MANAGEMENT REPORT

1. COMPANY'S EVOLUTION DURING THE YEAR

L3AD2020 ENDS ITS FIRST YEAR HAVING ACHIEVED ALL ITS OBJECTIVES

Siemens Gamesa Renewable Energy[1] completed its first full year with financial performance in line with the guidance for FY 18 (fiscal year 2018) and having achieved all the milestones set out for this year in the L3AD2020 programme.

The return to growth is assured by a significant recovery in commercial activity in Onshore, while intense activity in Offshore and Service continues. The result was an order intake of €11,872m, 9%[2] more than in FY 17 and equivalent to a Book-to-Bill ratio of 1.3[3] times revenue. This strong order intake enabled the company to start the new fiscal year with a backlog of €22,801m, 10% more than at end-September 2017, having achieved an 80% coverage[4] of the revenue guidance for FY 19, fifteen percentage points more than at the beginning of FY 18.

Group revenue amounted to €9,122m in FY 18, with EBIT pre PPA and integration and restructuring costs amounting to €693m, i.e. an EBIT pre PPA and integration and restructuring costs of 7.6%. Revenues resumed growth in the fourth quarter to reach €2,619m, 12% YoY, with EBIT pre PPA and integration and restructuring costs amounting to 215 M€, i.e. an EBIT pre PPA and integration and restructuring costs of 8.2%. The net cash position on the balance sheet also recovered in the fourth quarter, to €615m, €238m more than at the beginning of the year, and working capital reached a negative amount of €536m, equivalent to -5.9% of revenue. During FY 18, the company arranged a multicurrency revolving credit line and a loan for a total of €2,500m strengthening its long-term funding structure.

In addition to regular business operations, FY 18 was a year of intense corporate activity linked to the post-merger integration, which was completed on schedule in September, and also to the launch of the L3AD2020 programme. The programme's goal is to position the company as undisputed leader of the renewable energy industry by means of four strategic levers: growth, transformation, digitalisation, and change management. During the first quarter, attention focused on the product area. Key decisions were adopted, such as the "one technology, one segment" strategy and the simplification of the product portfolio, and the company began commercialising wind turbine generators with 20% higher AEP[5]: SG 4.X platform (Onshore) and SG 8.0-167 DD (Offshore), and expanded the range of value-added services such as thee extension of useful life and retrofits to increase AEP, in the multi-technology segment. The L3AD2020 programme and the financial targets for FY 18 - FY 20 were presented to the market in the second quarter: faster-than-market growth, 8-10% operating profitability pre PPA and integration and restructuring costs and positive cash flow during the plan period, all with the goal of attaining 8-10% ROCE and distributing 25% of reported net profit as dividends each year. In the third and fourth quarters, the group focused on implementing the productivity measures and synergies to which it was committed in the year while continuing to work on measures for the next two years, and on improving the product portfolio. In Offshore, Siemens Gamesa Renewable Energy adapted the SG 8.0-167 DD wind turbine to the US and Taiwan markets by

---

[1] Siemens 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 activity) and provides operation and maintenance services (Service activity).

[2] Comparable data prior to the merger (April 3, 2017) have been calculated on a pro forma basis, as if the merger operation had occurred before April 2017, and as appropriate, including the full consolidation of Adwen and the standalone savings and normalization adjustments. Comparisons between those data sets are, consequently, against pro-forma data.

[3] Book-to-Bill (MW or €): order intake in MW/€ divided by activity in MWe or revenue in € (applicable at group, business unit and segment level).

[4] Revenue coverage: total firm orders (€) at end of September 2018 for activity in FY 19 / average of revenue guidance range published for FY 19 (€10,000m-€11,000m).

[5] AEP: Annual Energy Production.

incorporating standards for hurricanes and earthquakes, operation at 60 Hz, and at high and low temperatures.

Finally, in October 2018 a new organisational structure was announced in the framework of L3AD2020 with the objective of increasing the focus on cost optimisation, to which end a Chief Operating Officer (COO) was appointed. Additionally, Miguel Ángel López was appointed as chairman and David Mesonero as Chief Financial Officer (CFO).

Main consolidated figures for 2018

- **Revenue:** €9,122m (-17% YoY)
- **EBIT pre PPA and restructuring and integration costs[6]**: €693m (-11% YoY)
- **Net profit pre PPA and restructuring and integration costs[7]:** €417m
- **Net profit:** €70m
- **(Net financial debt) (NFD)/Net cash[8]:** €615m
- **MWe sold:** 8,373 MWe (-5% YoY)
- **Firm order intake:** 11,234 MW (+39.5% YoY)

MARKETS AND ORDERS

Strong commercial activity was one of the main features of FY 18 enabling it to end the financial year with 9% year-on-year growth in order intake[9], **worth a total of €11,872m,** equivalent to a book-to-bill ratio of 1.3[10] times.

This strong performance **boosted the group's order backlog at end-September 2018 to €22,801m, 10% more than the figure at end-September 2017 (€20,688m).** Forty-seven percent of the order book (€10,780m) was in Service, which has higher profitability and expanded by c.9% year-on-year. The WTG order book is split between €6,918m in Offshore (-4.5% YoY) and €5,102m in Onshore (+43% YoY).

The distribution of order intake for the next years enabled the group to **start FY 19 with a** revenue **coverage of 80%** of the average point of the committed range of €10,000m-€11,000m, fifteen percentage points above the coverage at the beginning of FY 18 for FY 18 revenue.

[6]EBIT pre PPA, integration and restructuring costs excludes integration and restructuring costs in the amount of €176m and the impact of fair value amortisation of intangible assets as a result of the PPA (purchase price allocation) in the amount of €306m.
[7]Net profit pre PPA and integration and restructuring costs excludes €347m of total 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.
[8] Cash / (Net financial debt) is defined as cash and cash equivalent less long-term and short-term financial debt.
[9] Comparable data prior to the merger (April 3, 2017) have been calculated on a pro-forma basis, as if the merger operation had occurred before April 2017, and as appropriate, including the full consolidation of Adwen and the standalone savings and normalization adjustments. Comparisons between those data sets are, consequently, against pro-forma data.
[10] Book-to-Bill (MW or €): order intake in MW/€ divided by activity in MWe or sales in € (applicable at group, business unit and segment level).

Order Intake (€m)	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
WTG	2,059	2,997	1,048	2,362	2,313	2,367	2,704	2,093
Onshore	1,491	1,460	680	1,498	1,688	1,834	1,175	1,985
Offshore	568	1,537	367	863	625	533	1,529	108
Service	656	1,016	350	429	599	676	588	531
Total Group	**2,715**	**4,013**	**1,398**	**2,791**	**2,912**	**3,043**	**3,292**	**2,625**

Note: Data for the pre-merger period (Q1 17 and Q2 17) are pro-forma figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%). Order intake in monetary terms includes all firm orders received in the period. Solar orders are counted in WTG Onshore (€88m in Q1 18 and €9m in Q3 18).

The recovery in the **Onshore market** was the first lever driving growth in the group's order intake, contributing **€6,682m, 30% more than in FY 17**[9] and equivalent to 56% of total orders signed in the year. **In volume (MW) terms, a total of 9 GW was signed, 42% more than in FY 17**[9]. In addition to the company's strong competitive position, which was reinforced by the merger and the launch of the new product portfolio**, the reactivation of major wind markets such as Brazil, Spain, India and South Africa played a significant role in the order intake recovery**.

Brazil's political and macroeconomic situation in 2015-2016 resulted in a reduction in demand for electricity and, consequently, in capacity auctions, accompanied by a low level of commercial activity there. This situation was transformed in the third quarter of 2018 with the arrival of the largest contract signed to date in Brazil: 471 MW (136 units of the SG 3.4-132) distributed over 15 wind farms for Neoenergía, a subsidiary of Iberdrola. This contract cements Siemens Gamesa's leading position in Brazil, where it is the second-largest manufacturer, with a 24% market share[11].

In **Spain**, the global financial and economic crisis that began in 2007/8 put an end to the subsidies for renewables and led to a period, from 2012 onwards, in which the volume of new wind installations was negligible. This situation concluded with the auctions of 2016 and 2017 needed to fulfil the 2020 objective that Spain made to the European Union, in which 4,500 MW of wind capacity and 3,000 MW of solar capacity were adjudicated. In this new environment, Siemens Gamesa Renewable Energy signed over 900 MW for 25 wind farms in FY 18. Accordingly, the group has achieved over 1 GW of orders since the auction system was implemented in 2016. Most of the orders in Spain are for the company's two most leading and efficient machines: the SG 3.4-132 and the SG 2.6-114.

In **India**, the introduction of auctions in February 2017 led to a hiatus in the market after the temporary suspension of projects pending execution that had been awarded under the previous subsidy system. It was necessary to wait until the end of 2017 for demand to revive, driven by the resumption of the projects that were suspended and normalisation of the new auction regime. Since February 2017, India has adjudicated 7,200 MW of wind capacity through central auctions (SECI[12] I to V), c.1,500 MW in state auctions (Gujarat, Tamil Nadu and Maharashtra) and 1,200 MW auctioned by the state-owned electricity company NTPC.

[11] Source: MAKE.
[12] SECI: Solar Energy Corporation of India is a company owned by the Ministry of New and Renewable Energy that is entrusted with enabling the government to fulfil its renewable commitments.

Auction	Date	Auctioned volume	Awarded capacity	Average winning price (INR/MWh)
SECI-I	May 17	1,000	1,000	3.46
SECI-II	July 17	1,000	1,000	2.64
SECI-III	February 18	2,000	2,000	2.44
SECI-IV	April 18	2,000	2,000	2.51
SEI-V (old SECI VI)	August 18	1,200	1,200	2.76
Total SECI		**7,200**	**7,200**	
Gujarat	July 17	500	407	2.43
Tamil Nadu	August 17	500	450	3.42
Maharastra	February 18	500	500	2.85
Total state-driven		**1,500**	**1,357**	
NTPC	July 18	1,200	1,200	2.80

Against this backdrop of recovery, Siemens Gamesa Renewable Energy signed the largest-ever order in India: 300 MW for Sembcorp Green Infra, including maintenance of the wind farm for ten years, while a total volume of 1,521 MW was awarded during FY 18. The SG 114-2.1 and SG122-2.1 were the wind turbines in most demand. During the fourth quarter of FY 18, temporary limitations on the transmission network reduced interest in the allocation of additional auctioned volume and led to the cancellation of the fifth auction by the central authority (SECI V), which had been planned for July. It also led to a reduction of the planned volume for the sixth auction: from 2,500 MW to 1,200 MW (SECI VI, renamed as SECI V). It is important to note that, after meeting with the state-owned electric utilities company PGCIL[13], the central authority, SECI, published a plan to increase transmission capacity. Siemens Gamesa Renewable Energy expects a gradual normalisation of auction volumes in line with the requirements to fulfil the government's renewable objectives (60 GW of wind through 2022).

In **South Africa**, the freeze on signature of PPAs[14] under the last auctions, held in 2015, kept the market dormant until September 2017, when the amendments to the PPAs that had been initially allotted were confirmed, and April 2018, when the PPAs were finally signed. Following the reactivation, Siemens Gamesa Renewable Energy signed 251 MW of orders for the Kangnas (140 MW) and Perdekraal East (110 MW) wind farms, to be installed in 2018-2020. During July and August 2018, the energy ministry published a draft of the Comprehensive Resource Plan (IRP) that sets new targets for renewable energy, including 8.1 GW of additional wind capacity by 2030.

During FY 18, EMEA accounted for 39% of total Onshore orders (3,514 MW, 70% more than in FY 17) distributed in 16 countries and is the region that contributed most to growth, driven by Spain and Scandinavia (10% of volume each). Apart from Spain (918 MW) and Norway (532 MW), the Scandinavian country with the largest volume, other notable countries are Ireland (268 MW), Turkey (292 MW), Egypt (263 MW) and South Africa (251 MW).

By country, United States and India with 26% (2,371 MW) and 17% (1,521 MW) of the total order intake volume respectively, continue to be the most important Onshore markets, by size, for the company. This relevance is linked to the role that both countries play in the Onshore wind industry. Excluding China, United States is the market with the largest expected yearly Onshore installations in the period 2018-2020. During this period the United States market is expected to contribute 28% of the total installed volume[15]. India, on the other hand, appears as the second market by size in the next three years with an expected contribution of 12%[15].

[13] PGCIL: Power Grid Corporation of India.
[14] PPA: Power Purchase Agreement.
[15] Source: MAKE Q3 Global Outlook. Country contribution to global installations excluding China.

Order intake WTG ON (MW)	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
EMEA	553	509	316	678	639	918	910	1,047
America	764	510	265	885	655	699	737	1,191
APAC	545	580	112	603	914	847	12	393
Total WTG ON	**1,862**	**1,599**	**693**	**2,167**	**2,208**	**2,464**	**1,660**	**2,631**

Note: Data for the pre-merger period are pro-forma figures obtained by adding the data for Siemens Wind Power (100%), Gamesa (100%) and Adwen (100%). Order intake in MW includes only firm wind orders received in the period.

In the fourth quarter of FY 18, **Onshore order intake** increased by 21% YoY and 59% QoQ to **2,631 MW**, driven by strong performance in EMEA and the Americas and by the shift of orders from previous quarters. The main contributors to order intake in the fourth quarter of FY 18 were the US (1,028 MW), India (357 MW), Sweden (317 MW), Norway (238 MW), Spain (233 MW), and Brazil (163 MW). Additionally, the first contract in Russia — 26 units of the SG 3.4-132 (90 MW) for Enel — was signed in the fourth quarter of FY 18.

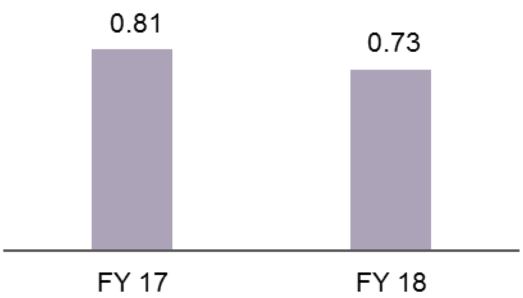
The strong Onshore commercial activity during FY 18, which reflects the growth of worldwide installation volume and the reactivation of major markets, also reveals **the impact that the wind market's transition towards a totally competitive business model has had on wind turbine prices, which have fallen by 9% YoY in average selling prices[16].**

After the strong initial impact, the sequential evolution of the average price has stabilized during FY 18, in line with the company's expectations[17]. During the fourth quarter, the average selling price (€0.75m/MW) was impacted positively by the expansion of contracts signed in previous quarters and by the sale of wind farm developments.

€M	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
Average selling price	0.80	0.91	0.98	0.69	0.72	0.74	0.70	0.75

Note: ASP excludes solar orders: 88 M€ in Q1 18 and 9 M€ in Q3 18.

Order intake WTG ON ASP (€M)



Note: ASP excludes solar orders: €88m in Q1 18 and €9m in Q3 18.

[16] ASP (Average Selling Price) includes the impact of several components: WTG prices, product mix, geography mix, scope and FX among others.
[17] Price stabilisation is understood as a price reduction aligned with the productivity levels achieved historically by the industry, in a range of 3% to 5%.

The commercial activity in the Offshore market was also very high during FY 18 with the signing of two large contracts for the SG 8.0-167 DD wind turbine:

- Contract for the largest Offshore wind farm to date: **Hornsea II in the United Kingdom (1,386 MW)[18] with Ørsted.**

- Contract for the supply to 3 Offshore wind farms for a total amount of **950 MW[19] with Vattenfall: Kriegers Flak, Vesterhav Nord and Vesterhav South.**

Additionally, the extension of the Formosa I wind farm (phase II) in Taiwan is signed: 120 MW.

Consequently, **volume totalled 2,272 MW at the end of FY 18**, 31% more than order intake in FY 17, for a total value of €2,795m. Order intake in the fourth quarter of FY 18, with extensions of pre-existing contracts amounting to €108m, reflects the normal volatility of the Offshore market.

In addition to the volume of firm orders, Siemens Gamesa Renewable Energy worked actively on developing new Offshore markets: France, Taiwan and the USA.

In France, Siemens Gamesa Renewable Energy obtained approval for the use of the SG 8.0-167 DD wind turbine to supply the Saint-Brieuc, Iles d'Yeu and Noirmoutier and Dieppe Le Tréport wind farms, instead of the AD8 model.

In Taiwan, the group focused on developing the supply chain, adapting products to the market, and boosting commercial action by opening a new office to address the Offshore market and signing of preferential supply agreements totalling 1.5 GW.

- Within supply chain development, Siemens Gamesa Renewable Energy began the year by signing an agreement with the state-owned company Taiwan International Ports Corporation to study the possibilities of adapting the port of Taichung and establishing a production centre, offices and a component handling area. This agreement was followed during the second quarter of FY 18 by a memorandum of understanding with the Yeong Guan Energy technology group to analyse the implementation of casting, machining and painting facilities in the port of Taichung. During the third quarter, the company began to work with TIWTC[20] to design training programmes and, in the fourth quarter of the year, supply chain development activities were completed with the signature of 10 memoranda of intent with four local suppliers and several global suppliers for the development of local machining solutions, control systems and coolers, among others.

- Siemens Gamesa Renewable Energy adapted its SG 8-167 DD wind turbine for operation in the Asia Pacific markets, including Taiwan: fulfilment of local codes and standards for typhoons and earthquakes, operation at 60 Hz, and adaption to operate at high and low temperatures.

- Within the commercial area, two preferential supply agreements were signed representing a combined volume of 1.5 GW. The first is an exclusive agreement with wpd to supply the Yunlin wind farm (80 units of the SG 8.0-167 DD). The second is a preferential supply agreement with Ørsted to supply the Greater Changhua wind farm (112 units of SG 8.0-167 DD).

In the USA, the company also adapted its SG 8.0-167 product to market standards with operations at 60 Hz, high and low temperatures and standards for hurricanes and earthquakes.

In China, Siemens Gamesa Renewable Energy extended its agreement with the multinational company Shanghai Electric for the 4.0 MW, 6.0 MW and 7.0 MW technologies to cover the 8 MW wind turbine. Under this agreement, the two companies have installed 1,200 MW Offshore in China. In accordance with the agreement, Shanghai Electric, China's leading Offshore wind company, will manufacture, sell and install the SG 8 MW DD turbine in Offshore projects in Chinese waters.

---

[18] Hornsea II (1,386 MW) booked in two tranches. Only the first tranche (1,248 MW) has been booked in FY 18 (Q3).
[19] Flex version upgrading nominal rating to 8.4 MW (orders are accounted for using the nominal rating of the WTG excl. Flex impact, or 8 MW per unit and a total of 904 MW).
[20] TIWTC: Taiwan International Windpower Training Corporation

In the Services area, the company signed **contracts worth 2,395 M€ in FY 18, ending the quarter with an order backlog of €10,780m, 9% more than at September 2017** and accounting for 47% of the company's total backlog. The Service backlog has grown steadily in parallel with the strong order intake for turbines. This is reflected in the **fourth quarter with €531m in order intake, 24% more than in the fourth quarter of FY 17.**

KEY FINANCIAL PERFORMANCE METRICS

The table below shows the main financial indicators for FY 17 and FY 18 and the for the July to September 2018 quarter. The year-on-year variation in performance in the full year is based on pro-forma numbers for 2017 (the figures for the first half of the year, before the merger, are the sum of the figures reported individually by Gamesa and Siemens Wind Power, plus Adwen, which is fully consolidated). The comparable EBIT numbers for 2017 include standalone, consolidation scope and normalisation adjustments for Siemens Wind Power for October-March 2017.

€m	FY 17	FY 18	Var. %	Jul-Sep 18	Var. %
Group revenue	10,964	9,122	-17%	2,619	12%
WTG	9,766	7,847	-20%	2,207	10%
Service	1,198	1,275	6%	411	28%
WTG volume (MWe)	8,831	8,373	-5%	2,409	46%
Onshore	7,252	6,677	-8%	1,926	39%
Offshore	1,579	1,696	7%	483	82%
Gross profit (pre PPA, I&R)	1,308	1,233	-6%	348	555%
Gross profit margin (pre PPA, I&R)	11.9%	13.5%	1.6 p.p.	13.3%	11.0 p.p.
EBIT pre PPA, I&R costs	774	693	-11%	215	NA
EBIT margin pre PPA, I&R costs	7.1%	7.6%	0.5 p.p.	8.2%	9.0 p.p.
WTG EBIT margin pre PPA, I&R costs	5.7%	5.0%	-0.7 p.p.	4.9%	8.8 p.p.
Service margin pre PPA, I&R costs	18.5%	23.6%	5.1 p.p.	25.8%	7.2 p.p.
PPA amortization	235	306	30%	66	-40%
Integration & restructuring costs	111	176	59%	76	13%
Reported EBIT	428	211	-51%	73	NA
Reported Net Income to SGRE shareholders		70	NA	25	NA
Net Income per share to SGRE shareholders		0.10	NA NA	0.04	NA

Note: Comparable data prior to the merger (April 3, 2017) have been calculated on a pro-forma basis, as if the merger operation had occurred before April 2017, and as appropriate, including the full consolidation of Adwen and the standalone savings and normalization adjustments. Comparisons between those data sets are, consequently, against pro-forma data.
Average number of shares outstanding in the fourth quarter of 2018 (EPS Q4 18): 679,492,185.
Average number of shares outstanding in FY 18: (EPS FY 18): 679,489,769.

The **group's financial performance in the fourth quarter of 2018 and in FY 18 is in line with the guidance for FY 18**: revenue amounted to €9,122m, i.e. within the guidance (€9,000m-€9,600m), and the EBIT margin pre PPA and integration and restructuring costs was 7.6%, in the middle of the guided range of 7-8%. Working capital ended the year at -€536m, i.e. €316m lower than at the end of FY 17, equivalent to -5.9% of group revenue, which is better than the projected range of between -3% and +3%, while CAPEX was €415m, below the guidance for the year (€500m) but in line with the projections of lower CAPEX that were made in the third quarter.

