various geographical areas and business units.

Internal risk management and control systems related to the process of publishing financial information (ICFR)

The Financial Controlling and Accounting department is also responsible for reporting to the Audit, Compliance and Related Party Transactions Committee and/or to any other corresponding body on specific aspects of accounting standards, the results of the application thereof and their impact on the financial statements.

The Company has an accounting manual that determines and explains the rules for preparing the financial information and how said rules should be applied to the Company's specific operations. This document is regularly updated, for which reason significant potential changes or updates are communicated to the companies to which they are applicable.

In case the application of accounting standards is particularly complex, the conclusion of the accounting analysis undertaken is communicated to the external auditors, who are asked for their position with respect to the conclusion reached.

The accounting policies applied by the Group are broken down in its annual accounts and are consistent with those applicable under current rules.

In the case of regulatory changes linked to financial reporting that have an impact on the Financial Statements, the Financial Controlling & Accounting department is responsible for reviewing, analyzing and updating the accounting rules as well as for supervising the adoption of new standards or revisions from the International Financial Reporting Standards (IFRS) and those standards, changes and interpretations that have yet to come into force. The Financial Controlling & Accounting department is also responsible for communicating changes or updates to the Company's departments and the subsidiaries.

- F.4.2. Measures for capturing and preparing financial information with consistent formats for application and use by all of the units of the entity or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

There is a centralized process for consolidating and preparing the financial information. The financial statements reported by the Group's subsidiaries in the established formats, as well as the rest of the financial information required both for the accounting harmonization process and for coverage of the established information needs, are used as "inputs".

The SIEMENS GAMESA Group uses a software tool that collects the individual financial statements and facilitates the process of consolidating and preparing the financial information. This tool allows the centralisation within a single system of all the information resulting from the accounting of the individual companies belonging to the Group.

In this context, the Consolidation and Reporting department establishes a centralized quarterly, half-yearly and annual close plan, which distributes to each of the groups and sub-groups the appropriate instructions in relation to the scope of work required, key reporting dates, standard documentation to be sent and deadlines for receipt and communication. Among other aspects, the instructions include a reporting/consolidation package, preliminary close, inter-company invoicing, physical inventories, inter-group balance confirmation and reconciliations, final close and pending items.

The content of the aforementioned reporting is regularly reviewed in order to respond to the appropriate breakdown requirements in the annual accounts.

F.5. Supervision of system performance

Describe at least the following:

- F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function that has among its mandates support of the committee and the task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

There is a close communication between the Audit, Compliance and Related Party Transactions Committee, Top Management, the Head of the Internal Control department, the Head of the ERM/ ICFR team, the Head of Internal Audit and the Statutory Auditors, so that the Board of Directors' Audit, Compliance and Related Party Transactions Committee has the information necessary to perform its duties relating to the supervision of the ICFRS.

Internal risk management and control systems related to the process of publishing financial information (ICFR)

Specifically, the Audit, Compliance and Related Party Transactions Committee has performed the following ICFRS supervision activities, among others, during the fiscal year:

- Supervise the Group's annual accounts and the periodic quarterly and half-yearly financial information that the Board of Directors must provide to the markets and to the supervisory bodies thereof, supervising the compliance with legal requirements and the proper application of generally accepted accounting principles in the preparation thereof.
- As part of its work supervising the Internal Audit department, it has approved the annual audit plan and the budget thereof that underpins the internal and external human and material resources of the department.
- It has analyzed the External Auditors' audit plan, which includes the audit objectives based on the assessment of financial reporting risks, as well as the main areas of interest or significant transactions subject to review during the fiscal year.
- Together with the external auditors and Internal Audit, it has reviewed any internal control weaknesses identified in the course of the various audit and review tasks.

The Internal Control department and the ICFR team reported on the overall Internal Control system and non ICFR and ICFR specific content to the Audit, Compliance and Related Party Transactions Committee after completion of the Initial Assessment (in July 2019) and after completion of the Final Assessment (in October 2019).

SIEMENS GAMESA has an Internal Audit department whose powers include supporting the Audit, Compliance and Related Party Transaction Committee, among others, in its work of supervising the internal control system. In order to ensure its independence, the Internal Audit department reports hierarchically to the CEO and functionally to the Audit, Compliance and Related Party Transaction Committee.