Revenue in the fourth quarter amounted to €2,619m, up 12% YoY, and it was the first quarter this year in which group's revenue growth is recovered. This recovery is due to strong growth in Onshore activity, which offsets the decline in wind turbine prices, to the high level of execution of Offshore projects and to the impact of value-added solutions on service revenue in the fourth quarter. Despite the high level of activity in all business areas, the fact that some project executions slipped beyond September explains why the figure was not in the expected average range for the annual revenue.

Widespread price pressure, especially in the Onshore market, **and the disruption of demand during the implementation of competitive auctions** in some of the company's main Onshore markets, such as India, resulting in a lower volume of Onshore activity during the first half of the year, were the main factors with a negative impact on the group's profitability during FY 18. However, these factors were **largely offset by the execution of the transformation programme within L3AD2020, which provided over €700m in recurring savings, including synergies**. As a result, the group reported **an EBIT margin pre PPA and integration and restructuring costs of 7.6%.**

Performance in the **fourth quarter, which ended with an EBIT margin pre PPA and integration and restructuring costs of 8.2%,** 9 percentage points more than in the fourth quarter of FY 17, was boosted by the higher level of activity, seasonal fluctuations in Offshore and service, and the cumulative impact of the transformation programme. The year-on-year comparison was favoured by the impact of the provision for inventory impairment in the fourth quarter of FY 17. Excluding that impact, the margin would have improved by 3 percentage points year-on-year.

The impact of the PPA on amortisation of intangible assets was €306m in FY 18 and €66m in the fourth quarter. Integration and restructuring costs amounted to €176m in the year, i.e. slightly above the initial projection of €160m, and to €76m in the fourth quarter.

Net financial expenses amounted to €43m in FY 18 and to €6m in the fourth quarter, while the tax expense amounted to €98m in FY 18 and to €38m in the fourth quarter. The tax expense was affected during FY 18 by the tax reform in the USA, which resulted in an adjustment of tax credits with negative impact of €38m (no cash effect in FY 18) and by tax assets that were not capitalised in accordance with the IFRS accounting standards.

As a result, the group ended with **net profit pre PPA and integration and restructuring costs amounting to €417m in FY 18 and €128m in the fourth quarter. Reported net profit**, which includes the impact of depreciation from the PPA and integration and restructuring expenses, both net of taxes, in the amount of €347m in FY 18 and €103m in the fourth quarter, **amounted to €70m in FY 18 and €25m in the fourth quarter, equivalent to €0.1 and €0.04 per share, respectively.**

WTG

€m	FY 17	FY 18	Var. %	Jul-Sep 18	Var. %
Revenue	9,766	7,847	-20%	2,207	10%
ON	6,563	4,876	-26%	1,349	12%
OF	3,203	2,971	-7%	858	7%
Volume (MWe)	8,831	8,373	-5%	2,409	46%
Onshore	7,252	6,677	-8%	1,926	39%
Offshore	1,579	1,696	7%	483	82%
EBIT pre PPA, I&R costs	553	393	-29%	109	NA
EBIT margin pre PPA, I&R costs	5.7%	5.0%	-0.7 p.p.	4.9%	8.8 p.p.

Note: Comparable data prior to the merger (April 3, 2017) have been calculated on a pro forma basis, as if the merger operation had occurred before April 2017, and as appropriate, including the full consolidation of Adwen and the standalone savings and normalization adjustments. Comparisons between those data sets are, consequently, against pro forma data.

The **WTG activity experienced a 20% reduction in revenue in the year to 7,847 M€.** Price pressure and greater volatility in volumes, both associated with the transition affecting the Onshore market towards a totally competitive business model, are the main reasons for the reduction in revenue. The WTG activity's revenue was also negatively affected by the exchange rate, the project mix, a slower pace of Onshore installations and a smaller Offshore scope.

The activity's EBIT pre PPA and integration and restructuring costs declined by 29% to 393 M€, equivalent to a 5.0% margin on revenue, i.e. 0.7 percentage points below the EBIT margin pre PPA and integration and restructuring costs in FY 17[21]. The lower volume of revenue and, in particular, lower prices were again the main reasons for this reduction, which was nevertheless offset by the results of the transformation programme (aimed at achieving €2,000m in productivity improvements and synergies at group level).

Volumes in Onshore rebounded significantly in the **fourth quarter** (+39% YoY), after an incipient recovery in the third quarter of FY 18, while Offshore activity volume surged (+ 82% YoY), as is habitual, enabling the division to **resume revenue growth for the first time since the merger**. As a result, the fourth quarter ended with €**2,207m in revenue, 10% above the last quarter of FY 17**. The higher volume of activity and, above all once again, the transformation programme (higher productivity plus synergies) also made it possible to offset price pressure and achieve **a margin of 4.9% on revenue, i.e. €109m in the quarter**. The 9-percentage point year-on-year increase in EBIT pre PPA and integration and restructuring costs was boosted by the provision for inventory impairment booked in the fourth quarter of FY 17 (€134m). Excluding that impact, the margin would have improved by 2 percentage points.

Operation and Maintenance Services

€m	FY 17	FY 18	Var. %	Jul-Sep 18	Var. %
Revenue	1,198	1,275	6%	411	28%
EBIT pre PPA, I&R costs	221	300	36%	106	NA
EBIT margin pre PPA, I&R costs	18.5%	23.6%	5.1 p.p.	25.8%	7.2 p.p.
Fleet under service (MW at YE)	55,173	56,725	3%	56,725	3%

Note: Comparable data prior to the merger (April 3, 2017) have been calculated on a pro forma basis, as if the merger operation had occurred before April 2017, and as appropriate, including the full consolidation of Adwen and the standalone savings and normalization adjustments. Comparisons between those data sets are, consequently, against pro forma data.

In the **Service activity, revenue increased by 6%** with respect to FY 17[22] **to €1,275m,** driven by growth of the fleet under maintenance, whose average increased by 7%.

[21] Comparable data prior to the merger (April 3, 2017) have been calculated on a pro forma basis, as if the merger operation had occurred before April 2017, and as appropriate, including the full consolidation of Adwen and the standalone savings and normalization adjustments. Comparisons between those data sets are, consequently, against pro forma data.

[22] Comparable data prior to the merger (April 3, 2017) have been calculated on a pro-forma basis, as if the merger operation had occurred before April 2017, and as appropriate, including the full consolidation of Adwen and the standalone savings and normalization adjustments. Comparisons between those data sets are, consequently, against pro-forma data.

The fleet under maintenance totalled 56.7 GW, 3% more than one year ago, as a result of 17% YoY expansion of the Offshore fleet under maintenance to 10 GW, whereas the Onshore fleet under maintenance was unchanged YoY. It is worth highlighting the increase of the fleet of third-party technology under maintenance, which stood at 2,561 MW at the end of FY 18.

Service EBIT pre PPA and integration and restructuring costs amounted to €300m, i.e. an EBIT margin pre PPA and integration and restructuring costs of 23.6%, 5.1 percentage points more than in FY 17[22], again as a result of cost optimisation achievements.

Siemens Gamesa Renewable Energy ended the year with -€536m in working capital, equivalent to -5.9% of LTM revenue, i.e. 316 M€ less than at the end of FY 17 and 3.9 percentage points lower as a percentage of revenue. The reduction in inventories, amounting to €597m in the last twelve months, was the main driver behind the improvement in working capital. Performance during the year, as working capital increased significantly during the first nine months of the year and declined sharply in the fourth quarter, reflects the seasonality of the projects, as billing milestones are concentrated in the fourth quarter of the year. The group is engaging in an asset management initiative to improve accounts payable and receivable as part of working capital.

The group regained a net cash position in the fourth quarter, amounting to €615m, €238m more than at the beginning of the year, including the application of €132m in provisions at Adwen**.** Cash generation in FY 18 was driven by gross operating cash flow (€554m), the improvement in working capital (€297m with cash impact) and strict control of capital expenditure (€415m).

UPDATE ON L3AD2020

In the transition currently being experienced by the wind industry, and particularly the Onshore market, which is characterized by strong price pressure and greater demand volatility, **Siemens Gamesa Renewable Energy launched its L3AD2020 programme**, presented to the market on 15 February**, with the objective of ensuring the company's leading position in the renewable energy sector**. The programme relies on: a lean business model, optimised cost of energy and digitalisation, and it seeks to achieve and maintain leadership through:

- **Above-market growth** in both physical and monetary terms.
- **Transformation**, pursuing a cost reduction of €2,000m by 2020, €1,600m in productivity improvements, and €400m in synergies. 65% of the cost savings will be achieved in the bill of materials, due to volumes, product design and procurement policies; the other 35% will be achieved through savings split evenly between general and operating expenses (optimisation of manufacturing capacity in terms of volume and location, excellence programmes, etc.).
- **Technology and digitalisation:** simplification of the product portfolio ("one segment, one technology") and digitalisation as key elements to improve the value-added proposition to customers and the group's financial performance.
- **Change management.**

The programme is structured in three stages: merger and stabilisation, leveraging economies of scale, and sustainable profitability. At the end of FY 18, **Siemens Gamesa Renewable Energy had completed the first stage and achieved all the planned milestones and targets.**

The strengthening of the company's competitive position after the merger, together with the recovery in certain wind markets, **enabled Siemens Gamesa Renewable Energy to regain growth** in commercial activity, with **order intake amounting to €11,872m in FY 18, 9% more than the pro-forma order intake figure for FY 17**. This strong order intake enabled the company to end FY 18 with a **backlog of €22,801m, 10% more than at end of September 2017**, having achieved an 80% coverage of the revenue guidance for 2019[23]. That high level of coverage, 15 percentage points more than at the beginning of FY 18, greatly increases the visibility of growth in FY 19.

The **transformation programme** completed its first year with recurring productivity improvements in the amount of **€700m including synergies amounting to €175m, equivalent to 2% of the group's revenue** in the year. Additionally, **one-time productivity improvements** amounting to €**100m** were achieved in specific projects. 65% of the cost improvements were achieved in the bill of materials, 20% in operations and the other 15% mainly in SG&A.

With regard to the bill of materials, procurement spend from third parties was reduced by 5%, the spend through electronic auctions has doubled and a strategic agreement was signed with Siemens AG to jointly negotiate the supply of certain indirect costs and achieve volume savings. In the next two years, sourcing from a single supplier is set to be reduced by 50%, coupled with an increase in the number of electronic auctions, plus further savings in procurement volumes via product engineering.

In the operations area, the restructuring of the Tillsonborg, Ølgod, Miranda and Stade facilities have been completed, and capacity has been expanded in lower cost countries such as Morocco and China. In the Service activity, the number of field visits to WTGs has been reduced while availability has increased. In the next two years, the company expects to continue optimising its manufacturing footprint, both Onshore and Offshore (Tangier and Cuxhaven), optimise the vertical integration model and continue to optimise field visits via digitisation.

The headcount has been reduced by over 4,000 in gross terms (2,300 in net terms), over 15 offices have been closed, and R&D spending has been optimised. Further improvement of both areas will continue in the coming years.

The technology and digitalisation area achieved major progress in its first year of operation. **During the first quarter of 2018, the company implemented a product strategy based on the principle of "one technology, one segment"**, on simplifying the current product portfolio and on launching the 4 MW platform, with AEP 20-30% higher than previous models. In Offshore, the company continues to optimise and adapt its SG 8.0-167 DD turbine. In 2018, the company adapted the model to the US and Taiwan markets by enabling it to operate at 60 Hz, and conforming to standards in connection with earthquakes, typhoons and hurricanes. It is important to note that simplifying the product portfolio and the "one segment, one technology" policy play a key role in the cost transformation. Whereas nine products accounted for around 50% of the group's Onshore order intake in FY 18, that percentage is expected to exceed 80% in FY 19.

In the area of digitalisation, Siemens Gamesa Renewable Energy has the best foundation for leadership in the industry: a team dedicated to developing and implementing digital solutions, a partnership with NEM Solutions; two remote control centres with a global reach; and it is the first manufacturer to install remote diagnostic sensors on wind turbine generators. The digitalisation area operates on 4 fronts: turbine productivity (machine learning and Edge Computing), wind farm commissioning (intelligence, artificial vision and global positioning), manufacturing processes (augmented reality and Industry 4.0) and services (cloud computing and data analytics).

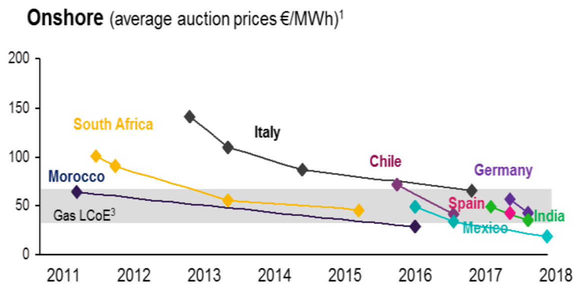
[23] Revenue coverage: total firm orders (€) at end of September 2018 for activity in FY 19 / average of revenue guidance range published for FY 19 (€10,000m-€11,000m).

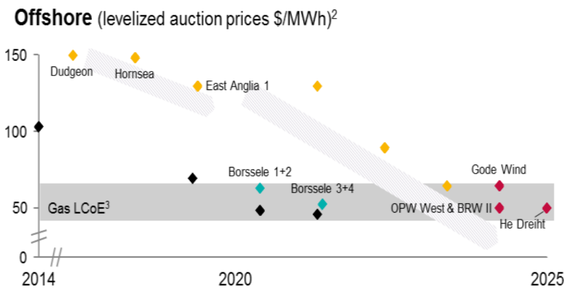
2. FORECASTED EVOLUTION

The transition towards fully competitive energy models continued in FY 18, having commenced in 2016 with the first auctions in Mexico and Spain and the approval of declining subsidies in the US. Although this transition brought temporary disruptions to demand in certain markets coupled with significant price pressure in WTGs in its first phase (2017-18), it nonetheless offers **great potential for wind power in the long term**.

That potential is supported mainly by wind's growing competitiveness, as reflected in auctions over the last year in which wind beat conventional fossil fuels in price (e.g.$19/MWh for wind in the Mexican auction), and **by governments' clear commitment to renewable energy**, as manifested in the Paris Agreement. In its latest report (2018), the United Nations Intergovernmental Panel on Climate Change (IPCC) warned of the urgent need to adopt unprecedented measures if we are to contain the increase in temperatures below 2 degrees Celsius, but it also indicated that the measures are possible and affordable in economic terms, and that they are included within the most ambitious scenarios of the Paris Agreement.

All these factors continue to drive growth in wind's contribution to the world's energy mix, from **7% in 2016 to 14% by 2040,** according to the International Energy Agency (*IEA WEO 2017- New Policies Scenario*), capturing $3.6 trillion in investment in 2017-40E according to BNEF's (Bloomberg New Energy Finance) new scenario in 2018.





1) IRENA and SGRE; 2) BNEF 2017; 3) BNEF

Within the steady flow of **commitments to renewable sources as well as new auctions, the following events were notable in FY 18:**

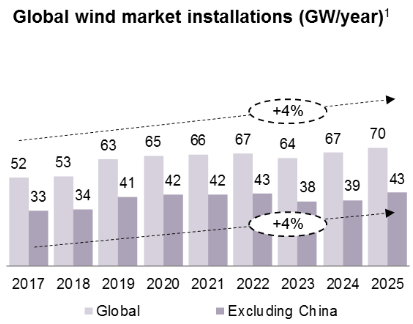
- **The European Union increased its target for renewables to 32% by 2030** (from 27%) with the possibility of an upward revision to this target in 2023. Additionally, it is now possible to adopt support schemes for renewable projects, and retroactive changes to projects that have received support are prohibited; the permit process has also been simplified. Member states have until 31 December 2019 to submit their national plans to achieve the target, which is binding. Other notable developments in the EU:
  - Denmark's decision to close its coal-fired power plants and increase its target for renewable electricity generation to 55% by 2020.
  - Austria plans to introduce legislation to achieve 100% renewable energy by 2030.
- Within Europe, **Switzerland has decided to phase out its nuclear capacity and increase renewable capacity** as part of its Energy Strategy 2050.
- **In Latin America, a new auction (A-6) was announced and adjudicated in Brazil.** A total of 27 GW of wind capacity was submitted, and 1,251 MW was awarded to 48 projects at an average price of 90.45 BRL/MWh. That is 34% higher than the price of A-4 auction (April 2018), in which 114 MW of wind projects were awarded. **Argentina has postponed its third renewable round (RenovAr 3) from October 2018 to the second quarter of calendar 2019. Mexico** presented its **national electricity plan for 2018-2032,** which envisages installing **67 GW of additional capacity, of which 55% will be from clean sources.**
- After normalisation of the **South African** market with the signature of PPAs for the projects awarded in 2015, the Ministry of Energy has published the draft of the Integrated Resource Plan (IRP), which sets new targets for renewable energies, including 8.1 GW of additional wind capacity by 2030.

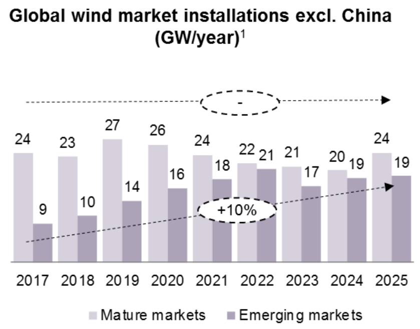
- **In the USA, California passed a law requiring that 100% of the electricity sold in the state have to be from renewable resource by 2045**.
- **Progressive closure of nuclear capacity and installation of 25 GW of renewable capacity and 10 GW of gas up to 2028 in Taiwan.**
- **India is holding its sixth auction (SECI VI, in place of the cancelled SECI V) for 1,200 MW of capacity.** Since the introduction of the auction system in India, the central government has carried out 5 auctions in which a total volume of 7,200 MW has been allocated, the governments of the states of Tamil Nadu, Gujarat and Maharastra have auctioned 1.5 GW, and NTPC, a central electric utility, has awarded 1,200 MW.
- **China has decided to introduce an auction system** to replace the current tariff mechanism **for large-scale wind projects.**

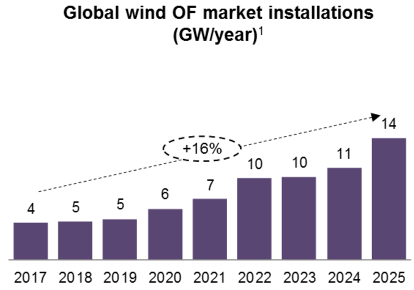
The commitments and auctions in the offshore market are significant, leading to an increased long-term potential compared to last year:

- **France decided** to reduce the prices of Offshore projects awarded during 2012-2014: from €180-200/MWh to €150/MWh, thereby enabling them to proceed.
- **In the US**, the Massachusetts state senate approved the installation of 5 GW of Offshore wind capacity by 2035 and published the outcome of the first auction (Vineyards): phase I of 400 MW at $74/MWh and phase II of 400 MW at $65/MWh, both with annual increases of 2.5% from 2022. New Jersey approved a target of 3.5 GW of Offshore wind capacity by 2030 and adopted a clean energy target (RES) of 21% by 2020, 35% by 2025 and 50% by 2030. New York has announced an auction for 800 MW with the goal of attaining 2.5 GW Offshore by 2030.
- **Taiwan** with a target of 5.5 GW in 2025 has awarded 3.8 GW of capacity during FY 18 to seven developers with start-up date between 2020 and 2025.
- **Turkey has announced an auction of 1.2 GW of Offshore capacity**, which is expected to be held in the second half of calendar 2018.
- The **Indian government is also considering an Offshore target of 30 GW for 2030**, with the first 1 GW open for proposals.

All these factors support the long-term potential and also **demand in the short term (2018-2025), in which there is the prospect of single-digit growth in Onshore and double-digit growth in Offshore**.







% CAGR 2017-2025E

Source: MAKE Q3 18 Market Outlook

GUIDANCE FOR 2019

After completing the FY 18 with a fulfilment of all the objectives committed to the market, Siemens Gamesa presents its guidelines for FY 19. These guidelines consider, on the one hand, the high competitiveness of the market environment, especially Onshore, but also the solid performance of the L3AD2020 program during the first year of execution, which has allowed the company to largely offset the impact of competitive pressure on margins. In this context, and with the visibility provided by the order backlog, with coverage of an 80% over the average point of the proposed revenue range, 15 p.p.

higher than the coverage with which FY 18 began, Siemens Gamesa expects to return to revenue growth during FY 19.

However, despite the top-line visibility, there are some headwinds in FY 19 and certain competitive features that reduce visibility as to EBIT pre PPA and I&R costs' performance: Onshore pricing that keeps going down, commodity price inflation, and volatility in many emerging markets that play a role in the growth of FY 19, etcetera....

The pricing level in the orders that are still pending to complete the coverage, market volatility, commodity price trends, and effectiveness and speed of the transformation program will determine the level of m that can be achieved at the end of the year.

€m	FY 18	FY 19
Revenue (in €m)	9,122	10,000-11,000
EBIT margin pre PPA and I&R costs (in %)	7.6%	7%-8.5%

The impact of the PPA this year is estimated at 250 M€, and restructuring and integration costs will amount to €130m. We also expect to achieve additional synergies equivalent to 1.2% of group revenue. The performance projected for this year reflects seasonal fluctuations, with rising revenue and EBIT pre PPA and integration and restructuring costs, and the second half of the year is projected to be much stronger than the first.

This guidance does not include charges for litigation or regulatory issues.

CONCLUSIONS

Siemens Gamesa Renewable Energy successfully completed its first full year having fulfilled all commitments made to the market for FY 18 and achieved the objectives and internal milestones set out in the L3AD2020 programme for the "merger and stabilisation" phase. The latter is what gives us the assurance that, despite the difficulty of the transition to competitive market models, the company will end the period in a clearly enhanced leading position in the renewable energy industry.

During FY 18, Siemens Gamesa Renewable Energy's commercial activity rebounded, with €11,872m in order intake, 9% more than the pro-forma order intake in the previous year. The surge in order intake was due to the recovery by the Onshore market, where order intake amounted to €6,682m, 30% more than the pro-forma figure for the previous year and accounting for 56% of the group's order intake. Strong commercial performance enabled Siemens Gamesa Renewable Energy to end FY 18 with a backlog of €22,801m, 10% more than at the beginning of the year, which covers an 80% of the company's guidance for FY 19 (€10,000m-€11,000m) and, consequently, offers greater visibility on the growth projections for the year.

In addition to sound commercial performance, Siemens Gamesa Renewable Energy ended the year with financial performance in line with the guidance for the year. Revenue in the year amounted to €9,122m, within the guidance range but affected slightly by slippage of projects to FY 19. EBIT pre PPA and integration and restructuring costs amounted to €693m, equivalent to an EBIT margin pre PPA and integration and restructuring costs of 7.6%, which was negatively impacted by widespread price pressure and lower volumes of WTG ON, both effects that were offset by the solid performance of the transformation programme, which achieved recurring productivity improvements, including synergies, in excess of €700m. The company ended the year with a net cash position of €615m, €238m more at the beginning of the year. The improvement in the net cash position is due to the generation of €554m in gross operating cash flow, the improvement in working capital to end the year at -€536m, equivalent to -5.9% of revenue, and controlled capital expenditure, which totalled €415m, i.e. below the guidance but in line with expectations.

In a market in transition and with a still very competitive environment, Siemens Gamesa Renewable Energy's commercial strength in FY 18 enables it to make a commitment to resuming top-line growth in FY 19: €10,000m to €11,000m. Because of the headwinds expected this year, including commodity price inflation and volatility in the emerging markets that play an important role in our business, the company is more prudent about profit margins before PPA and integration and restructuring costs, guiding to a margin of 7%-8.5%. Where we position ourselves will depend on how the competitive environment develops and how strong are the headwinds we encounter, but it will also depend on the execution of the transformation programme, whose overall target for productivity improvements within its horizon is €2,000m in cumulative terms.

3. MAIN BUSINESS RISKS

The SIEMENS GAMESA is exposed to certain financial risks that it manages by grouping together risk identification, measurement, concentration limitation and oversight systems. SIEMENS GAMESA's Corporate Division and the business units coordinate the management and limitation of financial risks 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 obtained financial hedging instruments from 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

There are no significant subsequent events, except those detailed in the Consolidated Financial Statements. They refer to the agreement signed with the workers council related to the ADWEN entities in Germany on October 15, 2018, which will affect approximately 166 employees and under which the service operation of Adwen GmbH in Bremerhaven will remain in place, while the production and repair plant will be shut down and the sites in Bremen and Emden will be closed. A provision of EUR 16 million will be recorded in the first quarter 2019. This topic is reported as a subsequent event that does not affect the Consolidated Balance Sheet as of September 30, 2018.

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 reporting period, the main increase under the caption "Internally generated technology" of the Other intangible assets is due to the development of new wind turbine models, software and the optimization of the components' performance for an amount of EUR 129,084 thousand (EUR 73,647 thousand in 2017) mainly in Denmark and Spain in amounts of EUR 103,989 thousands and EUR 23,191 thousands, approximately and respectively.

7. TREASURY SHARE OPERATIONS

At September 30, 2018 SIEMENS GAMESA holds a total of 1,698,730 treasury shares, representing 0.25% of share capital.

The total cost for these treasury shares amounts EUR 20,343 thousands, each with a par value of EUR 11.975.

A more detailed explanation of transactions involving treasury shares is set out in Note 23.E of the Consolidated Financial Statements and Note 12.D to the Stand Alone Financial Statements at September 30, 2018.

8. CAPITAL STRUCTURE

THE CAPITAL STRUCTURE, INCLUDING SECURITIES THAT ARE NOT TRADED ON A REGULATED EEC 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 at September 30, 2018 follows:

Name or corporate name of shareholder	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:

Name or corporate name of direct shareholder	Number of direct voting rights	% of total voting rights
SIEMENS BETEILIGUNGEN INLAND GMBH	196,696,463	28.877%
IBERDROLA PARTICIPACIONES, S.A. SOLE SHAREHOLDER COMPANY	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 state that the members of the Board of Directors are *"designated or ratified by the shareholders in general meeting,"* and that *"should during the appointment period any vacancies arise, the Board of Directors may designate any parties having held them until the first general Shareholders Meeting is held,"* in accordance with the terms reflected in Capital Companies Law and bylaws.

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."*

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 for ensuring *"that the selection procedures are not implicitly biased so as to imply discrimination and that they seek the diversity of the members of the Board of Directors, particularly as regards gender, professional experience, competencies, industry knowledge and geographic 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 termination 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

During its meeting held on June 20, 2017, the Board of Directors of Siemens Gamesa Renewable Energy, S.A. unanimously agreed to reappoint Markus Tacke as the Company's Chief Executive Officer, thereby delegating all the legally and statutory faculties corresponding to the Board, except those which are not covered by Law and the Bylaws, which Mr. Tacke accepted, as reflected in the meeting minutes.

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:

"In accordance with Article 146 of Capital Companies Law, with express substitution faculties, authorize the Board of Directors to acquired shares in Gamesa Corporación Tecnológica, Sociedad Anónima ("Gamesa" or "the Company") under the following conditions:

(a) The acquisitions may be made by Gamesa or indirectly through its subsidiaries, on the same terms as described herein.
(b) The share acquisitions will be accomplished by way of sale or exchange transactions or as otherwise permitted by law.
(c) The acquisitions may, from time to time, be made up to the maximum figure permitted by law.
(d) The minimum share price will be their nominal value, with a maximum price not to surpass 110% of their listed value at the date of acquisition.

(e) Shares acquired may be subsequently sold at freely-determined conditions.

(f) This authorization is granted for a maximum period of 5 years, and expressly renders the authorization granted during the General Shareholders Meeting held on May 28, 2010 for the unused portion without effect.

(g) As a result of the acquisition of shares, including those which the Company or party acting in its own name yet on behalf of the Company acquired previously and held in portfolio, the resulting equity may not be reduced to under the amount of share capital plus legal reserves or those restricted, all without prejudice to letter b) of Article 146.1 of Capital Companies Law.

Finally, regarding the contents of the final paragraph of the Article 146.1.a) of the Capital Companies Law, shares acquired as a result of this authorization may be used by the company to deliver to its employees or its directors, either directly or through the exercise of options or other rights contemplated in the incentives plan for owners/beneficiaries as stipulated in legal, statutory, and regulatory guidelines."

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 accordance 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 Sole Shareholder Company, the supposed change of control in SIEMENS GAMESA RENEWABLE ENERGY, S.A. will permit IBERDROLA, S.A. to terminate the framework agreement, and neither party may make any claims subsequently.

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 50.01% 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 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 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 50.01% 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. (sole shareholder company), 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.

It shall also be pointed out that SIEMENS GAMESA as a Company member of the Siemens AG Group has accessed with effective date of October 1, 2017, to the insurance program of the Siemens Group which includes all risk material damages policy, liability policy, transport, chartering vessels and construction all risk policy. If the Company shall lose the category as member of the Siemens AG Group its right to access the aforementioned insurance program shall be declined.

On August 1, 2018, 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 6 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 June 20, 2017, 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 criteria 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 Corporate Social Responsibility Report 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.

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 (APM). The APM 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 them are as follows:

1. **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						
Financial Statements line item	**09.30.2017 (Reported Q4 17)**	**09.30.2017 (Reported Q1 18)**	**09.30.2017 (Reported Q2 18)**	**09.30.2017 (compara-ble)***	**12.31.2017 (Reported Q1 18)**	**12.31.2017 (Reported Q2 18)**
Cash and cash equivalents	1,659	1,659	1,659	**1,659**	1,878	1,878
Short-term debt	(797)	(797)	(797)	**(797)**	(1,082)	(1,082)
Long-term debt	(485)	(485)	(485)	**(485)**	(455)	(455)
Cash/(Net Financial Debt)	**377**	**377**	**377**	**377**	**341**	**341**

€m					
Financial Statements line item	**12.31.2017 (compara-ble)***	**03.31. 2018 (Reported Q2 18)**	**03.31. 2018 (Compara-ble)***	**06.30.2018**	**09.30.2018**
Cash and cash equivalents	**1,878**	1,504	**1,504**	**1,455**	**2,429**
Short-term debt	**(1,082)**	(1,172)	**(1,172)**	**(1,471)**	**(991)**
Long-term debt	**(455)**	(445)	**(445)**	**(138)**	**(823)**
Cash/(Net Financial Debt)	**341**	**(112)**	**(112)**	**(154)**	**615**

*) Comparable for IFRS15 and Opening Balance Sheet (PPA).

2. 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						
Financial Statements line item	**09.30.2017 (Reported Q4 17)**	**09.30.2017 (Reported Q1 18)**	**09.30.2017 (Reported Q2 18)**	**09.30.2017 (Comparable)***	**12.31.2017 (Reported Q1 18)**	**12.31.2017 (Reported Q2 18)**
Trade and other receivables	1,081	1,081	1,081	*1,081*	1,122	1,122
Trade receivables from related companies	62	62	62	*62*	50	50
Contract Assets	-	1,243	1,241	*1,241*	1,081	1,079
Inventories	3,455	2,102	2.096	*2.096*	1.999	1.993
Other current assets	341	342	342	*342*	397	397
Trade payables	(2,232)	(2,232)	(2,265)	*(2,265)*	(1,792)	(1,825)
Trade payables to related companies	(364)	(364)	(364)	*(364)*	(379)	(379)
Contract Liabilities	-	(1,742)	(1,745)	*(1,717)*	(1,898)	(1,901)
Other current liabilities	(2,645)	(696)	(696)	*(696)*	(722)	(722)
Working Capital	**(300)**	**(203)**	**(248)**	**(220)**	**(141)**	**(185)**

€m					
Financial Statements line item	**12.31.2017 (comparable)***	**03.31.2018 (Reported Q2 18)**	**03.31.2018 (Comparable)***	**06.30.2018**	**09.30.2018**
Trade and other receivables	**1,122**	1,050	1,050	**1,124**	**1,114**
Trade receivables from related companies	**50**	41	41	**34**	**28**
Contract Assets	**1,079**	1,148	1,148	**1,311**	**1,572**
Inventories	**1,993**	1,805	1.805	**1,700**	**1,499**
Other current assets	**397**	404	404	**404**	**362**
Trade payables	**(1,825)**	(1,807)	(1,807)	**(1,962)**	**(2,416)**
Trade payables to related companies	**(379)**	(71)	(71)	**(77)**	**(342)**
Contract Liabilities	**(1,873)**	(1,599)	(1,571)	**(1,570)**	**(1,670)**
Other current liabilities	**(722)**	(708)	(708)	**(697)**	**(684)**
Working Capital	**(157)**	**263**	**291**	**265**	**(536)**

(*) Comparable for IFRS15 and Opening Balance Sheet (PPA). The table above reflects the effect of an amendment to the accounting for the Business Combination (PPA) during Q3 18: a decrease in line item "Contract Liabilities" of €28m and an increase in line items "Current Provisions" and "Non-current Provisions" in total amount of €145m with the corresponding increase in "Goodwill" in amount of €117m. The effects of changes due to the accounting of the Business Combination in previous quarters are further disclosed in previously published financial information.

The ratio of working capital to revenue is calculated as working capital at any given date divided by the revenue in the twelve months prior to that date.

3. Capital Expenditure (CAPEX)

Capital Expenditure (CAPEX) refers to investments made in the period in property, plant and equipment and intangible assets in order 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).

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. The components of this pro-forma calculation are as follow:

	Q1 17 (Pro-forma)			
€m	**Siemens Wind Power**	**Gamesa**	**Adwen**	**SGRE Pro-forma**
Additions to intangible assets	(2)	(20)	(19)	(42)
Additions to Property, Plant and Equipment	(62)	(43)	(15)	(120)
CAPEX	**(65)**	**(64)**	**(34)**	**(162)**

	Q2 17 (Pro-forma)			
€m	**Siemens Wind Power**	**Gamesa**	**Adwen**	**SGRE Pro-forma**
Additions to intangible assets	(3)	(18)	(8)	(29)
Additions to Property, Plant and Equipment	(112)	(18)	(5)	(134)
CAPEX	**(115)**	**(35)**	**(13)**	**(163)**

4. 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 adding, to reported income for the period, the ordinary non-cash items (depreciation and amortisation, and provision charges) and income from equity-accounted affiliates.

Free cash flow: obtained by deducting capital expenditure (CAPEX) from net operating cash flow. It indicates the funds available for use to distribute dividends, buy back shares, pay down debt or other corporate activities not related to ordinary business.

Cash flow is calculated as the variation in Net Financial Debt (NFD) between two closure dates (defined in point 1).

5. Average Selling Price in Order Intake (ASP - Order Intake)

Average (monetary) order intake collected by Onshore WTG division per unit booked (measured in MW). ASP is affected by a number of factors (project scope, geographical distribution, product, exchange rate, prices, etc.) and does not represent the level or trend of profitability.

€m	Q1 18*	Q2 18	Q3 18*	Q4 18*	FY18
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 and wind farm sales are included. Solar orders amounted to €88m in Q1 18 and €9m in Q3 18.

The comparable data for quarters prior to the merger have been calculated on a pro forma basis as if the merger operation had occurred before April 2017, as appropriate, including the total consolidation of Adwen, the standalone savings and normalization adjustments. The detail of the comparable data from the previous exercise is as follows:

€m	Q1 17 Pro-forma	Q2 17 Pro-forma	Q3 17	Q4 17	FY17
Order Intake Onshore Wind (million EUR)	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**

(*) See breakdowns on components of the pro forma data calculation in the following section on Order Intake, Revenue and EBIT.

6. Order Intake, Revenue and EBIT

Order Intake (in EUR) LTM (Last Twelve Months): this APM is calculated by aggregation of the quarterly order intake (in EUR) for the last four quarters.

€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

€m	Q1 17 (Pro-forma)	Q2 17 (Pro-forma)	Q3 17	Q4 17	LTM Sep 17
Group	2,715	4,013	1,398	2,791	10,917
Of which WTG ON	1,491	1,460	680	1,498	5,129

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. The components of this pro-forma calculation are as follows:

Group (€m)	Q1 17 Pro-forma	Q217 Pro-forma
Siemens Wind Power	1,435	3,142
Gamesa	1,279	872
Adwen	-	-
Group	**2,715**	**4,013**

WTG ON (€m)	Q1 17 Pro-forma	Q2 17 Pro-forma
Siemens Wind Power	439	758
Gamesa	1,052	702
Adwen	-	-
WTG ON	**1,491**	**1,460**

Order Intake (in MW) LTM (Last Twelve Months): this APM is calculated by aggregation of the quarterly order intake (in MW) for the last four quarters.

Onshore:

MW	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Onshore	2,208	2,464	1,660	2,631	8,962

MW	Q1 17 (Pro-forma)	Q2 17 (Pro-forma)	Q3 17	Q4 17	LTM Sep 17
Onshore	1,862	1,599	693	2,167	6,321

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. The components of this pro-forma calculation are as follow:

	Q1 17 (Pro-forma)			
MW	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
Onshore	475	1,386	-	1,862

	Q2 17 (Pro-forma)			
MW	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
Onshore	772	827	-	1,599

Offshore:

MW	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Offshore	576	328	1,368	-	2,272

MW	Q1 17 (Pro-forma)	Q2 17 (Pro-forma)	Q3 17	Q4 17	LTM Sep 17
Offshore	294	574	112	752	1,732

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. The components of this pro-forma calculation are as follow:

	Q1 17 (Pro-forma)			
MW	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
Offshore	294	-	-	294

	Q2 17 (Pro-forma)			
MW	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
Offshore	574	-	-	574

Revenue LTM (Last Twelve Months): this APM is calculated by aggregation of the quarterly revenues for the last four quarters.

€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**

€m	Pro-forma Q1 17	Pro-forma Q2 17	Q3 17	Q4 17	LTM Sep 17
WTG	2,475	2,891	2,393	2,008	9,766
Service	289	287	300	321	1,198
TOTAL	**2,764**	**3,178**	**2,693**	**2,329**	**10,964**

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. The components of this pro-forma calculation are as follow:

€m	Q1 17 (Pro-forma)				Q2 17 (Pro-forma)			
	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma	Siemens Wind Power	Gamesa	Adwen	SGRE Pro-forma
WTG	1,223	1,145	107	2,475	1,363	1,412	116	2,891
Service	161	128		289	153	134		287
TOTAL	**1,384**	**1,273**	**107**	**2,764**	**1,516**	**1,546**	**116**	**3,178**

EBIT (Earnings Before Interest and Taxes): operating profit 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 related to the merger transaction and the impact on amortization of intangibles' fair value from the Purchase Price Allocation (PPA).

€m		
	Q4 17	**Q4 18**
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(208)	64
(-) Income from investments acc. for using the equity method, net	(1)	2
(-) Interest income	(4)	(5)
(-) Interest expenses	16	12
(-) Other financial income (expenses), net	(1)	(1)
EBIT	**(197)**	**73**
(-) Integration and Restructuring costs	67	76
(-) PPA impact	111	66
EBIT pre-PPA and integration & restructuring costs	**(19)**	**215**

€m		
	12M 17 (Pro-forma)	**12M 18**
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	378	168
(-) Income from investments acc. for using the equity method, net	14	-
(-) Interest income	(26)	(15)
(-) Interest expenses	58	55
(-) Other financial income (expenses), net	4	3
EBIT	**428**	**211**
(-) Integration and Restructuring costs	111	176
(-) PPA impact	235	306
EBIT pre PPA and integration & restructuring costs	**774**	**693**

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. The components of this pro-forma calculation are as follow:

€m	Q1 17 (Pro-forma)				
	Siemens Wind Power	**Gamesa**	**Adwen**	**Pro-forma adjustments**	**SGRE proforma**
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	110	141	(14)	33	270
(-) Income from. investments acc. for using the equity method, net	4	(11)	-	-	(7)
(-) Interest income	1	(7)	(1)	-	(7)
(-) Interest expenses	1	10	3	-	13
(-) Other financial income (expenses), net	(6)	4	0	-	(1)
EBIT	**109**	**137**	**(11)**	**33**	**269**
(-) Integration and restructuring costs	-	-	-	-	-
(-) PPA impact	-	-	-	-	-
EBIT pre-PPA and integration & restructuring costs	**109**	**137**	**(11)**	**33**	**269**

€m	Q2 17 (Pro-forma)				
	Siemens Wind Power	**Gamesa**	**Adwen**	**Pro-forma adjustments**	**SGRE proforma**
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	145	149	(18)	-	276
(-) Income from. investments acc. for using the equity method, net	-	20	-	-	21
(-) Interest income	1	(10)	-	-	(9)
(-) Interest expenses	0	11	2	-	13
(-) Other financial income (expenses), net	(0)	3	0	-	3
EBIT	**146**	**173**	**(16)**	**-**	**305**
(-) Integration and restructuring costs	-	8	-	-	8
(-) PPA impact	-	-	-	-	-
EBIT pre-PPA and integration & restructuring costs	**146**	**181**	**(16)**	**-**	**313**

EBIT margin: ratio of EBIT to Revenue in the period (i.e. revenue in the consolidated profit and loss account).

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	Q4 17	Q4 18
EBIT	(197)	73
Amortization, depreciation and impairment of intangible assets and PP&E	238	185
EBITDA	**41**	**258**

EBITDA LTM (Last Twelve Months): this APM is calculated by aggregation of the quarterly EBITDA for the last four quarters.

€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**

€m	Pro-forma Q1 17	Pro-forma Q2 17	Q3 17	Q4 17	LTM Sep 17
EBIT	269	305	50	(197)	428
Amortization, depreciation and impairment of intangible assets and PP&E	80	88	190	238	596
EBITDA	**350**	**393**	**240**	**41**	**1,023**

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. The components of this pro-forma calculation are as follow:

	Q1 17 (Pro-forma)				
€m	Siemens Wind Power	Gamesa	Adwen	Pro-forma adjust.	SGRE Pro-forma
EBIT	109	137	(11)	33	269
Amortization, depreciation of intangible assets and PP&E	38	33	7	2	80
EBITDA	**147**	**171**	**(4)**	**35**	**350**

	Q2 17 (Pro-forma)				
€m	**Siemens Wind Power**	**Gamesa**	**Adwen**	**Pro-forma adjust.**	**SGRE Pro-forma**
EBIT	146	173	(16)	-	305
Amortization, depreciation of intangible assets and PP&E	44	37	6	-	88
EBITDA	**191**	**210**	**(10)**	**-**	**393**

7. **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 profit by the average number of shares outstanding in the period (excluding treasury shares).

	12M 18	**Q4 18**
Net Income (€m)	70	25
Number of shares (units)	679,489,769	679,492,185
Earnings Per Share (€/share)	**0.10**	**0.04**

8. **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	**09.30.2018**
Order Backlog for delivery in FY19 (1)	8,408
Average revenue guidance (2)*	10,500
Revenue Coverage (1/2)	**80%**

Note: 2018 revenue guidance range of €10bn to €11bn. As a result, average revenue guidance is €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 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**

€m	Q1 17	Q2 17	Q3 17	Q4 17	LTM Sep 17
Order Intake	2,715	4,013	1,398	2,791	10,917
Revenue	2,764	3,178	2,693	2,329	10,964
Book to Bill	**1.0**	**1.3**	**0.5**	**1.2**	**1.0**

Reinvestment Rate: ratio of CAPEX divided by amortization, depreciation and impairments (excluding PPA amortization on intangibles' fair value).