In order to enable this supervision of the internal control system, the Internal Audit department responds to the requirements of the Audit, Compliance and Related Party Transaction Committee in the performance of its duties, participating regularly and whenever required in the meetings of the Board of Directors' Audit, Compliance and Related Party Transactions Committee.

The annual internal audit plan presented and approved by the Audit, Compliance and Related Party Transaction Committee includes the performance of ICFRS reviews, establishing review priorities based on the identified risks.

The Internal Audit department has performed audits for certain significant risks in accordance with its Annual Audit Plan 2019, and has made the corresponding reports where appropriate to the Executive Committee and to the Audit, Compliance and Related Party Transactions Committee.

- F.5.2. If there is a procedure by which the account auditor (in accordance with the contents of the Normas Técnicas de Auditoría (NTA) - "Auditing Standards"), internal auditor and other experts may communicate with senior management and the audit committee or senior managers of the company regarding significant weakness in internal control identified during the review of the annual accounts or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses found.

The Audit, Compliance and Related Party Transactions Committee holds regular meetings with the external auditors, the CFO, the Internal Control and ERM/ICFR departments responsible for preparing the financial information in order to discuss any relevant aspect and, if applicable, examine significant internal control shortfalls that have been identified.

The Group's annual accounts and the periodic financial information that the Board of Directors must supply to the markets and to the supervisory bodies thereof are reviewed at the Audit, Compliance and Related Party Transaction Committee meetings with the statutory auditors, monitoring compliance with legal requirements and the proper application of generally accepted accounting principles in the preparation thereof.

F.6. Other relevant information

There is no other relevant information with respect to the ICFRS that has not been included in this report.

F.7. External auditor's report

Report from:

F.7.1. If the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.

SIEMENS GAMESA has requested the external auditor to issue a report reviewing the information relating to the ICFR included in this section F of the Annual Corporate Governance Report for fiscal year 2019.

G. EXTENT OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's level of compliance with recommendations from the Unified Code of Good Governance.

In the event that a recommendation is not followed or only partially followed, a detailed explanation should be included explaining the reasons in such a manner that shareholders, investors and the market in general have enough information to judge the company's actions. General explanations are not acceptable.

1. **That the Articles of Association of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.**

Complies X

Explanation

2. **That when the parent company and a subsidiary are listed on the stock market, both should publicly and specifically define:**

- a) **The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with other group companies.**
- b) **The mechanisms in place to resolve any conflicts of interest that may arise.**

Complies X

Complies partially

Explanation

Not Applicable


3. **That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:**

- a) **Changes that have occurred since the last General Shareholders' Meeting.**
- b) **Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.**

Complies X

Complies partially

Explanation



Extent of compliance
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4. That the company has defined and promoted a policy of communication and contact with shareholders, institutional investors and proxy advisors that complies in all aspects with rules preventing market abuse and gives equal treatment to similarly situated shareholders.

And that the company has made such a policy public through its web page, including information related to the manner in which said policy has been implemented and the identity of contact persons or those responsible for implementing it.

Complies X

Complies partially

Explanation

5. That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.

And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

Complies X

Complies partially

Explanation

6. That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:

- a) Report regarding the auditor's independence.
- b) Reports regarding the workings of the audit committee and the appointments and remuneration committee.
- c) Report by the audit committee regarding related-party transactions
- d) Report on the corporate social responsibility policy.

Complies X

Complies partially

Explanation

7. That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.

Complies X

Explanation

8. That the audit committee ensures that the Board of Directors presents financial statements in the audit report for the General Shareholders' Meetings which do not have qualifications or reservations and that, in the exceptional circumstances in which qualifications may appear, that the chairman of the audit committee and the auditors clearly explain to the shareholders the content and scope of said qualifications or reservations.

Complies X

Complies partially

Explanation


9. That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies X

Complies partially

Explanation



Extent of compliance
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10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:

- a) Immediately distributes the additions and new proposals.
- b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.
- c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.
- d) That after the General Shareholders' Meeting, a breakdown of the results of said additions or alternative proposals is communicated.