€m	Pro-Forma 12M 17	12M 18
CAPEX (1)	621	415
Amortization, depreciation & impairments (a)	596	645
PPA Amortization on Intangibles (b)	235	306
Depreciation & Amortization (exc. PPA) (2=a-b)	360	340
Reinvestment rate (1/2)	**1.7**	**1.2**

Gross Profit: it is calculated as revenues reduced by cost of revenue

€m	Q4 17	Q4 18
Gross Profit	15	304
PPA amortization on intangibles	38	3
Integration and Restructuring costs	-	41
Gross Profit pre PPA, I&R costs	**53**	**348**

€m	12M 17 Pro-forma	12M 18
Gross Profit	1,221	954
PPA amortization on intangibles	87	169
Integration and Restructuring costs	-	109
Gross Profit pre PPA, I&R costs	**1,308**	**1,233**

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. The components of this pro-forma calculation are as follow:

€m	Q1 17 (Pro-forma)				
	Siemens Wind Power	Gamesa	Adwen	Pro-forma adjust.	SGRE proforma
Gross Profit	228	182	(10)	33	433
PPA amortization on intangibles	-	-	-	-	0
Integration and Restructuring costs	-	-	-	-	0
Gross Profit pre PPA, I&R costs	**228**	**182**	**(10)**	**33**	**433**

€m	Q2 17 (Pro-forma)				
	Siemens Wind Power	**Gamesa**	**Adwen**	**Pro-forma adjust.**	**SGRE proforma**
Gross Profit	259	221	(14)	-	466
PPA amortization on intangibles	-	-	-	-	0
Integration and Restructuring costs	-	-	-	-	0
Gross Profit pre PPA, I&R costs	**259**	**221**	**(14)**	**-**	**466**

MWe: an indicator of activity (a physical unit of sale) used to measure wind turbine generator manufacture in terms of work in progress. The MWe indicator does not reflect post-manufacturing processes (civil engineering, installation, commissioning, etc.), which also generate monetary revenue.

MWe	Q1 18	Q2 18	Q3 18	Q4 18	LTM Sep 18
Onshore	1,651	1,397	1,703	1,926	6,677

MWe	Q1 17 (Pro-forma)	Q2 17 (Pro-forma)	Q3 17	Q4 17	LTM Sep 17
Onshore	1,845	2,534	1,488	1,384	7,252

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. The components of this pro-forma calculation are as follow:

	Q1 17 (Pro-forma)			
MWe	**Siemens Wind Power**	**Gamesa**	**Adwen**	**SGRE Pro-forma**
Onshore	769	1,076	-	1,845

	Q2 17 (Pro-forma)			
MWe	**Siemens Wind Power**	**Gamesa**	**Adwen**	**SGRE Pro-forma**
Onshore	1,044	1,490	-	2,534

Cost of energy (LCOE/COE): the cost of converting a source of energy, e.g. wind, into electricity, measured in monetary units per MWh. It is calculated taking account of all costs incurred during the asset's life cycle (including construction, finance, fuel, operation and maintenance, taxes and incentives), divided by the total output expected from the asset during its useful life.

SIEMENS Gamesa
RENEWABLE ENERGY

Sustainability Report
2018

Foreword

Dear Reader,

Fiscal year 2018 represents for Siemens Gamesa, the year of the Group's consolidation. We are on solid ground and the rationale for our merger has been strongly confirmed throughout the integration process. We shape the renewable energy industry and lead the way in the renewable energy sector, providing cleaner, more reliable and more affordable wind power.

Highly diversified, both geographically and in terms of our business, we are the only company that operates successfully in three areas: Onshore, Offshore and Service. Geographic diversification puts us close to customers and builds on global supply chains that extend into all regions. Technological leadership is also a competitive advantage as we are uniquely qualified to offer award-winning products for all wind and geographic conditions and customer needs.

Beyond financial and business outcomes we, as a business, are committed to help driving forward the United Nations 2030 agenda and contributing to reaching the Sustainable Development Goals (SDGs) and related targets. The scale and ambition of this global initiative presents a tremendous opportunity for Siemens Gamesa to demonstrate the central role we play in sustainable development and human prosperity and to serve as an essential partner bridging the gap in finance and technical capacity necessary to meet the challenge of achieving the SDGs. Along this path we find our greatest impact and opportunities in areas that additionally help drive our own business growth.

Ensuring access to affordable, reliable, sustainable and modern energy for all (SDG7), is one of most relevant areas of opportunity in which our business plays a central role. More than 89 cumulated Gigawatts of Wind turbines developed and manufactured by Siemens Gamesa incorporate the latest technological advances, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all around the wold, noteworthy in developing and least developed countries.

Taking urgent action to combat climate change and its impacts (SDG13) combined with a binding climate change agreement at COP21 in Paris, proves to be a tipping point in how the world tackles this pressing global goal. Siemens Gamesa wind turbines allow our customers to mitigate their carbon footprint by more than 233 million tons of CO_2 a year, thus contributing to a reduction in greenhouse gases and mitigating their effects. Our commitment to become a carbon-neutral Company by 2025 is underpinned, for example, by the switch from emission- intensive conventional power generation sources to renewable energy-based sources for electricity supply in our operations. Our commitment to the Science Based Targets Initiative in fiscal year 2018 is, noteworthy, an example of how we embrace climate science to navigate the low-carbon transition.

Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work (SDG8) is another area in which our Company acts and makes a high impact contribution.

Our People & Culture program remains focused on our single most important asset worldwide: our people. Our Company has a remarkably talented and passionate team of employees. We build a corporate culture that brings all of us together. One key element of building a strong, united team that pulls people together is identifying and embracing a common set of values. We've done that.

Protecting labor rights and promoting safe and secure working environments for all workers 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.

Moreover, Siemens Gamesa is a significant driving force for progress in the communities in which we operate, boosting industrial activity through the investments it makes and purchases from suppliers, as well as by contributing economic resources to public administrations and fostering a stable local economy.

All these elements are part of our robust sustainability pledge, and therefore not just an aspirational framework but a roadmap for opportunities that include compelling reasons to pursuing a social and environmental impact and engaging with Sustainable Development Goals.

Additionally, we reaffirm our continuous commitment to the principles of the United Nations Global Compact, which means constantly working on issues connected to human rights and maintaining responsible labor, environmental and anti-corruption practices, which all enjoy universal consensus.

The financial community recognized this vision with the Company's presence in the world' s most prestigious sustainability indices such as Dow Jones Sustainability Indices, FTSE4Good and the Global Challenges Index, to name a few.

We are proud of these achievements, but we will not cease to continuously improve. Throughout this report, readers will get an insight into the vast activities Siemens Gamesa undertakes, beyond financial reporting and focusing on sustainable development goals. It represents a fair balance of the Group's activities.

We would like to take this opportunity to thank all the stakeholders who support and trust our Company, pushing us towards the path of innovation, success and business excellence. [102-14]

Markus Tacke (Chief Executive Officer)

Content index

1. About this Report

1.1 Scope of the Report

[102-49] [102-50] On April 3,2017, the merger of Siemens Wind Power Business with GAMESA was formalized, qualifying for accounting purposes as a reverse acquisition, in which the wind power business of Siemens was the acquirer and GAMESA the acquired, respectively.

This **Sustainability Report 2018** summarizes the most relevant financial and non-financial information in accordance with the corresponding Materiality Analysis.

The disclosure of non-financial information or related to sustainability or corporate social responsibility contributes to measure, monitor and manage the performance of the Company and its impact on society. In this context, to improve coherence and comparability of the non-financial information disclosed, our Company prepares a non-financial information statement which contains information relative, at least, to environmental and social issues, as well as regarding personnel, respect for human rights and the fight against corruption and bribery.

This sustainability report 2018 responds to the new requirements arising from the entry into force of **Royal Decree-Law 18/2017** which became effective on November 24, 2017, which transposes 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 information contained in this sustainability report reflects the situation included in the **period elapsed between October 2017 and September 2018** ("the reporting period").

The following observations should be considered:

- The scope of companies considered by the Group for preparing this Sustainability Report coincides with the definition of the Group for the purposes of preparing the consolidated financial statements [102-45].
- Financial data that correspond to 2017 refer only to the nine months period finished 30 September 2017, being consistent with the presentation of the consolidated statement of non-financial information included in the 2017 Management Report. Sustainability data 2017 refer only to the 6 months period ended September 30.
- Year-on-year comparative information is provided along the report. Therefore, the scope and period comparable to the subject matter of Sustainability Report for 2017 and 2018 are not exactly the same. This implies that as long as detailed information is not available for two complete and consecutive fiscal years, i.e. September 2019, it will not be possible to conduct a reliable year-on-year analysis to compare the organization's sustainability performance over time. [102-48]

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" or "the Group".
- The group of companies in 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".

1.2 Collection of Information

Siemens Gamesa Renewable Energy Group has adequate information systems and the compilation of financial and non-financial information that guarantee the completeness and accuracy of the indicators detailed in this Report.

1.3 Report Criteria

[102-54] Siemens Gamesa Renewable Energy Group has followed the recommendations of Global Reporting Initiative (**GRI reporting standards**) and been 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.

[102-32] This report is subject to external review by EY and approval by Siemens Gamesa Renewable Energy S. A.'s Board of Directors.

2. Company Highlights

2.1 Creation of a Global Leader

The new Siemens Gamesa Renewable Energy Group (SGRE) 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 U.S., 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.

Today, Siemens Gamesa Renewable Energy is a respected industry leader committed to providing innovative and effective solutions to the energy challenges of tomorrow.

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.

Key Facts as of September 30, 2018

>89 GW
Total installed capacity

>23k
Employees worldwide

> 9 €B
Annual Revenue

Onshore

76.9 GW installed in 75 countries.
The perfect technology partner for your wind projects.

Offshore

12.5 GW installed worldwide since 1991.
Most experienced offshore wind company with the most reliable product portfolio in the market.

Service

56.7 GW maintained.
Commitment beyond the supply of the wind turbine to achieve the profitability objectives of each project.

Sustainability
Recognition
DJSI, FTSE4Good

> 230 $MtCO_2$
Annual GHG savings to customers

2.2 Company Name

SIEMENS GAMESA RENEWABLE ENERGY, S.A.
PARQUE TECNOLÓGICO DE BIZKAIA, EDIFICIO 222,
48170 ZAMUDIO (VIZCAYA)
SPAIN

[102-1] The new 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 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 Siemens Gamesa Company values have been defined. [102-16]

The Group has defined the following pillars to guide the process of building a Siemens Gamesa 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"

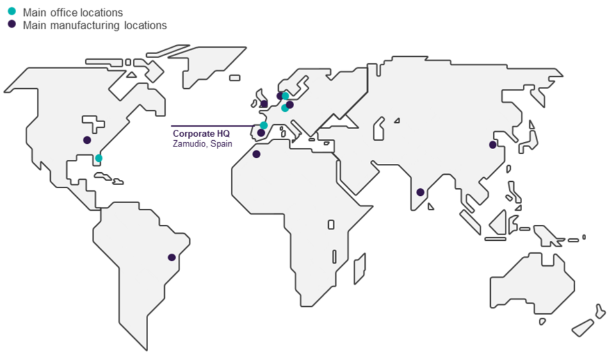
• **Values:**

- <u>Result orientation</u>: Results are relevant, delivered in a timely manner and at appropriate cost.
- <u>Customer focus:</u> Think from a customer's perspective about how we can excel in delivery.
- <u>Innovativeness</u>: New solutions for customers and ourselves.
- <u>Impactful leadership:</u> Inspiring our people and exemplifying the culture and common values.
- <u>Ownership attitude:</u> People are motivated and engaged and see themselves as drivers of business success.
- <u>Valuing people:</u> Valuing the importance of the individual.

Our mission, vision and values, together with our purpose, make up the foundation for building a strong Company culture.

2.4 Global Footprint

[102-4]
Global Presence



2.5 Ownership Structure

[102-5] Siemens Gamesa Renewable Energy, S.A.'s ownership structure at September 30 (fiscal year end) is as follows:

Shareholder Structure [1]

(percentage)	**30.09.2018**	**30.09.2017**
Siemens A.G (*)	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.

Siemens Gamesa Group 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.

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] Siemens Gamesa 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 2018 were: a) Wind Turbines (*) and b) Operation and maintenance.

The breakdown, by segment, of consolidated revenue for the year ended September 30, is as follows:

Revenues by Segment [2]

(in thousand euro)	**FY18**	**FY17(9m)**
Wind Turbines	7,847,191	5,763,818
Operation and Maintenance	1,275,081	774,380
SGRE net revenue from continued operations	**9,122,272**	**6,538,198**

In addition, Siemens Gamesa Group currently operates in several geographical markets. The main areas are EMEA (including Spain), Americas, Asia and Australia. 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

Revenues by Geographical Area [2]

(in thousand euro)	**FY18**	**FY17(9m)**
Europe, Middle east and Africa	5,175,032	4,170,732
Americas	2,235,461	1,719,221
Asia, Australia	1,711,779	648,245
SGRE total	**9,122,272**	**6,538,198**

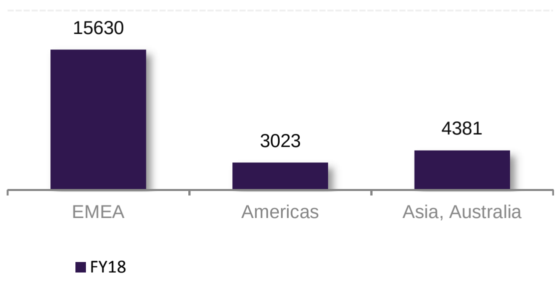
All the economic and financial information of Siemens Gamesa Renewable Energy S. A. and its subsidiaries is available in the Consolidated Financial Statements and Management Report for the period ended September 30, 2018, its fiscal year-end. [201-1]

[1] See Section 23 A of the Consolidated Financial Statements and Management Report for the period ended September 30, 2018. [Link]

[2] See Section 25 b of the Consolidated Financial Statements and Management Report for period ended September 30, 2018. [Link]

2.8 Employees Worldwide

[102-8] At the end of the reporting period (September 30), the Company had 23,034 employees.



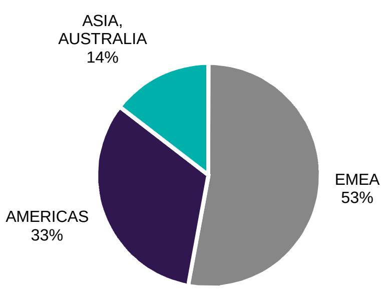
2.9 Wind Turbine Products

[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 89 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 portfolio creates value that reduces the Levelized Cost of Energy (LCoE), ensuring long-term returns for customers

Distribution of Wind Turbine Installations Worldwide [102-6]



Wind Turbine Installation Track-Record

(Cumulative MW installed)		Onshore	Offshore	FY18	FY17
1.	Algeria	10	-	10	10
2.	Argentina	82	-	82	14
3.	Australia	699	-	699	605
4.	Austria	43	-	43	43
5.	Azerbaijan	8	-	8	8
6.	Belgium	160	294	454	108
7.	Bosnia-Herzegov.	41	-	41	-
8.	Brazil	3,156	-	3,156	2,900
9.	Bulgaria	90	-	90	90
10.	Canada	3,021	-	3,021	2,707
11.	Cape Verde	0.05	-	0.05	0.05
12.	Chile	452	-	452	336
13.	China	5,007	48	5,055	4,682
14.	Costa Rica	143	-	143	143
15.	Croatia	162	-	162	162
16.	Cuba	5	-	5	5
17.	Cyprus	20	-	20	20
18.	Czech Republic	14	-	14	14
19.	Denmark	1,064	1,135	2,199	2,123
20.	Dom. Republic	52	-	52	52
21.	Ecuador	2	-	2	2
22.	Egypt	986	-	986	890
23.	Finland	266	42	308	469
24.	France	1,545	-	1,545	1,429
25.	Germany	2,304	4,481	6,785	6,011
26.	Greece	563	-	563	479
27.	Guatemala	32	-	32	-
28.	Honduras	176	-	176	176
29.	Hungary	182	-	182	182
30.	India	5,613	-	5,613	5,015
31.	Indonesia	122	-	122	-
32.	Ireland	796	-	796	685
33.	Iran	61	-	61	-
34.	Israel	21	-	21	21
35.	Italy	2,199	-	2,199	2,002
36.	Jamaica	24	-	24	24
37.	Japan	361	-	361	307
38.	Jordan	166	-	166	80
39.	Kenya	14	-	14	14
40.	Kuwait	10	-	10	10
41.	Latvia	21	-	21	21
42.	Lithuania	14	-	14	14
43.	Luxemburg	24	-	24	21
44.	Macedonia	37	-	37	37
45.	Mauritania	30	-	30	30
46.	Mauritius	9	-	9	9
47.	Mexico	2,380	-	2,380	2,187
48.	Morocco	856	-	856	640
49.	Netherlands	114	744	858	858
50.	New Zealand	281	-	281	281
51.	Nicaragua	44	-	44	44
52.	Norway	630	32	662	472
53.	Pakistan	50	-	50	-
54.	Peru	124	-	124	124
55.	Poland	1,045	-	1,045	1,045
56.	Portugal	569	-	569	569
57.	Puerto Rico	103	-	103	1
58.	Romania	590	-	590	590
59.	Somalia	0.22	-	0.22	0.22
60.	South Africa	604	-	604	324
61.	South Korea	77	-	77	33
62.	Spain	13,154	-	13,154	12,995
63.	Sri Lanka	45	-	45	45
64.	Sweden	1,348	110	1,458	1,387
65.	Switzerland	0.15	-	0.15	0.15
66.	Taiwan	12	8	20	20
67.	Thailand	389	-	389	310
68.	the Philippines	243	-	243	243
69.	Tunisia	242	-	242	242
70.	Turkey	814	-	814	688
71.	United Kingdom	4,135	5,687	9,822	8,587
72.	Uruguay	390	-	390	390
73.	United States	18,795	-	18,795	17,962
74.	Venezuela	71	-	71	71
75.	Vietnam	9	-	9	9
SGRE total		**76,922**	**12,582**	**89,504**	**82,070**

2.10 Service: Operation & Maintenance

Operation & Maintenance (O&M) is one of the key activities upon which Siemens Gamesa bases its development.

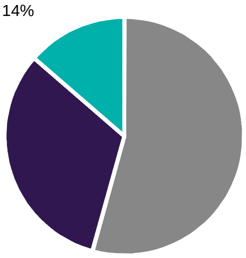
With nearly 70% of its installed capacity under O&M contracts and a broad operational knowledge in complex locations, the Group maintains 56.7 GW in 54 countries. All of this is possible thanks to a team of highly-qualified professionals, present worldwide and focused on health and safety as well as on service excellence and customer satisfaction.

Backed by more than 20 years of experience in wind turbine O&M and optimization, Siemens Gamesa continues to be committed to adding value, offering cutting edge solutions, such as useful life extension, integral solutions for the O&M of other manufacturers' wind turbines, and personalized financing options to meet the needs of each customer.

We focus on programs for maximizing energy production, improving availability and reducing O&M related costs, with the goal of reducing the cost of energy.

To drive down operational costs of wind projects, Siemens Gamesa Wind 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.

FY18 Distribution of fleet under O&M



Operation & Maintenance (O&M) Track-Record

(in MW)		Onshore	Offshore	FY18	FY17
1.	**Algeria**	11	-	**11**	10
2.	**Australia**	587	-	**587**	475
3.	**Austria**	26	-	**26**	33
4.	**Belgium**	151	238	**389**	108
5.	**Brazil**	3,565	-	**3,565**	2,784
6.	**Bulgaria**	90	-	**90**	90
7.	**Canada**	1,808	-	**1,808**	1,777
8.	**Chile**	452	-	**452**	336
9.	**China**	726	-	**726**	1,138
10.	**Croatia**	172	-	**172**	118
11.	**Costa Rica**	130	-	**130**	130
12.	**Czech Republic**	14	-	**14**	14
13.	**Denmark**	606	20	**626**	1,069
14.	**Dominican Rep.**	-	-	**-**	52
15.	**Egypt**	564	-	**564**	414
16.	**Finland**	240	40	**280**	263
17.	**France**	1,185	-	**1,185**	1,038
18.	**Germany**	988	3,762	**4,750**	4,616
19.	**Greece-Macedonia**	278	-	**278**	222
20.	**Honduras**	50	-	**50**	50
21.	**Hungary**	24	-	**24**	24
22.	**India**	5,563	-	**5,563**	4,951
23.	**Ireland**	891	-	**891**	698
24.	**Israel**	21	-	**21**	21
25.	**Italy**	1,309	-	**1,309**	1,233
26.	**Jamaica**	-	-	**-**	24
27.	**Japan**	131	-	**131**	131
28.	**Jordan**	166	-	**166**	80
29.	**Korea, Rep.**	49	-	**49**	30
30.	**Kuwait**	10	-	**10**	10
31.	**Lithuania**	14	-	**14**	14
32.	**Luxembourg**	21	-	**21**	21
33.	**Mauritania**	30	-	**30**	30
34.	**Mauritius**	9	-	**9**	9
35.	**Mexico**	2,040	-	**2,040**	2,011
36.	**Morocco**	638	-	**638**	640
37.	**Netherlands**	41	744	**785**	793
38.	**New Zealand**	60	-	**60**	67
39.	**Nicaragua**	44	-	**44**	44
40.	**Norway**	265	-	**265**	290
41.	**Peru**	124	-	**124**	124
42.	**Philippines**	243	-	**243**	243
43.	**Poland**	915	-	**915**	911
44.	**Portugal**	402	-	**402**	494
45.	**Puerto Rico**	101	-	**101**	101
46.	**Romania**	352	-	**352**	352
47.	**South Africa**	605	-	**605**	324
48.	**Spain**	5,914	-	**5,914**	7,679
49.	**Sri Lanka**	-	-	**-**	45
50.	**Sweden**	625	-	**625**	855
51.	**Taiwan**	-	8	**8**	8
52.	**Thailand**	355	-	**355**	267
53.	**Turkey**	849	-	**849**	754
54.	**United Kingdom**	3,430	5,152	**8,582**	6,888
55.	**United States**	9,450	-	**9,450**	9,858
56.	**Uruguay**	410	-	**410**	410
57.	**Vietnam**	8	-	**8**	-
SGRE total		**46,764**	**9,964**	**56,728**	**55,173**

3. Sustainability at Siemens Gamesa

3.1 Committed to Sustainable Development

[102-15] Sustainability is at the very heart of Siemens Gamesa Renewable Energy. It is the philosophy that drives our Company, and we feel it of utmost importance. At Siemens Gamesa we believe that sustainable development and commercial success go hand in hand. Sustainability excellence is a badge of honor, and a hallmark of operational and management quality. For us, this means being a Company that responds to evolving market trends. It means building a team of engaged, productive and valued employees. Above all, it means being a Company that does not just respond to social progress, but aligns with and helps to lead it.