Complies Complies partially Explanation Not Applicable

Explanation:

The Company's Internal Regulations complies with sections a), b) and d) of the Recommendation.

Regarding section c), article 31.7 of the Shareholders' General Meeting Regulations of SIEMENS GAMESA, which states the system for determining the meaning of the votes establishes a different deduction system for voting proposals from the Board of Directors regarding items included on the agenda than for voting on proposals for resolutions regarding matters not contemplated in the agenda or formulated by the Board of Directors.

11. That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establishes in advance a general policy of long-term effect regarding such payments.

Complies Complies partially Explanation Not Applicable

12. That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximization of the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

Complies Complies partially Explanation

13. That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.

Complies Explanation

Extent of compliance
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governance
recommendations

14. That the Board of Directors approves a selection policy for directors that:

- a) Is concrete and verifiable.
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the needs of the Board of Directors.
- c) Favours diversity in knowledge, experience and gender.

That the resulting prior analysis of the needs of the Board of Directors is contained in the supporting report from the appointments committee published upon a call from the General Shareholders' Meeting submitted for ratification, appointment or re-election of each director.

And that the selection policy for directors promotes the objective that by the year 2020 the number of female directors accounts for at least 30% of the total number of members of the Board of Directors.

The appointments committee will annually verify compliance with the selection policy of directors and explain its findings in the Annual Corporate Governance Report.

Complies X

Complies partially

Explanation

15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

Complies X

Complies partially

Explanation

16. That the percentage of proprietary directors divided by the number of non- executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

This criterion may be relaxed:

- a) In companies with a high market capitalisation in which interests that are legally considered significant are minimal.
- b) In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.

Complies X

Explanation

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Complies X

Explanation

18. That companies publish and update the following information regarding directors on the company website:

- a) Professional profile and biography.
- b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
- c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
- d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.
- e) The shares and options they own.

Complies X

Complies partially

Explanation

Extent of compliance
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19. That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

Complies Complies partially Explanation Not Applicable

20. That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies Complies partially Explanation Not Applicable

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public share offer, joint venture or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies Explanation

22. That companies establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which may damage the company's standing and reputation. Specifically, directors must be required to report any criminal acts with which they are charged, as well as the consequent legal proceedings.

And that should a director be indicted or tried for any of the offences set out in company law legislation, the Board of Directors must investigate the case as soon as possible and, based on the particular situation, decide whether the director should continue in his or her post. And that the Board of Directors must provide a reasoned written account of all these events in its Annual Corporate Governance Report.

Complies Complies partially Explanation

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Complies Complies partially Explanation Not Applicable

24. That whenever, due to resignation or any other reason, a director leaves before the completion of his or her term, the director should explain the reasons for this decision in a letter addressed to all the directors of the Board of Directors. Irrespective of whether the resignation has been reported as a relevant fact, it must be included in the Annual Corporate Governance Report.

Complies Complies partially Explanation Not Applicable

Extent of compliance
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25. That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

And that the Board rules establish the maximum number of company Boards on which directors may sit.

Complies X Complies partially Explanation

26. That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.

Complies X Complies partially Explanation

27. That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.

Complies Complies partially X Explanation

Explanation:

According to section C.1.26, the percentage of attendance over the total number of votes during the fiscal year 2019 amounted to 90.95% (201 attendances over a total possible of 221, in the 17 meetings of the Board held during the fiscal year (excluding, therefore, the meeting held without session)). In fiscal year 2020 there were 20 absences of directors, being given proxy with instructions in one of them.

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.

Complies X Complies partially Explanation Not Applicable

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies X Complies partially Explanation

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require

Complies X Explanation Not Applicable

31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies X Complies partially Explanation

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies X Complies partially Explanation

Extent of compliance
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recommendations

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies X

Complies partially

Explanation

34. That when there is a coordinating director, the Articles of Association or the Board rules should confer upon him the following competencies in addition to those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non- executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.

Complies X

Complies partially

Explanation

Not Applicable

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.

Complies X

Explanation

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

- a) The quality and efficiency of the Board of Directors' work.
- b) The workings and composition of its committees.
- c) Diversity of membership and competence of the Board of Directors.
- d) Performance of the chairman of the Board of Directors and the chief executive officer of the company.
- e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Complies X

Complies partially

Explanation

37. That if there is an executive committee, the proportion of each different director category must be similar to that of the Board itself, and its secretary must be the secretary of the Board.

Complies

Complies partially

Explanation

Not Applicable X


38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies

Complies partially

Explanation

Not Applicable X



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39. That the members of the audit committee, in particular its chairman, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, and that the majority of its members be independent directors.

Complies X

Complies partially Explanation

40. That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies X

Complies partially Explanation

41. That the person in charge of the group performing the internal audit function should present an annual work plan to the audit committee, reporting directly on any issues that may arise during the implementation of this plan, and present an activity report at the end of each year.

Complies X

Complies partially Explanation Not Applicable

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

- a) Supervise the preparation and integrity of financial information relative to the company and, if applicable, the group, monitoring compliance with governing rules and the appropriate application of consolidation and accounting criteria.
- b) Ensure the independence and effectiveness of the group charged with the internal audit function; propose the selection, appointment, re- election and dismissal of the head of internal audit; draft a budget for this department; approve its goals and work plans, making sure that its activity is focused primarily on material risks to the company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
- c) Establish and supervise a mechanism that allows employees to report confidentially and, if appropriate, anonymously, any irregularities with important consequences, especially those of a financial or accounting nature, that they observe in the company.

2. With regard to the external auditor:

- a) In the event that the external auditor resigns, examine the circumstances which caused said resignation.
- b) Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
- c) Insist that the company file a relevant fact with the CNMV when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
- d) Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.
- e) Ensure that the company and the external auditor comply with applicable rules regarding the rendering of services other than auditing, proportional limits on the auditor's billing, and all other rules regarding the auditor's independence.

Complies X

Complies partially Explanation

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Complies X

Complies partially Explanation

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44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies X Complies partially Explanation Not Applicable

45. That the risk management and control policy identify, as a minimum:

- a) The various types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off balance sheet risks.
- b) Fixing of the level of risk the company considers acceptable.
- c) Means identified in order to minimise identified risks in the event they transpire.
- d) Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off balance sheet risks.

Complies X Complies partially Explanation

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensure the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.
- b) Actively participate in the creation of the risk strategy and in important decisions regarding risk management.
- c) Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.

Complies X Complies partially Explanation

47. That members of the appointment and remuneration committee -- or of the appointments committee and the remuneration committee if they are separate -- are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.

Complies X Complies partially Explanation

48. That high market capitalisation companies have formed separate appointments and remuneration committees.

Complies Explanation X Not Applicable

Explanation:

The Board of Directors of SIEMENS GAMESA is composed of thirteen members, from which five are qualified as independent, following the recommendations of the Good Governance Code of Listed Companies. Most of the members of the Appointments and Remunerations Committee of SIEMENS GAMESA (composed of five members) hold the qualification as independent. Three off the five independent members of the Board of Directors belong to this Committee. In case it was decided to divide into two different committees the current Appointments and Remunerations Committee, the composition of both committees would be almost identical.

49. That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies X Complies partially Explanation

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50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Propose basic conditions of employment for senior management.
- b) Verify compliance with company remuneration policy.
- c) Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.
- d) Oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.
- e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Complies X

Complies partially

Explanation

51. That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies X

Complies partially

Explanation

52. That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

- a) That they are comprised exclusively of non-executive directors, with a majority of them independent.
- b) That their chairmen be independent directors.
- c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.
- d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
- e) That their meetings be recorded and the minutes be made available to all directors.

Complies X

Complies partially

Explanation

Not Applicable

53. That verification of compliance with corporate governance rules, internal codes of conduct and social corporate responsibility policy be assigned to one or split among more than one committee of the Board of Directors, which may be the audit committee, the appointments committee, the corporate social responsibility committee in the event that one exists, or a special committee created by the Board of Directors pursuant to its powers of self- organization, which at least the following responsibilities shall be specifically assigned thereto:

- a) Verification of compliance with internal codes of conduct and the company's corporate governance rules.
- b) Supervision of the communication strategy and relations with shareholders and investors, including small- and medium-sized shareholders.
- c) The periodic evaluation of the suitability of the company's corporate governance system, with the goal that the company promotes company interests and take into account, where appropriate, the legitimate interests of other stakeholders.
- d) Review of the company's corporate social responsibility policy, ensuring that it is orientated towards value creation.
- e) Follow-up of social responsibility strategy and practice, and evaluation of degree of compliance.
- f) Supervision and evaluation of the way relations with various stakeholders are handled.