We want Siemens Gamesa to be a global force for sustainable development, and that all our actions reflect this. 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.

3.2 Sustainable Development Goals: Siemens Gamesa's Impact on Agenda 2030

On January1, 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 to all, countries will mobilize efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind.

SUSTAINABLE DEVELOPMENT GOALS

The SDGs reflect a new understanding that development everywhere must integrate economic growth, social well-being and environmental protection.

We as a business, have also a self interest in driving forward this agenda and contributing to reaching the SDGs and 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.

We have 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.

In fiscal year 2018 we proceeded to identify and prioritise 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 visualise our 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) in the event that a host country should not achieve its 2030 SDG target.

Therefore, Siemens Gamesa identified high as well as medium &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 our throught 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 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. Our Company provides cleaner, more reliable and more affordable wind power and is a leading supplier of wind power solutions to customers all over the globe. 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 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 CO_2-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 CO_2 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 Siemens Gamesa 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 & low impact Sustainable Development Goals

We impact SDG4 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, our numerous corporate citizenship engagement programs around the world build on this objective.

Our activity may impact SDG14 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 SDG15 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 program aimed at bringing positive change to the communities in which our Company is active while heighten the engagement of our employees. Other local and regional-based programs do also address different actions with direct impact on these SGD's.

On SDG1, 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 SDG2, we consider 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 SDG3 by promoting healthy lifestyles and combating premature mortality by invreasing 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 SGRE management perspective.

3.3 Corporate Social Responsibility 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 wellbeing of employees, along with the community and civil society in general, both now and in the future.

The success of our business is underpinned by 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 toward 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, clients and society in general.

This target is underpinned by the principles contained in the Global Corporate Social Responsibility Policy[3], our key statements that describe how we implement sustainability at Siemens Gamesa Renewable Energy:

- 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 Siemens Gamesa Group to harmonize corporate values and social expectations.

[3] See Global Corporate Social Responsibility policy [Link]. Text approved by resolution of the Board of Directors dated September 12, 2018

Within this framework, our Group wishes to be recognized and admired for its own differential and distinctive business model, which is committed to the creation of value and sustainable development.

3.4 Stakeholder Engagement

[102-40] The Company's relationship with any groups affected by its activities (stakeholders) is maintained in a twofold way. Such relationships involve: 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.

Since these stakeholders are very numerous in a business group like Siemens Gamesa, they are analyzed according to their relevance for the Company's activities and have been grouped together under the following categories for practical purposes:

Stakeholders

Customers	Shareholders, investors, analysts and indices	Public administration and regulators
Employees	Suppliers	Mass media
Society and Community (local communities, academia, NGOs, etc.)		

[102-42] The identification and selection of the Group's stakeholders is carried out through internal processes of reflection involving the management team and based on establishing 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, as far as 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.

3.5 Material Aspects

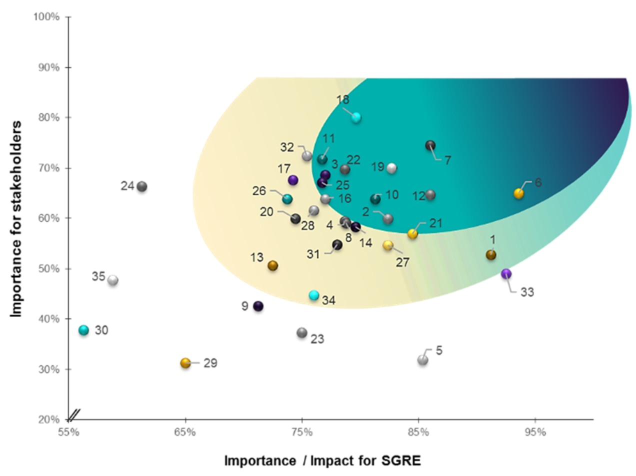
[102-47] The nature of the expectations relevant stakeholders have of our organization involve issues such as good governance, respect to human rights, work practices, environmental impacts, our operational practices and those of our value chain, as well as the positive and negative impacts that may be generated on local communities.

[102-44] Siemens Gamesa conducted a specialized CSR diagnosis in fiscal year 2018. The diagnosis was structured around 9 aspects or subjects and several specific aspects were defined within each of them, on which to focus the analysis, these amounted to 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 these analysis have been deployed in the aggregated materiality analysis as:

- internal relevance of each CSR aspect (Importance / Impact 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%

Siemens Gamesa Materiality Analysis



Material Aspects to SGRE

- **15** Health and Safety
- **06** Ethics, Integrity and Anti-Corruption
- **07** Regulatory Compliance
- **12** Equal Opportunity, Diversity and Non-Discrimination
- **21** Human Rights
- **19** Communities and Environment Relationship
- **10** Renewable Energy Environment
- **02** Risks and Opportunities Management
- **18** R+D+i Programs and Investment
- **22** CSR Procurement Practices and Suppliers' Assessment
- **03** Corporate Governance
- **16** Employee Satisfaction
- **25** GHG Emissions and Climate Change Strategy
- **11** Training, Professional Development and Employability

Information sources that enable us to identify more and new relevant matters for the stakeholders of the Company include:

- Criteria for environmental, social and governance (ESG) used by institutional investors and assets managers in the selection of their investment portfolios.
- ESG requirements used in the analysis of the Company by the specialized indexes.
- Reference publications of 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 the 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.

3.6 Corporate Social Responsibility Strategy 2018-2020

Siemens Gamesa has identified different strategic lines and actions on which to work over the coming years in terms of sustainability and CSR. These will allow the Company to continue maintaining an excellent positioning in the market and for its stakeholders.

These strategic lines and actions define the Siemens Gamesa CSR Master Plan 2018-2020.

The plan is designed to support the business, strengthen the strategy and to obtain competitive advantages in specific aspects of management.

This plan's design is underpinned by the regulations of the Audit, Compliance and Related-Party Transactions Committee, which includes the "monitoring the strategy and practices in relation to corporate social responsibility and assessing its degree of compliance" (Art. 11b of the Regulations) as one of its responsibilities.

The CSR Master Plan 2018-2020 and its commitments were agreed with Siemens Gamesa's top management and with the Audit, Compliance and Related-Party Transactions Committee. The plan sets sustainability targets under five sustainability pillars and focuses on the Company's positioning in the long term by addressing CSR aspects which are relevant to stakeholders and including these expectations into the Company's decision-making and its business's day-to-day management.

- **Pillar 1: Integrity and Transparency**: Ensuring ethical and business integrity, generating trust to our stakeholders through transparency and honesty. Siemens Gamesa commitments include:
  - By 2019 framework of policies and procedures to guarantee business integrity 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 KPIs for stakeholders.

Pillar 2: Commitment with 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 in the whole Company.
- By 2020 3,36 Total Recordable Injury Rate target.

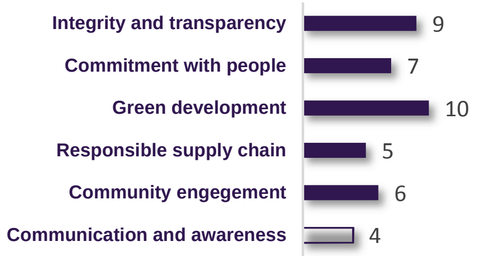
- **Pillar 3: Green Development** -Generating sustainable and green development based into innovative circular wind solutions and being an active player in promoting a low carbon economy.
  - By 2020 more than 250MtCO2eq annual savings to customers.
  - By 2025 Carbon neutrality.
  - By 2020, for all new installed turbines, renewable origin certification available.
  - 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 the Code of Conduct of suppliers.
  - By 2020, investment in a 'symbiotic' collaboration on 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, investment on agreements about technology development with universities and other training centers, for attracting and selecting talent.

Hence, the Siemens Gamesa's CSR Master Plan 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.

Nº of Actions per Sustainability Pillar



Nº of Actions per Sustainable Development Goal (SDG)

3.7 Sustainability collaborations

[102-12] 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 a yearly basis. The Company publishes a Communication on Progress (COP) report annually, which reviews compliance with such principles. This document is made publicly available on the United Nations Global Compact website.

Since 2004, we have disclosed our sustainability information with reference to the evolving guidelines of the Global Reporting Initiative (GRI), non-governmental organization which aims at high transparency and comparability for corporate sustainability reporting.

We have been involved into the GRI community since 20016, first as an organizational stakeholder and currently as a GOLD Community member and GRI core supporter.

Furthermore, we actively participate at 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.

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 our support to ensuring that the aspirations established by the agreement will be attained or surpassed.

“Caring for Climate: The business leadership platform”, is a UN Global Compact Initiative. Its goal is to involve businesses and governments in taking action on climate change, energy efficiency, reduction of emissions of greenhouse gases (GHGs) and positive collaboration with other public and private institutions. Siemens Gamesa joined voluntarily in June 2007.

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 improve the quality of life of women, men, families and communities. Siemens Gamesa endorsed them in December 2010.

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. It aims to reduce 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.

External Commitments

3.8 Recognition for sustainability performance

Our sustainability performance is being monitored continuously and has been externally confirmed by the most renowned and relevant sustainability indexes and ratings.

For the 8th time since 2006, Siemens Gamesa Renewable Energy is member of the RobecoSAM / Dow Jones Sustainability Indices DJSI World Index. This index tracks the economic, social and environmental performance of leading sustainability-driven companies worldwide. This is the eighth occasion the Company has been selected for this index and he third year in a row. Additionally, it was included in the European index (Dow Jones Sustainability Indices Europe, DJSI Europe). Our Group scored particularly well in the areas of Corporate Governance, codes of business conduct, Corporate citizenship & philanthropy, Supply chain management, Operational Eco-efficiency and Product stewardship. These results place Siemens Gamesa as a reputed global sustainability leader in the eyes of stakeholders, financial analysts and the public at large.

We also received high ratings on several other indexes and rankings, including CDP (*Carbon Disclosure Project*), and responded to the climate change and supply chain assessment to explain how we reduce our greenhouse gas emissions and mitigate climate change risks.

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.

In addition, 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.

The Group also forms part of the Ethibel Excellence Europe Index, which includes companies that are included in the Russell Global Index and can demonstrate outstanding performances in terms of Corporate Social Responsibility (CSR).

Sustainability Recognition

4. Integrity and Transparency

4.1 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.

4.1.1 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]

4.1.2 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.

[4] See Regulations of the General Meeting of Shareholders of Siemens Gamesa Renewable Energy S.A. (Revised text approved by theGeneral Meeting of Shareholders of June 20, 2017). [Link]

[5] See Section C.1 of Siemens Gamesa Renewable Energy, S.A. Annual Corporate Governance Report 2018 at [Link]

4.1.3 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.

4.1.3.1 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 Committee[6] set forth the duties of this committee.

In regard to 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.

4.1.3.2 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 8 in Chapter II of the Regulations of the Appointments and Remunerations Committee[7] establish the duties of this Committee. More specifically, its primary functions are to oversee the composition and functioning, as well as the remuneration, of the Company's Board of Directors and of the Top Management.

[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]

[7] See Chapter II of the Regulations of the Appointments and Remunerations Committee (Consolidated text endorsed by the Board of Directors on July 26, 2018) [Link]

Composition of the Board of Directors [8] (at September 30, 2018)

Name of Director	Category	Position on the Board
García García, Rosa María	EP	Chair
Tacke, Markus	E	Chief Executive Officer
Rodriguez-Quiroga Menéndez, Carlos	E	Director and Secretary
Davis, Lisa	EP	Director
Conrad, Swantje	I	Director
Rosenfeld, Klaus	I	Director
Rubio Reinoso, Sonsoles	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

Composition of the Audit, Compliance and Related Party Transactions Committee [9] (as of September 30, 2018)

Name of Director	Category	Position
Hernandez García, Gloria	I	Chair
Conrad, Swantje	I	Member
Alonso Ureba, Alberto	I	Member

Note: [E]: Executive; [EP] External Proprietary; [I]: Independent External

Composition of the Appointments and Remunerations Committee[10] (as of September 30, 2018)

Name of Director	Category	Position
Cendoya Aranzamendi, Andoni	I	Chair
Conrad, Swantje	I	Member
von Schumann, Mariel	EP	Member
Rosenfeld, Klaus	I	Member
Rubio Reinoso, Sonsoles	EP	Member

Note: [E]: Executive; [EP] External Proprietary; [I]: Independent Externa

Detailed information on the Group's corporate governance model is updated and available in the Corporate Governance section of the Siemens Gamesa website:

Home⇨ Investors and Shareholders ⇨ Corporate Governance

4.1.4 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.1.10 of the Annual Corporate Governance Report 2018.[11]

[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-ranking officers of these departments appear before the Board of Directors when they are required to do so.

Organizational Structure (as of September 30, 2018)

	Position
Tacke, Markus	Chief Executive Officer (CEO)
Lopez, Miguel Ángel	Chief Financial Officer
Albenze, Mark	Service CEO
Chocarro, Ricardo	Onshore CEO
Nauen, Andreas	Offshore CEO
Bartl, Jürgen	General Secretary
Mesonero, David	Corporate Development, Strategy and Integration Management Director
Zarza, Félix	Director of Internal Audit

Additional information about top management and its global remuneration is referred at section C.1.16 of the Annual Corporate Governance Report 2018. [12]

[8] On 20 October, 2017 the vacancy on the Board of Directors was covered. . See Section C.2 of Siemens Gamesa Renewable Energy, S.A. Annual Corporate Governance Report 2018 at [Link]

[9] On 20 October, 2017 the vacancy on the Audit, Compliance and Related Party Transactions Committee was covered. . See Section C.2 of Siemens Gamesa Renewable Energy, S.A. Annual Corporate Governance Report 2018 at [Link]

[10] On 17 April, 2018 there was a change in the composition of the Appointments and Remunerations Committee as Ms. Mariel von Schumann substituted Ms. Lisa Davis as external proprietary director in this Committee. See Section C.2 of Siemens Gamesa Renewable Energy, S.A. Annual Corporate Governance Report 2018 at [Link]

[11] See Annual Corporate Governance Report 2018 [Link]

[12] See Annual Corporate Governance Report 2018 [Link]

4.2. Compliance

[102-17] For Siemens Gamesa Renewable Energy, Compliance means more than a set of rules or just adherence to the law and internal Company regulations. Compliance provides the foundation for all our decisions and activities and is the key component of business integrity. Compliance is not a program; it is the way we conduct business.

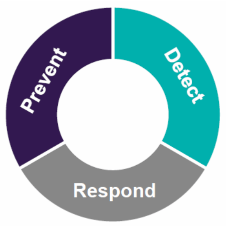
Preventing corruption, violations of fair competition and other improper business activities take the highest priority at Siemens Gamesa. Our main principle is: **Clean business at the core of clean energy**.

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

4.2.1 Compliance System

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

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



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

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

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

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

In other words, our Group applies the well-known “three lines of defense” system. Those three lines are (from the top to the bottom):

- Internal Audit department, responsible for adapting internal control systems. The Compliance Organization can be examined by Siemens Gamesa´s Internal Audit Department. When requested by the Chief Compliance Officer, the Internal Audit department can also conduct reviews on certain compliance regulations and processes up to a complete check of the Compliance System. Additionally, the Compliance Organization provides support to the performance of such audit and review activities.
- The Compliance department, is in charge of the Prevention and Supervision and Ethics Culture and the creation thereof.
- Each individual employee must be accountable to and responsible for the controls.

4.2.2 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 particular 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: The Audit, Compliance and Related Party Transactions Committee of Siemens Gamesa 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

Committee supervises the reviews the Compliance system's efficacy. 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.
- Chief Compliance Officer reports the most relevant matters in Compliance Organization's areas to the Committee on at least a quarterly basis.
- Supervise the Compliance System's effectiveness and proper functioning.

Executive Committee: The Executive Committee is the highest executive authority of Siemens Gamesa.

4.2.3 Compliance Organization

The Compliance organization has global governance and implementation responsibility for the Company 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. The Chief Compliance Officer 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. The Compliance Governance Department and Compliance Units report to the Chief Compliance Officer.

Compliance Governance: The Compliance Governance department, headed by the Head of Compliance Governance (who is also the Chief Counsel Compliance and the deputy of the Chief Compliance Officer) 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 by 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.

Compliance Units: The Head of Compliance Units oversees Compliance operations in the units of Siemens Gamesa and affiliated companies and reports directly to the Chief Compliance Officer. The overall responsibility is to supervise the Compliance Officers who are responsible for the Compliance System in their assigned respective units (Business Units, countries, and/or regions).

Compliance Officers: are responsible for implementing the Compliance System in their Company or Business Units (Offshore, Onshore and Service) or in the regions and countries where Siemens Gamesa operates. Compliance Officers are responsible for operating the Compliance System in their Company units by providing 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: perform a voluntary support function as "local first line contact" between Compliance Officers, as trusted business partners, and local employees to facilitate a successful and sustainable business. Compliance Ambassadors should be role models for Siemens Gamesa's values and integrity in daily business and make an important contribution to our Compliance System.

.

4.2.4 Compliance: Business Conduct Guidelines (BCG)

The Business Conduct Guidelines [13](BCGs) define Siemens Gamesa's attitude to responsible business conduct and how we shape the joint action needed. They also describe what Siemens Gamesa stands for and how Siemens Gamesa fulfills its responsibilities as a Company: as an employer, in our markets, in society and towards the environment. Our new BCGs is a harmonization from both legacy entities, including the inputs from all different departments, managers and workers councils throughout the Company, were compliance was then able to create one single document which is to be implemented globally. The new BCGs, were rollout in October 2018.

[13] See Business Conduct Guidelines [Link]

4.2.5 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. The Compliance Handbook was drafted to allow all Siemens Gamesa employees to read and get to know about the existence of a robust, reliable and state-of-the-art Compliance System.

This document applies to Siemens Gamesa units and affiliated companies. Siemens Gamesa units refer to Corporate Units, Business Units, regions, countries and entities.

Siemens Gamesa Compliance Handbook includes details on the topics addressed in the followings section.

4.2.6 Compliance: Prevention Pillar

4.2.6.1 Anti-Corruption [205-1]

• **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 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.

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 Siemens Gamesa principles related to these activities governed by Siemens Gamesa Communications and Public Affairs Unit.

• **Business partners:** Siemens Gamesa enters into 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 Siemens Gamesa 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' CoC, 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 the one of Siemens Gamesa Business Conduct Guideline. If there are any identified gaps, the consultation with the respective Siemens Gamesa department shall be conducted. 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 CoSECC check, which is part of the SBA process, includes anti-corruption, anti-money laundering and human rights, and must be performed according to defined criteria established in the SBA process for all Siemens Gamesa Units (ON, OF, Service) and followed by the internal approval process for Siemens Gamesa' 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. Siemens Gamesa also expects its suppliers and business partners to share Siemens Gamesa' values and comply with all applicable laws as laid down in the "Code of Conduct for Siemens Suppliers and Third-Party Intermediaries".

4.2.6.2 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; in particular 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 Antitrust Compliance Concept. The concept 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.

4.2.6.3 Anti-money laundering and prohibition of terrorism financing

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 where Siemens Gamesa conducts business. Siemens Gamesa´s Business Conduct Guidelines prohibits supporting such activities. Supporting money laundering and terrorism financing, even if unintentional, may lead to sanctions against Siemens Gamesa and Siemens Gamesa´s employees and may cause significant financial loss (such as the confiscation of funds) and other negative consequences.

4.2.6.4 Human Rights

[412-1] 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.

In 2018, the Group has approved and started implementation of a Human Rights Policy[14]. In this way, commitments in this area are reflected in an individual and specific policy. This statement 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 Siemens Gamesa is involved.

4.2.6.5 Criminal law

The legal system of some countries where 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 policy [15] is implemented.

4.2.6.6 Mergers and acquisitions, majorities, minorities and permanent establishment:

Prior to the acquisition or divestment of a Company, a part of a Company or an interest in a 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 M&A transactions, including proper due diligence as well defining applicable measures to

[14] See Human Rights Policy [Link]

[15] See Crime prevention and anti-fraud policy [Link]

minimize the compliance risk and/or input for negotiations during the M&A transaction.

4.2.6.7 Communication

The Management of Siemens Gamesa must ensure that all Siemens Gamesa employees are informed about all relevant internal rules, processes, and tools in Compliance and that this information is kept up to date.

The Management 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 Management in designing a yearly Compliance Communication Plan, which is presented, after alignment with the Communication department, for the approval of the Audit, Compliance and Related-Party Transactions Committee as well as Executive Management.

The plan's implementation is coordinated by the Compliance Department together with the Communication Department. Regular evaluation of the plan is conducted by the Compliance Department 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.

4.2.6.8 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).

4.2.6.9 Compliance risk assessment (CRA)

The goal of the 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.