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- g) Evaluation of everything related to non-financial risks to the company, including operational, technological, legal, social, environmental, political and reputational.
- h) Coordination of the process of reporting on diversity and reporting non-financial information in accordance with applicable rules and international benchmarks.

Complies X

Complies partially

Explanation

54. That the corporate social responsibility policy include principles or commitments which the company voluntarily assumes regarding specific stakeholders and identifies, as a minimum:

- a) The objectives of the corporate social responsibility policy and the development of tools to support it.
- b) Corporate strategy related to sustainability, the natural environment and social issues.
- c) Concrete practices in matters related to: shareholders, employees, clients, suppliers, social issues, the natural environment, diversity, fiscal responsibility, respect for human rights, and the prevention of unlawful conduct.
- d) Means or systems for monitoring the results of the application of specific practices described in the immediately preceding paragraph, associated risks, and their management.
- e) Means of supervising non-financial risk, ethics, and business conduct.
- f) Communication channels, participation and dialogue with stakeholders.
- g) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies X

Complies partially

Explanation

55. That the company reports, in a separate document or within the management report, on matters related to corporate social responsibility, following internationally recognised methodologies.

Complies X

Complies partially

Explanation

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.

Complies X

Explanation

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares that the director may be obliged sell in order to meet the costs related to their acquisition.

Complies X


Complies partially

Explanation

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and are not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.
- b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.



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- c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.

Complies X Complies partially Explanation Not Applicable

59. That a material portion of variable remuneration components be deferred for a minimum period of time sufficient to verify that previously established performance criteria have been met.

Complies X Complies partially Explanation Not Applicable

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies Complies partially Explanation Not Applicable X

Comments:

As informed in section C.1.33 the auditors' report on the financial statements for fiscal year 2018 did not contain a qualified opinion or reservations and therefore the present recommendation 60 is not applicable.

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Complies X Complies partially Explanation Not Applicable

62. That once shares or options or rights to shares arising from remuneration schemes have been delivered, directors are prohibited from transferring ownership of a number of shares equivalent to two times their annual fixed remuneration, and the director may not exercise options or rights until a term of at least three years has elapsed since they received said shares.

The forgoing shall not apply to shares which the director may need to sell in order to meet the costs related to their acquisition.

Complies X Complies partially Explanation Not Applicable

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Complies X Complies partially Explanation Not Applicable

64. That payments made for contract termination shall not exceed an amount equivalent to two years of total annual remuneration and that it shall not be paid until the company has verified that the director has fulfilled all previously established criteria for payment.

Complies X Complies partially Explanation Not Applicable

H. FURTHER INFORMATION OF INTEREST

1. If there is any aspect regarding corporate governance in the company or other companies in the group that have not been included in other sections of this report, but which are necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe them briefly below.
2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3. The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July, 2010

SIEMENS GAMESA has adhered voluntarily to various codes of ethics or codes of practice, these being the following:

- a) "United Nations Global Compact", which is promoted by the United Nations and its goal is the commitment and support to promote the ten principles of human and labor rights, environmental protection and the fight against corruption. SIEMENS GAMESA voluntarily acceded, as of February 2, 2005, and annually publishes a Progress Report (COP) of review of compliance with these principles.
- b) "Global Reporting Initiative (GRI)" which is promoted by the NGO Global Reporting Initiative. Its goal is to create an environment for the exchange of transparent and reliable information on sustainability through the development of an application framework common to all kinds of organizations. SIEMENS GAMESA acceded voluntarily as of December 14, 2005.
- c) "Caring for Climate: The business leadership platform", promoted as an initiative of the UN Global Compact. Its goal is the involvement of 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. SIEMENS GAMESA acceded voluntarily as of June 18, 2007.
- d) "Women empowerment principles", promoted by UN Women / UN Global Compact of the United Nations and aiming to build stronger economies, establish a more stable and just society, achieve compliance development, sustainability and human rights and improve the quality of life of women, men, families and communities. SIEMENS GAMESA acceded voluntarily as of December 22, 2010.
- e) "Code of Conduct for the Development of Wind Farms in the State of New York," sponsored by the Office of the Attorney General of the State of New York (United States) and aiming to promote economic development and renewable energy, and promote public integrity in developing wind farms. SIEMENS GAMESA acceded voluntarily as of March 1, 2012.

f) "Diversity Charter in Spain", promoted by the Fundación Diversidad, is an initiative supported by the European Commission and the Equality Ministry of Spain, so that the companies that voluntarily sign the Diversity Charter respect the current legislation in opportunity equality and against discrimination, and assume the basic guideline principles established in the declaration. SIEMENS GAMESA acceded voluntarily to the "Diversity Charter in Spain" as of November 3, 2014.

g) "American Business Act on Climate Pledge", promoted by the government of the United States of America with a view to backing the fight against climate change and calling on its parties to adopt a firm commitment at the Paris Summit (COP 21) on 30 November 2015.

h) "Paris Pledge for Action", an inclusive initiative from the French presidency of the COP21 managed by the University of Cambridge Institute for Sustainability Leadership (CISL) that invites companies, regions, cities and investors to join together and take action to further the results of the ONU's Paris Agreement on Climate Change. Over 400 companies, 150 cities and regions, and 120 investors have currently joined this initiative. SIEMENS GAMESA voluntarily adhered to this initiative on 4 December 2015.

i) Science Based Targets (SBTi), 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, with the aim of reducing carbon emissions in a measurable manner and to a sufficient level to meet the objective of not exceeding 2 degrees Celsius of global warming established in the Paris Climate Agreement. SIEMENS GAMESA voluntarily joined this initiative on 12 September 2018.

In relation to the Good Tax Practices Code of 20 July 2010, it is stated that the Board of Directors of SIEMENS GAMESA approved its adherence thereto at its meeting of 22 February 2017, and on 21 March 2017 the Company was officially included in the list of companies adhering to the Code of Good Tax Practices. Furthermore, in compliance with the provisions of the Annex to said Code and of the Proposal for reinforcing good fiscal transparency practices among companies adhering to the Code of Good Tax Practices, on 22 July 2019 SIEMENS GAMESA voluntarily chose to submit to the Spanish Tax Authority (Agencia Estatal de Administración Tributaria), as part of its relationship of cooperation, the "Annual Tax Transparency Report" for the fiscal year running between 1 October 2017 and 30 September 2018.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on November 27, 2019.

State whether any directors voted against or abstained from voting on this report.

Yes

No

Name of director who has not voted for the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons

CARLOS RODRIGUEZ-QUIROGA MENÉNDEZ, WITH NATIONAL IDENTITY CARD NUMBER 276302-A, SECRETARY OF THE BOARD OF DIRECTORS OF "SIEMENS GAMESA RENEWABLE ENERGY, S.A." WITH REGISTERED OFFICE IN ZAMUDIO (VIZCAYA), AT PARQUE TECNOLÓGICO DE BIZKAIA, BUILDING 222 WITH EMPLOYER IDENTIFICATION NUMBER A-01011253.

HEREBY CERTIFY:

That the text of the consolidated management report for 2019 of SIEMENS GAMESA RENEWABLE ENERGY, S.A., authorized for issue by the Board of Directors at its meeting held on November 27, 2019, is the content of the preceding 259 sheets of unstamped paper, on the obverse only, and for authentication purposes, bear the signature of the Chairman and the Secretary of the Board of Directors on its first sheet and the stamp of the Company in the total remaining sheets.

The directors listed below hereby so ratify by signing below, in conformity with Article 253 of the Spanish Limited Liability Companies Law.