4.2.7 Compliance: Detection Pillar

4.2.7.1 Cases:

[205-3] A compliance case is any violation of criminal and/or administrative law or Siemens Gamesa' internal regulation such as 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 Organization to carry on with the compliance case's investigation. When conducting a compliance investigation, the Main Principles of a Compliance Investigation defined must be adhered to.

Compliance cases

	FY18	FY17(6m)
Inquires to Compliance channel	64	4
Compliance cases confirmed	53	28
Disciplinary sanctions	6	6
Open cases at the end of period (*)	11	3
Closed cases during the period (*)	11	2

(*) Referred to as cases that had an ongoing investigation

4.2.7.2 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 Siemens Gamesa 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") in order:

- 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.

4.2.7.3 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.

4.2.7.4 Compliance Control Framework (CCF):

The 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.

4.2.7.5 Audits:

Internal and/or external audits may have findings in the compliance area that needs to be communicated to Compliance Organization for further analysis and possible mitigation measures if applicable.

4.2.7.6 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 CRB, which is equivalent to reporting to the Executive Committee, is performed on quarterly basis by Executive Committee members where the Chief Compliance Officer presents the status on the Siemens Gamesa Compliance System. The participation of Siemens Gamesa 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.

4.2.7.7 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.

4.2.8 Compliance: Respond Pillar

4.2.8.1 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.

4.2.8.2 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 units 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 unit defined them. If a deficiency is not addressed directly to the Compliance Organization but is related to a compliance topic, the Compliance Organization nevertheless has an obligation to support the remediation process and monitor its status.

4.3 Export Control and Customs (ECC)

The Export Control and Customs (ECC) department headed by the Head of ECC who directly reports to Chief Compliance Office has the worldwide responsibility for the global governance regarding all export control 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 business 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 Division (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 wind power through the implementation of the" Project Partner Concept", and various automation activities, which are to be set out in detail in the individual project workstreams.

The Strategic Operating Plan for CO ECC will focus attention on implementing both central and regionalized landscape, using specialized full-time employee resources for Governance, Export Control and Classification and outsourced partners for Customs and Broker Management.

Within a short period of time, the management of CO ECC has successfully managed to establish TSA[16] in all non-standalone legacy SWP countries. The main integration activities have been initiated, with focus on securing Export Control Compliance, through the revised SBA[17] 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 compliance system /organization in place.
- Export Control processes to ensure compliance with rules and regulations and to put an effective compliance system /organization in place and to integrate legacy Gamesa entities.
- Implement a central Customs and Export Control 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 and connect all customs brokers.
- The Global ECC team, currently with strategic temporary usage of TSAs in non-stand-alone legacy SWP countries, is under ongoing review of local service requirement to plan TSA exits.

4.4 Data Protection

The Data Protection department is headed by the Head of Data Protection 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

[16] TSA: Transactional Services Agreement

[17] SBA: Sales Business Approval process

natural person (e.g. credit card number). A natural person can be an employee, customer, 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") [18] 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 SGRE 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 save 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.
- Data Protection Officers: Implement a system and procedures where data protection offices (where required under local law) and Siemens Gamesa ambassadors with knowledge of the new GDPR are appointed as main contacts for data protection matters; this includes researching local laws to determine what local requirements must be addressed and implemented.
- Intranet / Communications: Further develop a common intranet platform and communication forums.

[18] 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]

5. Commitment to People

5.1 Establishing a Common Culture in Siemens Gamesa

"Empower people to lead the future", this is Siemens Gamesa's purpose.

The purpose of a Company goes beyond selling and delivering to our customers. The purpose is the reason why our Company exists, and it comes from within the organization as well as from the outside. It is also what drives the business strategy, the way the Company is organized, how decisions are made, who is hired or not hired, and how the Company and employees grow.

5.1.1 Culture of Trust

The purpose of Siemens Gamesa is to be sustained by trust. Without it we cannot expect people to feel they can design and lead the future. We therefore need a culture of trust to turn our purpose into a reality and to become the kind of organization we want to be. The People & Culture integration workstream was established at the start of the merger to ensure and support the development of a shared Company culture across the Group. In June 2018, People & Culture was renamed as Culture of Trust to emphasize the program's goal of establishing a **Culture of Trust across Siemens Gamesa** based on the pillars of 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:** means creating an environment where people have a mandate and trust to act within their area of responsibility. It' non- blaming culture in which self-criticism and failure-culture are care elements and based on which the Company can build on its strength and become more flexible and efficient.
- **Continuous learning**: Continuous Learning means that 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:** means connecting people of different ages, genders, races, religions, sexual orientations, education, and cultures to create an environment 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 unleash the potential of talent. Embracing diversity will lead us to become truly innovative and to find great solutions to the challenges that we need to overcome.

5.1.2 FlexAgility: a New Way of Working

The change process is a long-term dream and this project is a clear example of how we want things to be in the future. The new way of working at Siemens Gamesa will be open, flexible and digital.

As identified in the L3AD2020 program's Change Management module, our goal is to become a single Company with a world-class team, a team in which everyone feels a sense of empowerment and ownership. An outstanding example of this are the Culture Hackers, a group of employees who truly believe in change and unity. They suggested that we had to share a common Culture of Trust, state-of-the-art IT and innovative office concepts that would open up a space for creativity, collaboration and personal responsibility in order to fully develop our individual potential and thereby give our best towards achieving the Company's goals.

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

The main changes include spaces to be shared by all employees/multiple teams or organizations without physical separation, specific spaces for high-concentration work and collaborative areas, along with a very limited number of single offices, all of which are supported by the necessary IT tools to perform our jobs and make a pledge of mutual respect. 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.

This is not only a change of furniture or technology; it is a business philosophy and a commitment to openness, collaboration and trust, our culture's main values. We believe it will foster our sense of community and promote the shared mission which is essential for our Company's sustainable success.

5.2 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.

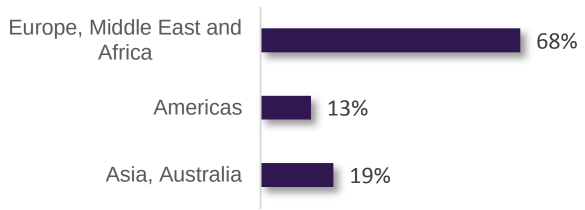
5.2.1 Employees Worldwide

At the end of the reporting period, the total headcount reached 23,034 employees. From a regional perspective, Europe, the Middle East and Africa is the region with the largest proportion of the workforce (68%), followed by Asia and Australia (19%) and the Americas (13%).

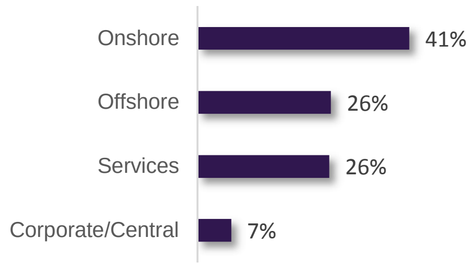
Employees as of 30 September

	FY18	FY17
Europe, Middle east and Africa	15,627	17,120
Americas	3,025	3,432
Asia, Australia	4,382	4,785
SGRE Group	**23,034**	**25,337**

Distribution of Employees by SGRE Regions FY18



Distribution of Employees by Business Units FY18



Workforce Distribution at 30 September

		SGRE Region	FY18	FY17
1.	Austria	EMEA	12	12
2.	Belgium	EMEA	33	20
3.	Bulgaria	EMEA	1	1
4.	Croatia	EMEA	30	28
5.	Czech Republic	EMEA	1	1
6.	Denmark	EMEA	5,283	6,611
7.	Egypt	EMEA	18	18
8.	Finland	EMEA	26	29
9.	France	EMEA	100	96
10.	Germany	EMEA	2,345	2,344
11.	Greece	EMEA	16	16
12.	Hungary	EMEA	119	135
13.	Iran	EMEA	9	5
14.	Ireland	EMEA	102	104
15.	Israel	EMEA	1	1
16.	Italy	EMEA	91	90
17.	Jordan	EMEA	1	1
18.	Mauretania	EMEA	4	-
19.	Morocco	EMEA	542	619
20.	Netherlands	EMEA	126	133
21.	Norway	EMEA	22	24
22.	Poland	EMEA	85	97
23.	Portugal	EMEA	8	9
24.	Romania	EMEA	14	18
25.	South Africa	EMEA	40	34
26.	Spain	EMEA	4,534	4,261
27.	Sweden	EMEA	62	74
28.	Turkey	EMEA	53	53
29.	U. Kingdom	EMEA	1,952	2,287
30.	Brazil	AMERICAS	549	600
31.	Canada	AMERICAS	121	232
32.	Chile	AMERICAS	41	32
33.	Costa Rica	AMERICAS	3	3
34.	Dominican Rep.	AMERICAS	1	1
35.	Honduras	AMERICAS	3	2
36.	Mexico	AMERICAS	291	223
37.	Nicaragua	AMERICAS	-	1
38.	Peru	AMERICAS	9	8
39.	Uruguay	AMERICAS	20	15
40.	USA	AMERICAS	1,985	2,316
41.	Australia	ASIA, AUSTRALIA	58	54
42.	China	ASIA, AUSTRALIA	1,309	1,378
43.	India	ASIA, AUSTRALIA	2,879	3,226
44.	Indonesia	ASIA, AUSTRALIA	4	4
45.	Japan	ASIA, AUSTRALIA	18	21
46.	New Zealand	ASIA, AUSTRALIA	5	7
47.	Philippines	ASIA, AUSTRALIA	30	34
48.	Singapore	ASIA, AUSTRALIA	11	10
49.	South Korea	ASIA, AUSTRALIA	11	8
50.	Sri Lanka	ASIA, AUSTRALIA	9	12
51.	Taiwan	ASIA, AUSTRALIA	13	8
52.	Thailand	ASIA, AUSTRALIA	26	23
53.	Vietnam	ASIA, AUSTRALIA	8	-
SGRE total			**23,034**	**25,337**

During the reporting period, the number of hirings reached 2,466; Europe, Middle East and Africa being the region with the largest proportion (71 %) of hiring.

In the same period there were 4,853 employee exits, of which 2,026 were voluntary (42%). [401-1]

Employee Hires

(number)	FY18	FY17
Europe, Middle east and Africa	1,749	1,185
Americas	414	214
Asia, Australia	3032	442
SGRE Group	**2,466**	**1,841**

Women Hired

(as percentage of the new hires)	FY18	FY17
Europe, Middle east and Africa	20.18	20.92
Americas	18.11	15.42
Asia, Australia	21.78	12.89
SGRE Group	**20.03**	**18.35**

Employee Voluntary Exits

	FY18	FY17(6m)
Europe, Middle east and Africa	1,203	724
Americas	349	180
Asia, Australia	474	245
SGRE Group	**2,026**	**1,149**

The overall employee turnover rate for the reporting period was 8.8%.

5.2.2 Age Structure

The age structure in the fiscal year 2018 was dominated by the under-35 age group (39.12%), followed by employees aged 35-44 (36.16%); 45-54 (18.54%); 55-60 (4.24%) with those over 60 accounting for 1.94%.

Overall, the average age of employees within the Group is 38.20 at the end of fiscal year.

Age Structure as of 30 September

FY 2018 (percentage)	<35	35-44	45-54	55-60	>60
Europe, Middle east and Africa	31.55	39.15	22.41	4.79	2.08
Americas	41.51	30.46	17.56	6.64	3.80
Asia, Australia	64.44	29.41	5.40	0.59	0.13
SGRE Group	**39.12**	**36.16**	**18.54**	**4.24**	**1.94**

(*) Due to rounding final figure may not sum 100%

FY 2017 (percentage)	<35	35-44	45-54	55-60	>60
Europe, Middle east and Africa	33.66	37.39	21.76	5.17	2.00
Americas	43.45	29.51	17.54	5.96	3.52
Asia, Australia	70.25	24.73	4.40	0.48	0.12
SGRE Group	**41.90**	**33.94**	**17.92**	**4.39**	**1.85**

(*) Due to rounding final figure may not sum 100%

5.2.3 Learning and Training

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 as a way 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] During the reporting period 17,897 employees received training (78% of the total) with a cumulative number of training hours of 619,257.

Training Hours of Employees

(number)	FY18	FY17(6m)
Europe, Middle east and Africa	504,284	218,009
Americas	49,387	34,448
Asia, Australia	65,586	34,355
SGRE Group	**619,257**	**286,812**

The Group had 507 graduates- Including Interns, apprentices and students - at the end of the reporting period, of which 421 (83%) were internal, that is to say, they were paid for work while pursuing a course of study.

Graduates

(number)	FY18	FY17
Internal	421	491
External	86	92
SGRE Group	**507**	**583**

Moreover, Siemens Gamesa has talent management tools that incorporate individual development plans for a number of 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 70-20-10 [19] 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.

[19] 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

In addition to global principles and programs, learning activities are also usually included as part of local collective bargaining agreements.

5.2.4 Labour Relations

Siemens Gamesa and its Group have 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] Our Group promotes and implements workers' right to freedom of association, union membership and the effective right to collective bargaining. The importance of 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 is playing a very 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 with the aim of establishing a closer and more flexible space for Social dialog.

Additionally, agreements reached prior to the merger, such as the Global Framework Agreement signed by legacy Gamesa, the IndustriALL Global Union, CCOO de Industria, MCA-UGT and FITAG-UGT on social, labor and environmental matters, are currently in force and represent the first global agreement to guarantee labor rights by a company in the renewable energy sector.

As stated in the Business Conduct Guidelines, Siemens Gamesa is member of the UN global Compact. Its ten Principles, and the Global Industrial Union Framework Agreement are binding on the entire Company. That means than 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 recent global restructuring process involving up to 6.000 employees worldwide, 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).

5.3 Diversity and Equal Opportunity

Everything we do at Siemens Gamesa is based on trust — trust in its amazing workforce drives Siemens Gamesa ever closer to its goals on a daily basis. 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.

The Group has a Diversity and Inclusion Policy[20] in place, the principles of which apply to all geographic regions where is present. It aims to ensure equality and inclusion and avoid any kind of discrimination based on race, gender, civil status, ideology, political opinions, nationality, religion or any other personal, physical or social characteristic. The Diversity Committee oversees its fulfillment in a working environment that fosters dignity and respect for all. Evidence of diversity within the Group's workforce is that 97 distinct nationalities are employed across the world.

[20] See Group policy on Diversity and inclusion [Link]

[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 2018 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. 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.

For instance, 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 currently exceeds the target of having a presence of women of at least 30% sitting on the Board by 2020, established in the "Policy on selecting Directors", approved by the Board of Directors on 23 September 2015. To this respect, the Company has 6 women on its Board of Directors, representing 46% of its members at 30 September 2018.

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

Proportion of Women

(as a percentage of total employees)	FY18	FY17
Europe, Middle east and Africa	21.08	19.95
Americas	20.23	19.70
Asia, Australia	10.20	9.37
SGRE Group	**18.90**	**17.92**

Siemens Gamesa had 278 employees holding management positions at the end of the reporting period, 11% of whom were women. This proportion is expected to continue growing in accordance with the application of best working practices.

Employees in Management Positions

(number)	FY18	FY17
Europe, Middle east and Africa	227	218
Americas	33	40
Asia, Australia	18	30
SGRE Group	**278**	**288**

The revolutionary "Cuxhaven Recruiting Project" has won the Global HR Award at the Global Leadership Center in Feldafing, Germany for the development of a groundbreaking lean system, which completely transforms the recruitment procedures within the Company. An effective collaboration between all HR partners, including Workers' Councils and hiring managers, impressively shortened the Cuxhaven hiring time from a couple of weeks to 60 minutes only. Significantly reducing contract handout time is a strong competitive advantage for the organization, especially when it comes to discovering and retaining the best talents within the wind power industry.

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.

5.4 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.

Employees on Leave of Absence

(number)	FY18	FY17
Europe, Middle east and Africa	639	740
Americas	12	36
Asia, Australia	2	1
SGRE Group	**653**	**777**

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.

The Company values set the basis for our Compensation & Benefits Programs

Pay **competitive and fair** and target market median	Focus on **easy to understand design**	**Ensure administration** with adequate effort	Aligned with **business plan**	**Recognize and reward** performance
VALUING PEOPLE	**INNOVATIVE-NESS**	**CUSTOMER FOCUS**	**RESULT ORIENTATION**	**IMPACTFUL LEADERSHIP**

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 a short-term incentive program for about 30% of the employee population. To support the integration process after the Merger of Gamesa and Siemens Wind Power in April 2017, the globally applicable target structure for the Short-term incentive is composed of 70% overall Siemens Gamesa key performance Indicators and 30% Individual Targets.

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." [21]

[21] 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]

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.

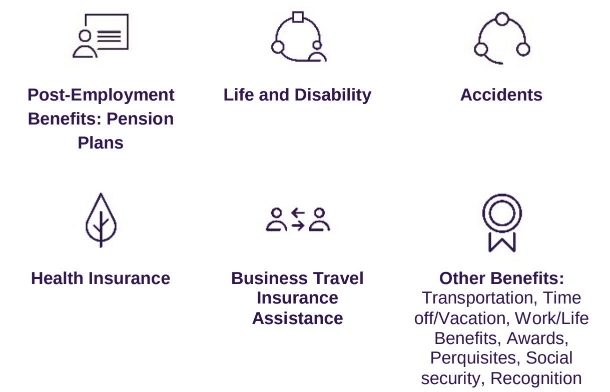
By applying the three pillars that activate the purpose of contributing to the creation of a culture of trust, the benefits policy ensures Siemens Gamesa employees are protected against the risks associated of a loss of health, death and old age.

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.

SGRE Benefits



Siemens Gamesa's benefits complete individuals' compensation to offer an attractive and market competitive compensation and benefits package.

- o 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.
- o Benefits fulfil the duty of protection: Protecting employees against the consequences of an event 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:

- **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.
- **Innovative-ness** — Our benefits regard 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.

The amount Siemens Gamesa invested in benefits for its employees across the world last year amounted to around €85 million, 70% of which was allocated to retirement plans.

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.

We are currently offering defined benefit plans having an overall obligation amounting to €41 million in the following countries:

Austria, Belgium, Croatia, Czech Republic, Egypt, France, Germany, Greece, Hungary, India, Iran, Italy, Philippines, Poland, Thailand, Turkey, USA.

5.5 Occupational Health & Safety

Occupational health & safety is an essential part of our Business Code of Conduct, risk management and internal controls. Excellence in safeguarding occupational health and safety is also linked to some of the UN's Sustainable Development Goals (SDGs), namely Good Health (Goal 3), Decent Work and Economic Growth (Goal 8) and Peace and Justice (Goal 16)[22].

At our production facilities and across our project sites, we continuously drive improvements related to health and safety that are continuously monitored through our internal systems. Furthermore, we work across our value chain on industry-driven initiatives and networks that focus on health and safety in the wind industry to raise awareness and adopt best practices, which typically include customers and suppliers, industry associations, research institutes or similar.

5.5.1 Zero Harm Culture

Siemens Gamesa is fully committed to ensuring a strong safety and zero-harm culture across the entire business: for employees, suppliers, customers, other stakeholders, and society at large. Working safely is a precondition for all the work we do and we will only become the global industry leader if we are also the leader in health and safety.

The Company has launched several initiatives to foster and promote a zero-harm culture, such as the following:

5.5.5.1 Safety is my Choice

This global initiative was kicked off June 27, 2018 with a formal interview by our CEO and Head of Corporate and Offshore QM&HSE. It aims to bring focus onto the individual by reminding employees that they are responsible for their own and their co-workers' safety, where:

***"**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 provides the processes, tools, equipment and encouragement to create a zero-harm culture, but it is up to individual employees to make use of them on a regular basis. Safety always needs to be an individual choice.

The initiative seeks to ensure that safety is seen as a positive aspect of working for Siemens Gamesa, not a disturbance. Safety is all about being alive, staying healthy and taking care of each other. Furthermore, the initiative seeks to involve employees in defining the sub-activities within the wider initiative, starting off with a proposal for slogans and posters to be used company-wide. The assumption is that employee interest levels and adoption rates are likely to increase if they are responsible for and empowered to design the content based on the real-life situations they face in their daily work.

5.5.1.2 Behavioral Safety

Carried out in collaboration with external partners having extensive experience in occupational health and safety practices, this initiative aims to reduce work-related accidents. This is done through an identification and an integration phase. In the identification phase, three main steps are carried out:

1. Evaluate the preventive culture starting point through interviews, surveys, visits and workshops.
2. Define the Company's ambition.
3. Set improvement plans based on best practices for both employees and contractors.

In the integration phase, two main steps are carried out:

a. Determine additional opportunities for safety integration in our operations acknowledging there are no off-the-shelf solutions, but need to be adapted to each location's culture and reality.
b. Initiate training of line managers in safety management.

5.5.1.3 Ownership Ambassador Program

The "Ownership Ambassador Program" consists of a group of employees, who collaborate with the management team on two focus areas: 1) putting the nine (9) Leadership Commitments into practice; and 2) encouraging an ownership culture which is a state of mind as well as our business's foundation.

The "Ownership Ambassador Program" was integrated into the "Culture of Trust Program" as from October 1, 2018.

Siemens Gamesa values describe six attitudes (Result Orientation, Impactful Leadership, Customer Focus, Ownership, Attitude Innovativeness, Valuing People) that help build the atmosphere of trust, needed to put people and their talents at the center of our work. The values define the foundation on which our shared Company culture will grow.

---

[22] International Labour Organization [Link]

5.5.1.4 Framework - Building Common Ground

The purpose of Siemens Gamesa must be sustained by trust. Without it we cannot expect people to feel they can design and lead the future. We therefore need a culture of trust to turn our purpose into a reality and to become the kind of organization we want to be.

The Culture of Trust framework has trust at the very center. Once we build an atmosphere of trust we must work on three other different pillars: Empowerment, Diversity and Continuous Learning. These four blocks will each contain courses of action to work towards attaining those elements at Siemens Gamesa.