Miguel Ángel López Borrego
Chairman

Markus Tacke
CEO

Lisa Davis
Member of the Board of Directors

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

Michael Sen
Member of the Board of Directors

Klaus Rosenfeld
Member of the Board of Directors

Ralf Thomas
Member of the Board of Directors

Pedro Azagra Blázquez
Member of the Board of Directors

Mariel von Schumann
Member of the Board of Directors

Gloria Hernández García
Member of the Board of Directors

Rudolf Krämmer
Member of the Board of Directors

Alberto Alonso Ureba
Member of the Board of Directors

Andoni Cendoya Aranzamendi
Member of the Board of Directors

Statement by the Secretary of the Board of Directors to let the record reflect that: (i) Mr. Michael Sen does not sign this document as he hasn't physically attended the meeting of the Board of Directors due to force majeure, that (ii) he has delegated his representation and vote for the items included in the agenda to the director Mr. Miguel Angel López Borrego, and that (iii) Mr. Miguel Angel López Borrego, who holds an express authorization conferred for these purposes by Mr. Michael Sen, has signed this document on his behalf. It is also stated that (i) Ms. Lisa Davis, Mr. Ralf Thomas and Mr. Alberto Alonso Ureba attend the meeting by telematic means and therefore they do not sign this document and that (ii) Mr. Miguel Angel López Borrego has signed this document on behalf of Ms. Lisa Davis and Mr. Ralf Thomas in virtue of an express authorization conferred for these purposes by them; and that (iii) Ms. Gloria Hernández García has signed this document on behalf of Mr. Alberto Alonso Ureba in virtue of an express authorization conferred for these purposes by him.

Zamudio, November 27, 2019. In witness whereof

Approval of the Chairman

Miguel Ángel López Borrego
Chairman

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

ANNUAL FINANCIAL REPORT STATEMENT OF RESPONSIBILITY

The members of the Board of Directors of SIEMENS GAMESA RENEWABLE ENERGY, S.A. state that, to the best of their knowledge, the individual annual accounts and the consolidated annual accounts for the financial year ending on September 30, 2019, issued at its meeting of November 27, 2019, and prepared in accordance with applicable accounting standards, present a fair view of the assets, financial conditions and the results of operations of Siemens Gamesa Renewable Energy, S.A. as well as of the subsidiaries included within scope of consolidation, taken as a whole, and that the management report supplementing contains a fair assessment of performance and results and the position of SIEMENS GAMESA RENEWABLE ENERGY, S.A. and of the subsidiaries included within its scope of consolidation, taken a whole, as well as a description of the principal risks and uncertainties facing them.

In Zamudio, November 27, 2019.

Miguel Ángel López Borrego
Chairman

Markus Tacke
CEO

Lisa Davis
Member of the Board of Directors

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

Michael Sen
Member of the Board of Directors

Klaus Rosenfeld
Member of the Board of Directors

Ralf Thomas
Member of the Board of Directors

Pedro Azagra Blázquez
Member of the Board of Directors

Mariel von Schumann
Member of the Board of Directors

Gloria Hernández García
Member of the Board of Directors

Rudolf Krämmer
Member of the Board of Directors

Alberto Alonso Ureba
Member of the Board of Directors

Andoni Cendoya Aranzamendi
Member of the Board of Directors

Statement by the Secretary of the Board of Directors to let the record reflect that: (i) Mr. Michael Sen does not sign this document as he hasn't physically attended the meeting of the Board of Directors due to force majeure, that (ii) he has delegated his representation and vote for the items included in the agenda to the director Mr. Miguel Angel López Borrego, and that (iii) Mr. Miguel Angel López Borrego, who holds an express authorization conferred for these purposes by Mr. Michael Sen, has signed this document on his behalf. It is also stated that (i) Ms. Lisa Davis, Mr. Ralf Thomas and Mr. Alberto Alonso Ureba attend the meeting by telematic means and therefore they do not sign this document and that (ii) Mr. Miguel Angel López Borrego has signed this document on behalf of Ms. Lisa Davis and Mr. Ralf Thomas in virtue of an express authorization conferred for these purposes by them; and that (iii) Ms. Gloria Hernández García has signed this document on behalf of Mr. Alberto Alonso Ureba in virtue of an express authorization conferred for these purposes by him.

Carlos Rodríguez-Quiroga Menéndez

Auditor's report on the "Information related to the Internal Control Over the Financial Reporting (ICFR)" of Siemens Gamesa Renewable Energy, S.A. for the year-ended 2019

(Translated from the original in Spanish)

(Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

AUDITOR'S REPORT ON INFORMATION RELATING TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

To the Directors of Siemens Gamesa Renewable Energy, S.A.,

At the request of the Board of Siemens Gamesa Renewable Energy, S.A. (parent company) and subsidiaries (the Group), and in accordance with our proposal dated October 23, 2019, we applied certain procedures to the "Information related to the Internal Control Over the Financial Reporting (ICFR)" included in the Annual Corporate Governance Report (Section F, pages 65 a 77) of Siemens Gamesa Renewable Energy, S.A. for the fiscal year 2019, which summarizes the Group's internal control procedures in relation to annual consolidated financial information.

The Board of Directors is responsible for taking appropriate measures to reasonably ensure the implementation, maintenance, supervision, and improvement of a correct internal control system, as well as preparing and establishing the content of all the related accompanying ICFR data.

It is worth noting that, apart from the quality of design and operability of the Group's internal control system as a far as annual consolidated financial information is concerned, it only provides a reasonable, rather than absolute, degree of security regarding its objectives due to the inherent limitations to the internal control system as a whole.

Throughout the course of our audit work on the consolidated financial statements, and in conformity with Technical Auditing Standards, the sole purpose of our evaluation of the Group's internal control system was to establish the scope, nature, and timing of the audit procedures performed on its consolidated financial statements. Therefore, our internal control assessment performed for the audit of the aforementioned consolidated financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated consolidated annual financial information.

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For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting on Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit carried out in accordance with generally accepted accounting principles, we have not expressed an opinion regarding its efficacy, design, or operational effectiveness regarding the Group's consolidated financial data described in the accompanying ICFR information for the year 2019. Consequently, had we applied additional procedures to those established by the Guidelines mentioned above or had we carried out an audit or a review of the internal control over the regulated annual financial reporting information, other matters have been disclosed which would have been reported to you

Likewise, since this special engagement does not constitute an audit of the financial statements or a review in accordance with the Spanish Audit Law, we do not express an audit opinion in the terms provided for therein.

The following procedures were applied:

1. Read and understand the information prepared by the Group in relation to the ICFR - which is provided in the Annual Corporate Governance Report disclosure information included in the Managements' Report- and assess whether such information addresses all the required information which will follow the minimum content detailed in section F, relating to the description of the ICFR, as per the IAGC model established by CNMV Circular nº 3/2013 dated June 12, 2013, modified by CNMV Circular nº 7/2015, dated December 22, 2015 and the CNMV Circular nº 2/2018, dated June 12, 2018 (hereinafter, the CNMV Circulars).
2. Make inquiries of personnel in charge of preparing the information described in point 1 above in order to: (i) obtain an understanding of its preparation process; (ii) obtain information making it possible to evaluate whether the terminology employed is in line with reference framework definitions (iii) gather information regarding whether the described control procedures are implemented and functioning within the Group.
3. Review the explanatory documentation supporting the information described in section 1 above, which should basically include everything directly provided to those in charge of preparing the descriptive ICFR information. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the Audit, Compliance and Related Party Transactions Committee.
4. Compare the information contained in section 1 above with the Group's ICFR knowledge obtained as a result of performing the procedures within the framework of auditing the financial statements.
5. Read the minutes of the Board Meetings, Audit, Compliance and Related Party Transactions Committee meetings, and other Group committees in order to evaluate the consistency between issues related to the ICFR and information discussed in section 1.

6. Obtain the representation letter related to the work performed, duly signed by those responsible for preparing and authorizing the information discussed in section 1.

As a result of the procedures applied on the ICFR-related information, no inconsistencies or incidents have come to our attention which might affect it.

This report was prepared exclusively within the framework of the requirements of article 540 of the consolidated text of the Spanish Companies Act and the CNMV Circulars, related to the description of the ICFR in the Corporate Governance Report.

ERNST & YOUNG, S. L.

(Signed on the original in Spanish)

November 28, 2019