The 9 leadership Commitments

5.5.1.5 Trust

Trust is personal and it's the basis of any honest and reliable relationship. It means giving autonomy and believing that others will act in each other's best interest. It is built by practicing what you preach, by communicating in an authentic and transparent way.

Trust is fundamental. Employees in high trust organizations are more productive, have more energy at work and collaborate better with their colleagues than people working for low-trust organizations.

5.5.1.6 Empowerment

Empowerment helps to create an environment where people have a mandate and trust to act within their area of responsibility. We create a non-blaming culture in which self-criticism and failure-culture are core elements. The Company can build on its strength and become more flexible and efficient.

5.5.1.7 Diversity

Diversity is an intangible asset that connects people of different ages, genders, races, religions, sexual orientations, educational levels, and cultures. We want to create an environment where diverse teams feel comfortable and can give the most of themselves. By being inclusive and open we will become the leader in renewable energy by providing creative and innovative solutions thanks to the different mindsets of such a rich workforce.

5.5.1.8 Continuous Learning

An organization that focuses on continuous learning 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 as a way to learn and develop, and we invest the time to do so.

5.5.2 Occupational Health & Safety Management System

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

This management system is part of Siemens Gamesa's Integrated Management System which consists of both global and local procedures around various health, safety and environmental (HSE) topics and serves as the basis for certification and internal and external audits.

[403-1] As a general rule, all the workforce at any location are represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. The setting up of these committees ensures joint participation in the design of the occupational risk prevention policy and in control over the implementation of measures aimed at promoting health and safety improvements in working conditions.

5.5.3 Health & Safety Policy

The Siemens Gamesa Policy[23] provides clear direction and specific objectives with regards to Quality, Health, Safety and Environment. It is based on six pillars which form the basis of how our combined strategy and activities for HSE are categorized in Siemens Gamesa. The policy 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 indicates a zero tolerance toward negligence in respect of health and safety as well as a commitment to continuous improvement. Together, with our Business Conduct Guidelines[24] it defines ambitions related to the protection of occupational health and safety as well as personal security.

As regards health:

"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".

As regards safety:

"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".

As regards security:

"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".

5.5.4 Health & Safety Targets and Performance

5.5.4.1 Safety Statistics

[403-2] Incident management is governed by a global procedure and internal controls, which outline 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 injuries (LTI) within the Group amounted to a total of 99. As a result, the overall employee Lost time injury frequency rate reached 2.10 at the end of the period. This rate (LTIFR) is calculated for a 1,000,000-working hour's period, and includes all accidents that result at least in one lost day of work. As for contractors, this rate was 2.22. The combined rate for employees and contractors was 2.14 at the end of the reporting period.

LTIFR Employees and Contractors

(rate per million hours worked)	FY18	FY17(6m)
Employees	2.10	2.00
Contractors	2.22	2.60
Total	**2.14**	**2,25**

The number of Total Recordable Injuries (TRI) amounted to 371. As a result, the overall Total Recordable Injury Rate (TRIR) reached 5.10 by the end of the reporting period. The TRIR is calculated for a 1,000,000/working hour's period and includes all fatalities, lost time cases, restricted work injuries and medical treatment cases.

During the reporting period, Siemens Gamesa regrettably reported one fatality related to one of our contractors. Siemens Gamesa takes every occupational injury incident very seriously and an internal investigation was launched as a result.

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.

5.5.4.2 Safety Prevention

The Company 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 on all of them and on the education and training processes that work toward their eradication.

The Group acts proactively to analyze the root causes of accidents and is equipped with management indicators which show the attainment level of this working philosophy in day-to-day management. This includes, for example, the performance of safety inspections (13,566), safety observations (41,288) and health & safety audits (257) at the end of the reporting period.

[23] Siemens Gamesa Policy [Link]

[24] Siemens Gamesa Business Conduct Guidelines [Link]

Safety Prevention

(number)	FY18	FY17(6m)
Safety inspections	13,566	7,682
Safety observations	41,288	18,667
Health & safety audits	257	61

Siemens Gamesa works to create a distinctive and singular prevention culture and expertise in this field is extensive within the Company.

5.5.4.3 Occupational Illness

The occupational illness frequency rate (OIFR) for employees ended the fiscal year at 0.594, calculated solely based on cases of occupational illness recognized by the Employers' Liability Insurance Association.

OIFR Employees (*)

(number)	FY18	FY17(6m)
Employees	0.594	0.351

(*) Relative to 1,000,000 hours worked

[403-3] Siemens Gamesa Renewable Energy conducts preventive screening of the 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.

5.5.4.4 Healthy Workplace

Employee health and well-being is a great priority at Siemens Gamesa because that it is a prerequisite for high productivity and innovation. Some examples of what Siemens Gamesa 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.

5.5.5 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 SGRE products or the activities related to manufacturing, installing, operating and decommissioning.

Management procedures are in place to establish responsibilities, work flows and activities to ensure component designs are optimal and prevent 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 where 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.

Siemens Gamesa conducted a series of fire safety research actions in 2018 to improve our understanding of the effect of built-in safety systems and features as well as the necessary efficiency requirements in our emergency procedures. We offer greater security for our service technicians and customers through upgrades to both new product and the existing fleet.

5.5.6 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, 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.

This program's main accomplishments in 2018 included:

- Developed a checklist for supplier visits that allowed for a quick assessment of their HSE management system and any HSE observations at facilities or project sites;
- Completed specific HSE awareness-raising training actions for all regional teams;
- Increased Supplier Lead Auditor base with HSE auditing competences in certain regions;
- Systematic HSE focused audits conducted at critical suppliers and contractors in all regions;
- A database for HSE incidents was set up at suppliers and contractors and performance baseline data collected;
- HSE improvement programs were initiated to support suppliers reporting critical incidents or performance data.

Siemens Gamesa also actively participated in WindEurope's "Sustainable Supply Chain Project" through the Sustainability Working Group in the FY18 reporting period. The project's aim is to develop a joint industry auditing platform whereby adopting a sector approach to supply chain sustainability comes as an answer to reducing costs and maintaining competitiveness. As part of the first work package, the project members drafted and agreed to a set of voluntary, non-binding industry principles, which were approved by the WindEurope Board on September 1, 2018. The project is set to continue into WindEurope's 2019 working program and Siemens Gamesa will continue to contribute to the project's developments.

6. Green Development

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.

6.1 Environmental Governance

6.1.1 Code of Conduct for Suppliers and Third-Party Intermediaries

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 [25] 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 and was revised and published on July 6, 2018.

6.1.2 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.

Furthermore, Environmental Management Systems (EMS) are in place at all Siemens Gamesa locations worldwide as well as in the central administration offices. This accounted for 114 locations in 2018, all of which have been certificated according to the latest version of the ISO 14001:2015 standard. The certification scope covers all functional areas and core processes related to product design, procurement, component manufacturing, sales, project execution and service.

The EMS provides a structured framework to monitor, control and improve our environmental aspects. It covers both risks and opportunities when planning and carrying out activities related to our operations, products and services. Like the Occupational Health & Safety Management System, the EMS is part of Siemens Gamesa's Integrated Management System which consists of both global and local procedures on various health, safety and environmental (HSE) topics and serves as the basis for certification and internal and external audits.

The "HSE Process Integration Project" was established in 2018 to consolidate all pre-existing HSE process from each legacy organization. For each process, topic specialists from each of the former legacy companies and representing each of the three business units (onshore, offshore and service) participated. Two three-day workshops were conducted that consisted of the following steps: 1) processes prioritized, 2) requirements mapped from legacy procedures, 3) requirements specified for new procedures and formulated into tangible deliverables; 4) procedures drafted; and 5) procedures reviewed and published.

[25] See: Code of Conduct for Suppliers and Third Party Intermediaries [Link]

6.1.3 Siemens Gamesa Policy

The Siemens Gamesa Policy[26] 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.

Six pillars in the Siemens Gamesa Policy:

1. Leadership commitment
2. Compliance assurance
3. Risk management
4. Stakeholder engagement
5. Product stewardship
6. Operational excellence

Further, 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**"**.*

6.2 Climate Strategy

The Group 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.

6.2.1 Climate Change Policy

Aware that climate change is a fundamental threat to markets and sustainable development, the Group has adopted a Climate Change Policy [27], 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 replace 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.
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.

[26] See: Siemens Gamesa Policy [Link]

[27] Climate Change Policy [Link]

This policy was revised and endorsed by the Board of Directors on September 12, 2018.

The Company has made undertakings to several business initiatives aimed at reducing greenhouse gas emissions, such as the American Business Act on Climate Pledge[28] or the Paris Pledge for Action[29].

6.2.2 Climate Risks and Opportunities

Siemens Gamesa's has integrated processes for identifying, assessing and managing climate-related related risks and opportunities and for setting absolute reduction and efficiency targets related to emissions.

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 updated by the Audit and Compliance 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 5-10 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.

6.2.2.1 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.

6.2.3 Carbon-Neutral Strategy

Siemens Gamesa has accepted the challenge of attaining carbon neutrality by 2025. Becoming carbon neutral is one of the most ambitious targets an organization can commit itself to. This decision was encouraged by several climate change aspects, such as anticipating future regulations, the need to adapt to changing market landscapes and to leverage new opportunities.

Carbon neutrality in Siemens Gamesa includes measuring, reducing and/or offsetting the CO_2 generated directly or indirectly by the Company. The global roadmap for meeting this commitment includes a combination of adaptation and mitigation actions, such as:

6.2.3.1 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 6.3.1.

6.2.3.2 Electricity Supply from Renewable Energy-based Sources

Siemens Gamesa will continue to transition its electricity supply from renewable sources. A significant share of our locations in Denmark, Germany and Spain are already supplied with renewable energy.

Currently, 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 will also investigate the feasibility of implementing renewable energy generating technologies at facility or project sites in the future.

[28] See American Business Act on Climate Pledge [Link]

[29] See Paris Pledge for Action [Link]

6.2.3.3 Offset 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. These projects could involve offsetting our greenhouse gas (GHG) emissions either through investments in Clean Development Mechanism (CDM) projects or alternatively in sink projects involving reforestation actions.

6.2.3.4 Green Mobility Plan to Reduce Fleet Emissions

Siemens Gamesa is currently defining and implementing a sustainable mobility plan to reduce the Company's energy consumption and, consequently, its Scope 1 and Scope 2 GHG emissions. The main action will be to replace part of the existing company vehicle fleet with plug-in hybrids, electric vehicles or the best available and reliable technology on a market. Subcontractor's vehicles are excluded (Scope 3) from the mobility plan.

6.2.3.5 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 will be verified by an independent party, according to ISO 14064-3, with a limited assurance scope pursuant to ISAE 3410.

6.2.3.6 Science Based Targets Initiative (SBTi)

The Science Based Targets Initiative (SBTi) is a collaborative initiative between the Carbon Disclosure Project, the United Nations Global Compact, World Resources Institute, the World Wild Life Fund for Nature, and the We Mean Business Coalition.

The SBTi encourages companies to make a commitment to measurable carbon emission reductions to the level needed to meet the 2-degree Celsius warming target set in the Paris Climate Accord. With technical resources, case studies, and promotional events, SBTi is working toward science-based reduction targets becoming a standard business practice by 2020. Nearly 500 companies have already made the commitment, of which 100 companies have already turned their commitments into targets, and SGRE is proud to join their ranks.

During the Global Climate Action Summit, Siemens Gamesa announced its formal commitment to the SBTi in September 2018.[30]. By doing so, the Company undertakes to developing measurable, science-based emissions reduction targets within the next two years, which will be independently validated by the SBTi's team of technical experts.

6.3 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. Siemens Gamesa is in the process of implementing a new environmental software that allows for data collection and the generation of real-time trends for subsequent analysis.

6.3.1 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.

[302-3] Total internal energy consumption amounted to 1,049,597 gigajoules in the reporting period. Hence, the figure for energy consumption per employee and year could be estimated to 45.56 GJ/employee/year.

Natural gas is the most relevant primary energy source, representing 63 % of the total primary energy demand.

[30] Press Release on Siemens Gamesa's commitment to the SBTi [Link]

Total electricity consumption for the reporting period amounted to 563,815 GJ, of which the share of renewable electricity amounted to 71%. Additionally, 26% of the natural gas consumption was based on certified biogas.

Primary Energy

(gigajoules-GJ)	FY18	FY17(6m)
Natural gas	243,458	81,336
Fuel oil	85,029	47,780
Gasoline/Diesel	39,759	12,211
Liquefied petroleum gas (LPG)	18,213	7,992
Total Primary Energy consumption	**386,459**	**149,319**

Secondary Energy

(gigajoules-GJ)	FY18	FY17(6m)
Electricity from standard fuel combustion sources	160,829	121,685
Electricity from renewable sources	402,986	168,996
District heating	99,323	35,570
Total Secondary Energy consumption	**663,138**	**328,251**

Total Energy

(gigajoules-GJ)	FY18	FY17(6m)
Total Energy consumption	**1,049,597**	**477,570**

6.3.2 Greenhouse Gas Emissions (GHG)

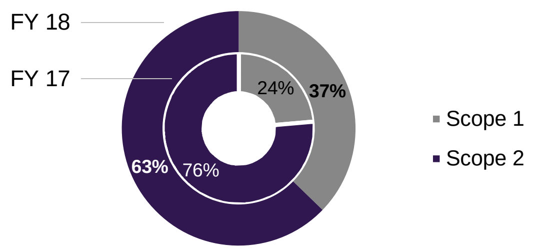
Siemens Gamesa measures its direct and indirect emissions on an annual basis according to the requirements set forth in ISO 14064-1. To compile the emissions inventory, the following GHG's are taken into consideration in accordance with ISO 14064-1: CO_2, CH_4, N_2O, SF_6, PFCs and HFCs.

Total Emissions

(t CO2-eq)	FY18	FY17(6m)
GHG Emissions Scope 1	22,865	10,808
GHG Emissions Scope 2	38,502	35,085
GHG Emissions total	**61,367**	**45,893**

The Company's total emissions of $CO_{2\text{-eq}}$ under Scope 1 and Scope 2 amounted to 61,367 tons $CO_{2\text{-eq}}$ during the reporting period.

GHG Emissions Share 2017 and 2018



6.3.2.1 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 22,865 $tCO_{2\text{-eq}}$.

6.3.2.2 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 38,502 $tCO_{2\text{-eq}}$.

6.3.2.3 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 2.66 $tCO_{2\text{-eq}}$ /employee.

6.3.2.4 GHG Emissions Offset

Siemens Gamesa had two wind power projects registered in 2018 as Clean Development Mechanism (CDM) under the United Nations standards (UNFCCC). These projects generate Certified Emission Reductions (CER) that are used to offset GHG emissions. Both projects are in the state of Oaxaca in Mexico and are 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.

CDM Projects to Offset GHG Emissions

Project	Bii Nee Stipa	Bii Nee Stipa III
Location	Juchitan de Zaragoza, Oaxaca (Mexico)	Juchitan de Zaragoza, Oaxaca (Mexico)
Crediting period	31.12.2008 – 30.12.2018	31.12.2010 – 30.12.2020
CER verified	309,979 metric tonnes CO_2 eq per annum	291,246 metric tonnes CO_2 eq per annum
Project Link	[Link]	[Link]

6.3.3 Atmospheric Pollutant Emissions

[305-6] 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. We use these organic compounds as solvents in paints and adhesives, in impregnation processes, and for surface cleaning.

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.

Atmospheric pollutant emissions

(metric tons)	FY18	FY17(6m)
Volatile organic compounds (VOC)	254	150
Ozone depleting Substances (ODS)	0	0

Quantitative measurements are conducted at each air emission source by an authorized third party, when required by authorities.

6.3.4 Waste

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. [306-2]

We differentiate between hazardous and non-hazardous waste, being that this material arises directly from our production facilities and project sites. Hazardous and non-hazardous waste categories are further divided into recyclable waste and waste for disposal.

The total volume of waste amounted to 47,805 tons in the reporting period. The ratio of hazardous waste generation to non-hazardous waste generation is set up at 1:11, and the waste overall recycling rate was 69%.

Waste Production

(metric tons)	FY18	FY17(6m)
Hazardous waste | Recyclable	1,892	1,301
Hazardous waste | Non recyclable	2,112	893
Non-Hazardous waste | Recyclable	31,006	18,092
Non-Hazardous waste | Non-recyclable	12,795	4,100
Total waste generation	**47,805**	**24,387**

Note: to simplify, these figures are rounded.

6.3.5 Water

[303-1] [303-3] 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.

Total water consumption in the period amounts to 445,638 cubic meters. Water consumption without chemically unchanged cooling water represents close to 1 % of the water consumption balance.

Water Consumption

(cubic meters)	FY18	FY17 (6m)
Fresh water	428,835	181,744
Underground water	6,673	9,471
Ground and surface water for cooling purposes (*)	10,130	5,360
Total water	**445,638**	**196,575**

(*) 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 i) withdrawals which amounted to more than 5% of the total annual average of any water mass, or ii) 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, or iii) 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 451,176 m3. Most of effluents discharged are linked to the use on manufacturing processes.

Wastewater Produced

(cubic meters)	FY18	FY17(6m)
Wastewater from employee facilities	139,011	45,345
Wastewater form manufacturing processes	220,819	73,276
Other wastewater (incl.losses)	81,216	13,412
Total waste water without chemically unchanged cooling water	**441,046**	**132,033**
Cooling water (returned to receiving water body chemically unchanged, but warmed)	**10,130**	**5,360**
Total wastewater	**451,176**	**137,393**

6.3.6 Substances

Siemens Gamesa has implemented a substance management process to achieve a safe and environmentally sustainable use of chemical products involved in our activities.

The relevant procedure is to be applied in wind turbine design and development as well as in the procurement, materials handling, transport and import/export of components, and also 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.

6.3.7 Environmental Incidents

6.3.7.1 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 308 spills were recorded in 2018 during this reporting period, which ranged from 0 to 240 liters, apart from a spill amounting to 1,700 liters of oil released from a pad-mounted transformer. All spills were reported and corrected in accordance with internal procedures. None of these spills required any exceptional corrective measures. [306-3]

6.3.7.2 Stakeholder Complaints, Fines and Non-Monetary Sanctions

In 2018, 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).

6.3.8 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 (refer to 6.1). 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.

A total of 125 improvements were formally proposed or initiated during 2018 in our action plan registry and a total of 70 improvements were completed. Another 36 remained in progress and carried over to the next fiscal year.

A variety of actions aimed at reducing energy consumption and increasing energy efficiency were implemented, which led to energy savings of 68,157 GJ.

Additional actions aimed at reducing waste and improving waste treatment methods according to the waste hierarchy were implemented, which led to waste savings of 1,911 tons.

An awareness-campaign and exhibition were held at our offshore blade production facility in Aalborg, Denmark to show the amount of raw materials consumed and the amount of waste generated to produce a single 75m blade. The aim was to raise awareness about the importance of reducing waste, improving waste sorting and encouraging more responsible design and production. The exhibition lasted a week and a total of 850 employees from the various administrative departments and production teams saw it. A total of 40 "just-fix-it" ideas were also received based on the inputs received from the employees who visited it.

Huge amounts of wood accumulate from the shipment of components at our onshore nacelle production facility in Brande, Denmark. In 2018, 88 tons of wood from packaging were diverted from Siemens Gamesa's waste stream and reused by the Varde STU Center, a local school. The wood was used by the students to produce tables, benches and shelters as part of their vocational training. An additional four tons of wooden pallets were sold to another supplier for reuse as packaging material in the same reporting period.

A campaign was launched in our South Europe and Africa region to raise awareness about climate change and the importance of environmental protection. Key messages included the need to reduce CO_2 emissions and Siemens Gamesa's ongoing commitment to combat climate change. The campaign emphasized the amount of CO_2 avoided as a result of the wind farms installed in the region to raise employees' awareness and encourage them. A short video was also distributed to the target audience. This campaign will continue and include additional videos on different environmental protection topics which will be released gradually.

6.4 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.

6.4.1 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 2018, 6.7 GW of wind energy was installed helping our customers further reduce their emissions by 18 million tons of CO_2. Cumulatively since 1998, more than 89 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 233 million tons of CO_2 per year.

6.4.2 Life Cycle Assessments (LCA)

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 $CO_{2\text{-eq}}$ emissions per kWh to grid.

Lifecycle Assessments (LCA) and Environmental Product Declarations (EPD)

	FY18	FY17
# Full-scale LCAs	16	15
# Screening LCAs	1	1
# EPDs	14	13

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 SG 8.0-167 DD.
- 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).

6.4.3 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.

6.4.4 Life Cycle Responsibility

Siemens Gamesa continuously works on improving the end-of-life phase. For example, we offer extended lifetimes regarding both design and also though the aforementioned 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.

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.

Our participation in research consortiums such as these supports Siemens Gamesa's 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.

6.5 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 up paths and remove vegetation.
- Prolonged human presence which temporarily affects the behavior of species of fauna in a generally reversible way.
- Potential specifies 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.

7. 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.

7.1 Supply Chain Management (SCM) principles

At all times, our message to suppliers is that they must share with us the common goal of behaving in an ethical, law-abiding manner. 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** [31]

As a foundation on sustainability for suppliers, and compliant to the Group policy, the **Code of Conduct for Suppliers** was[32] released in fiscal year 2018 setting out the Group's binding requirements. The Code of Conduct for Suppliers and Third-Party Intermediaries sets standards to ensure that working conditions in our supply chain are safe, that workers are treated with respect and dignity, and that business operations with suppliers are ethical, social and environmentally responsible.

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

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

The work performed by the Supplier Lifecycle Management (SLM) community, which Siemens Gamesa has set up and engaged with, encompasses sustainability topics. The procurement integration team defines and implements any new joint processes that support the common vision of both legacy companies. The aim is to keep best practices in place and to take advantage of the opportunity to include innovations and optimized procedures in the new Company which have an impact how we select and qualify our suppliers and how we monitor their performance and develop them to attain top quality.

7.2 Sustainability in the Supply Chain

7.2.1 Mapping Siemens Gamesa Supply Chain

[102-10] Siemens Gamesa purchased almost €6 billion from approximately 17,000 tier-1 suppliers in fiscal year 2018, our first full joint year. These suppliers have been impartially screened and assessed for high standards compliance with our excellence value.

Purchasing Volume

(in euros)	FY18	FY17
Europe, Middle east and Africa	4,184,511,490	4,198,566.810
Americas	978,237,630	1,970,222.138
Asia, Australia	867,251,580	1,666,894.092
SGRE Group	**6,030,000,700**	**7,835,683.040**

(*) Purchase volume based on closed purchasing orders, not on accruals.

Number of tier-1 Suppliers

	FY18	FY17
Europe, Middle east and Africa	10,162	10,285
Americas	3,506	4,022
Asia, Australia	3,383	3,650
SGRE Group	**17,051**	**17,957**

[31] See Supplier relationship policy [Link]

[32] See Supplier Code of Conduct [Link]

Critical suppliers: The Group deems a supplier as critical when it meets the following conditions: i) the purchase volume (PVO) exceeds €50,000; ii) if they operate or are based in a country at risk; iii) there is a financial risk with the supplier; and iv) no natural replacement is available for the supplier.

The number of Siemens Gamesa's critical suppliers classified under these conditions numbered 1,061 in fiscal year 2018 and they accounted for 34% of the year's total procurement volume; in other words, around €2 billion.

Number of Critical Suppliers

	FY18	FY17
Europe, Middle east and Africa	487	-
Americas	255	-
Asia, Australia	319	-
SGRE Group	**1,061**	**-**

Sustainability high-risk suppliers: Additionally, Siemens Gamesa considers that suppliers affected by high sustainability risks are the ones operating in higher risks countries (corruption, labor practices and EHS), affected by high or medium-high financial risks, and not participating or scoring "low" in the Supplier Code of Conduct compliance detection modules (sustainability self-assessments, sustainability audits and SQ 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 number of sustainability high-risk suppliers to Siemens Gamesa under these conditions totaled 792 in fiscal year 2018 and accounted for 22% of the year's total procurement volume; that is to say, almost €1.2 billion.

Number of Sustainability High-risk Suppliers

	FY18	FY17
Europe, Middle east and Africa	268	-
Americas	208	-
Asia, Australia	316	-
SGRE Group	**792**	**-**

7.2.2 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.

Sustainability self-assessments are applied to strategic suppliers or suppliers located in high risk countries (OECD indicator). The responses provided are screened and any suppliers which fail to meet the requirements may be conditionally approved (if issues are not critical) upon implementation of development measures, or immediately blocked from doing any further business with Siemens Gamesa (if issues are critical, especially for compliance issues).

Processes and tools put into place by the Supplier Lifecycle Management (SLM) 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 environmental, health and safety (EHS) related aspects.

7.2.3 Sustainability Requirements for Suppliers

The new Siemens Gamesa Code for Suppliers was released in 2018 and is fully operative.

The Code follows high-standard requirements like the United Nations Global Compact, International Labor Organization (ILO) standards, the Universal Declaration of Human Rights, the EICC Code of Conduct and other benchmarks with demanding stances on sustainability topics, such as legal compliance, prohibition of corruption and bribery, fair operation practices, labor practices and environmental, health and safety protection.

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.

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. The

Codes are part of the supplier registration in S2C (Source-to-Contract) tools, part of General Purchasing Conditions and supply contracts.

Beyond the individual initiatives that our Group undertakes, Siemens Gamesa also takes part in sectorial programs. It is well worth noting that we design and are committed to the Industry Principles for Supply Chain Sustainability within the WindEurope® Sustainability Task Force, which is responsible for stating the industry's views on supply chain sustainability requirements.

7.2.4 Risk Exposure: Identifying Potential Sustainability Risks in the Supply Chain

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

Corporate responsibility and compliance risks are assessed and made available either on an external provider's database or the legacy Siemens SLM tool, while environmental, health and safety (EHS) risks are monitored and compiled by the Supplier Quality Management (SQM) area and made available in internal control and monitoring tools.

Three main risk management tools have been implemented, which include sustainability self-assessments, sustainability as part of the supplier qualification audit and external sustainability audits.

7.2.5 Management of Supplier's Risks

[308-1] [308-2] [414-1] [414-2] A uniform approach is in place to ensure our suppliers' basic qualification includes corporate sustainability self-assessments (CRSA) as a standard element. The Procedures were set in FY18 and will be rolled out during the course of FY19.

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

Supplier quality audits carried out internally include questions about sustainability that cover all aspects and requirements of the Code of Conduct: legal compliance, prohibition of corruption and bribery, fair operation practices, labor practices, EHS and environmental protection.

External sustainability audits are conducted by different external providers on both legacy modules and constitute the most stringent detection module. Monitoring may include re-audits or follow-up audits by our external audit partners.

Suppliers Monitoring

(number)	FY18	FY17
Sustainability Self-Assessments	1,104	2,506
Quality audits with sustainability questions	146	156
External Sustainability Audits	22	68

From the compliance with the internal rules perspective, the total purchasing volume (PVO) of suppliers that have accepted the Siemens Gamesa Code of Conduct for Suppliers and Third-Party Intermediaries is set at 65%, while this percentage raises to 73% when referred to critical suppliers.

7.3 Building Supplier's Competence & Capacity

The Production Part Approval Process (PPAP) — a major area for short and long-term improvement in sustainability matters — has been implemented to ensure suppliers' processes have the capability to deliver products which consistently meet SGRE requirements. It is mandatory for all critical components.

Since its implementation in FY16, 500 supplier PPAPs have been completed at nearly 100 suppliers, covering the platforms G2, D3 & D6/D7/D8.

Supported by the KPI Supplier Delivered Quality, the implementation of PPAP has greatly contributed to a higher component quality. As such, the number of defected parts received from suppliers has been reduced by more than 40% over three years.

Through non-destructive tests (NDT) at Chinese suppliers, a specific NDT HSE self-assessment checklist has been drawn up for suppliers to prevent incidents or near misses involving personal injuries. As a result of this self-assessment, all Chinese suppliers which have initiated NDT and implemented corrective/preventive actions have reduced the risks affecting the employees of both SGRE and suppliers.

No incidents or near misses involving personal injury have been recorded since this self-assessment was implemented.

As far as the reported number of quality and EHS audits and their related corrective actions are concerned, the majority of modules include production suppliers and contractors which have implemented a qualified integrated management system to identify areas needing improvement. Emphasis is now being placed on the generator module, which covers new suppliers and contractors whose integrated management systems have yet to be qualified.

New/Alternative Supplier Development Projects

(number)	FY18	FY17
Europe, Middle east and Africa	78	46
Americas	17	37
Asia, Australia	129	141
SGRE Group	**224**	**224**

In addition, Siemens Gamesa carries out on a regular basis knowledge sharing events on new products, new market requirements, changes in capacity etc. A good example of this is Siemens Gamesa's engagement with Navarra-based suppliers in new markets. Siemens Gamesa's engagement with Navarra-based suppliers to new markets illustrates this well.

Siemens Gamesa is one of Navarra's growth engines: Siemens Gamesa is one of Navarra's driving forces for growth and currently has 350 suppliers in the region, from which its worldwide operations purchased products and services worth over €190 million last year.

The Company is seeking to foster the development of its Navarra-based suppliers by rolling out a plan to support and propel their penetration of new markets by unlocking competitiveness gains and enhancing their productive processes. Against this backdrop, the Company has been working with the regional authorities on the promotion of a value chain in the manufacturing and services industries around renewable energy in Spain and abroad.

This plan is a pioneering initiative in the region of Navarra and encompasses two programs: Suppliers2Excellence, which is focused on advanced management models, and Lean4Future, which is designed to further improve production processes.

Suppliers2Excellence is based on the Advanced Management Model created by the Euskalit Foundation and its trustees, one of which is Siemens Gamesa. This project's implementation will provide participating companies with guidance on how to incorporate advanced management concepts and methodologies to boost their competitiveness and expand their business horizons. The method addresses concepts such as knowledge management, total quality management, managerial excellence, innovation and corporate social responsibility, among others.

At the same time, Siemens Gamesa has started up a new program called **Lean4Future**, which is focused on enhancing production processes. The participating suppliers thus stand to improve specific performance indicators. Participating suppliers are given the chance to improve specific performance indicators, such as health, safety and environmental indices and quality metrics, including delivery time scales and costs.

8. Community engagement

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. This commitment to society is genuine and ongoing at Siemens Gamesa.

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.

[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 take part, depending on the mechanisms established in each country.

Once the most appropriate infrastructure has been chosen, the views of the communities affected by it 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 Company carries out preliminary consultations and keeps active channels of dialog open with the affected communities and stakeholders to identify and address their concerns or interests.

8.1 Group strategy

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

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

A new **Social Action Policy**[33] was approved by resolution of the Board of Directors dated September 12, 2018. The primary objectives of this Social Action Policy are the following:

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

Consequently, the Group determined priorities in the field of social action for the community all non-business activities addressed at:

- 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).

Social initiatives to the benefit of local communities are carried out directly by Siemens Gamesa or by its subsidiary or associate companies in their respective areas of action.

[33] See Social Action Policy [Link]

8.2 Corporate Action Programs in Place

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

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

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

BRAZIL: "Sustainable Honey Production in North East Brazil"

1 NO POVERTY

Together with the local partner Giral Desenvolvimento de Projetos, SGRE impact will financially support a project that focuses on improving the conditions of beekeeping and honey harvesting by rural producers in the countryside of the state of Rio Grande do Norte. 120 families in seven communities in the semi-arid region of the country will receive technical assistance and technical equipment for the sustainable honey production, impacting the rural communities' income and outputs through an activity with a positive environmental impact.

DENMARK: "Robot league for girls"

5 GENDER EQUALITY

Partnering with the local partner FabLab Spinderihallerne, Siemens Gamesa funds a program that aims to empower about 200 teenagers – mainly girls, in Veijle to work with technology, specifically to engage in a Robot League inspired by Simon Giertz – inventor of 'shitty robots' with 1,2 million YouTube followers - while being supported by female role models.

INDIA: "Positive Change: Building sanitary facilities"

6 CLEAN WATER AND SANITATION

After previous fruitful cooperation with Bal Vikas India, Siemens Gamesa partners again with this local partner in building nine toilet for a community in Umarwada, Gujarat. Offering adequate hygienic access to sanitary facilities to the families in this community will improve their health and well-being, especially during the difficult monsoon season.

INDIA: "SGRE Soccer League"

3 GOOD HEALTH AND WELL-BEING

After four successful seasons of this soccer league, Siemens Gamesa will partner with local partner Team Everest and the CSR team in India to implement another season for youngsters to improve their sporting skills at a soccer training camp while being taught about how to care for the environment and good eating habits at the same time. The SGRE Soccer League brings social change to children in surrounding communities near SGRE operations and raises SGRE employees' awareness about social issues and motivates their involvement.

Morocco: "Providing the driving force of all nature - Water!"

6 CLEAN WATER AND SANITATION

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

Spain: "Business and Biodiversity"

13 CLIMATE ACTION

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

Thailand: "Green Island"

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

United Kingdom: "How does wind energy work?"

Siemens Gamesa partners up with the local organization Lab Rascals to organize workshops at ten low-income primary schools in the Hull area. In teams of three, the children (aged 9-11) will build a LEGO model wind turbine and a car to power. They will test whether wind speed, wind angles, number of blades etc. make a difference to the energy generated over a certain time. These workshops will raise the profile of STEM subjects and careers and give the children a basic understanding of wind energy engineering through hands-on exercises.

Within the framework of the Euskalit awards, the Basque Award for Advanced Management in Society was awarded to Siemens Gamesa Renewable Energy for the "Business to Society" practice it submitted. The jury considered this work as a Best Practice. This recognition goes a step beyond the award received last year, an Euskalit Advanced Management Systems certification (Golden A).

8.3 Local Action Programs

In **Denmark,** we encourage tree planting activities, an easy and simple way to avoid the negative consequences of global warning. In conjunction with GrowForIt, a citizens-based initiative originating in the Danish wind industry, our local employees plant trees that are guaranteed a to absorb CO_2 for a long time. For example, sponsoring reforestation of an area the size of a football field ensures absorption of 10 tons of CO_2 each year for the next 75 years, enough to offset the CO_2 produced throughout an employee's lifetime.

In the **United States**, the premier of Siemens Gamesa US "week of Service" during the American Wind Energy Association's (AWEA) Week demonstrated how our wind employees give back every day in their communities across the country. Numerous activities our employees took part in demonstrated our Company mission, "We make real what matters." We not only contribute to the advancement of the wind industry and the resulting environmental benefits, but to the betterment of the communities in which we work and live. To illustrate this:

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

In **United Kingdom**, Siemens Gamesa Hull aims to be a good neighbor to it local community.

We work closely with local schools and colleges to help develop skills in Science, Technology, Engineering and Manufacturing. Our staff are governors and mentors in local schools and we support a number of careers events. We feel passionate about encouraging more women into manufacturing and engineering roles and work with in partnership with the local authorities and other businesses to support this.

As a founding partner of the Hull University Technical College (they teach students technical and scientific subjects in a whole new way and are educating the inventors, engineers, scientists and technicians of tomorrow), we support with subject content and offer work placement opportunities.

Each year, we help teams of young people design and build electric racing cars to compete in a low octane, high speed race working with The Greenpower Education Trust.

We have close ties with Hull University who helped us use 3D modelling to prepare for making bigger wind turbine blades in 2019.

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

Employees based in Hull are committed to supporting local charities and in the last year have given generously to Macmillan, Hull Children's University, Hull for Heroes, homeless and local mental health services and participated in November. We are a very active workforce and have participated in several sport related events for charity.

This year we celebrated our achievement of 500 blades in Hull with our local area by planting 500 trees. Volunteer staff and local children helped us plant these at a local playing field – they are part of a wider Northern Forest and have multiple benefits including the absorption of carbon, reducing emissions in the area

In **India,** for example, a corporate social responsibility program under the name "Gamesa Community Spirit" has been carried out for the last years. This program was implemented through a series of strategic programs, which included:

- Academic Excellence Program (GAEP): A program aimed at giving students in rural schools, skills and educational grounding similar to that of their urban counterparts.
- Gram Arogya Kendra (GGAP): This program sought to initiate sustainable healthcare projects in rural villages near wind farms. The areas of special attention included eye care and care for pregnant women in these villages, for which Gamesa provided the necessary medical resources, periodic check-ups and prescriptions.
- Vocational Training Program (GVTP): The GVTP program was divided into two actions: i) The wood recycling program, whereby waste wood is turned into classroom furniture for use in the schools of the villages near the Group's manufacturing plants, and ii) My Career program aimed at empowering rural students with professional capabilities and a sustainable job by training them in operations and maintenance (O&M) tasks.
- Employee Volunteering (EV): program aimed at raising the awareness of Siemens Gamesa India employees and serving as a platform for employees to get themselves involved in social activities. Activities such as Wind Day, International Week of the Deaf, blood donation campaigns and other charitable activities are carried out under this program.

9. GRI Content Index

GENERAL STANDARD DISCLOSURES [102-55]

GRI 102: GENERAL DISCLOSURES

GRI STANDARD	GRI G4 EQUIVALENT	Page / reference	Comment	External assurance	Description
ORGANIZATIONAL PROFILE					
102-1	G4-3	6	-	✓	Name of the organization
102-2	G4-4	8	-	✓	Activities, brands, products, and services
102-3	G4-5	6	-	✓	Location of headquarters
102-4	G4-6	6	-	✓	Countries where there are significant operations
102-5	G4-7	7	-	✓	Nature of ownership and legal form.
102-6	G4-8	8	-	✓	Markets served
102-7	G4-9	7	-	✓	Scale of the organization
102-8	G4-10	8	-	✓	Information on employees and other workers
102-9	G4-12	50	-	✓	Supply chain
102-10	G4-12	50			Significant changes to the organization and its supply chain
102-11	G4-14	40	-	✓	Precautionary principle approach
102-12	G4-15	15	-	✓	Principles of initiatives subscribed or endorsed
102-13	G4-16	64	Note 2	✓	Membership in associations
STRATEGY					
102-14	G4-1	2	-	✓	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	10	-	✓	Key impacts, risks and opportunities
ETHICS AND INTEGRITY					
102-16	G4-56	6	-	✓	Values, principles, standards and norms of behavior such as codes of conduct
102-17		19	-	✓	Internal and external mechanisms for seeking advice on ethical and lawful behavior
GOVERNANCE					
102-18	G4-34	17	-	✓	Governance structure
102-19	G4-35	18	-	✓	Delegation of authority by the highest governance body to senior management
102-20	G4-36	18	-	✓	Executive-level positions with responsibility for economic, environmental and social topics
102-21	G4-37	64	Note 3	✓	Processes for consultation between stakeholders and the Board of Directors
102-22	G4-38	17	-	✓	Composition of the highest governance body
102-23	G4-39	64	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	64	Note 5	✓	Nomination and selection processes for the highest governance body
102-25	G4-41	64	Note 6	✓	Processes for the highest governance body to ensure conflicts of interest are avoided
102-26	G4-42	12	-	✓	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	64	Note 7	✓	Highest governance body's collective knowledge of economic, environmental and social
102-28	G4-44	64	Note 8	✓	Evaluating the highest governance body's performance
102-29	G4-45	64	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	64	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	64	Note 9	✓	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities
102-32	G4-48	4	-	✓	Highest governance body's role in sustainability reporting

GRI STANDARD	GRI G4 EQUIVALENT	Page / reference	Comment	External assurance	Description
102-33	G4-49	64	Note 3	✓	Process for communicating critical concerns to the highest governance body
102-34	G4-50	64	Note 10	✓	Critical concerns that were communicated to the highest governance body
102-35	G4-51	64	Note 11	✓	Remuneration policies
102-36	G4-52	64	Note 11	✓	Process for determining the remuneration
102-37	G4-53	64	Note 12	✓	How stakeholders' expectations taken into account regarding remuneration policies
102-38	G4-54	64	Note 13	✓	Annual total compensation ratio
102-39	G4-55	64	Note 13	✓	Percentage increase in annual total compensation ratio
STAKEHOLDER ENGAGEMENT					
102-40	G4-24	13	-	✓	Stakeholders engaged by the organization
102-41	G4-11	31	-	✓	Collective bargaining agreements
102-42	G4-25	13	-	✓	Identifying and selecting stakeholders
102-43	G4-26	13	-	✓	Approach adopted to relations with stakeholder groups
102-44	G4-27	13	-	✓	Key topics and concerns raised through stakeholder engagement
REPORTING PRACTICE					
102-45	G4-17	4	-	✓	Entities included in the consolidated financial statements and in the scope of the report
102-46	G4-20	64	Note 2	✓	Defining report content and topic Boundaries
102-47	G4-18	13	-	✓	List of material topics
102-48	G4-22	4	-	✓	Restatements of information provided in previous reports
102-49	G4-23	4	-	✓	Changes in reporting
102-50	G4-28	4	-	✓	Reporting period
102-51	G4-29	April 2018	-	✓	Date of most recent report disclosure
102-52	G4-30	Annual	-	✓	Reporting cycle of the report
102-53	G4-31	69	-	✓	Contact point for questions regarding the report
102-54		4	-	✓	Claims of reporting in accordance with the GRI Standards
102-55	G4-32	58	-	✓	GRI content index
102-56	G4-33	68	-	✓	External assurance

GRI 103: MANAGEMENT APPROACH

GRI STANDARD	GRI G4 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 G4 EQUIVALENT	Page / reference	Comment	External assurance	Description
GRI 201: ECONOMIC PERFORMANCE					
201-1	G4-EC1	7	-	✓	Direct economic value generated and distributed
201-2	G4-EC2		Note 14	✓	Financial implications and other risks deriving from climate change
201-3	G4-EC3	64	Note 2	✓	Defined benefit plan obligations and other retirement plans
201-4	G4-EC4	64	Note 15	✓	Financial assistance received from government
GRI 202: MARKET PRESENCE					
202-1	G4-EC5	64	Note 13	✓	Ratio of standard entry level wage to local minimum wage
202-2	G4-EC6	64	Note 2	✓	Proportion of senior management hired from the local community
GRI 203: INDIRECT ECONOMIC IMPACTS					
203-1	G4-EC7	64	Note 2	✓	Infrastructure investments and services supported
203-2	G4-EC8	64	Note 2	✓	Significant indirect economic impacts
GRI 204: PROCUREMENT PRACTICES					
204-1		64	Note 2	✓	Proportion of spending on local suppliers
GRI 205: ANTI-CORRUPTION					
205-1	G4-SO3	21	-	✓	Operations assessed for risks related to corruption
205-2	G4-SO4	23	-	✓	Communication and training on anti-corruption policies and procedures
205-3	G4-SO5	23	-	✓	Confirmed incidents of corruption and actions taken
GRI 206: ANTI-COMPETITIVE BEHAVIOR					
206-1	G4-SO7	22	-	✓	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

GRI 300: ENVIRONMENTAL TOPICS

GRI STANDARD	GRI G4 EQUIVALENT	Page / reference	Comment	External assurance	Description
GRI 301: MATERIALS					
301-1	G4-EN1	64	Note 2	✓	Materials used by weight and volume
301-2	G4-EN2	64	Note 2	✓	Percentage of materials used that are recycled input materials.
301-3		64	Note 2	✓	Reclaimed products and their packaging materials
GRI 302: ENERGY					
302-1	G4-EN3	43	-	✓	Energy consumption within the organization
302-2	G4-EN4	43	-	✓	Energy consumption outside the organization
302-3	G4-EN5	43	-	✓	Energy intensity
302-4	G4-EN6	47	-	✓	Reduction of energy consumption
302-5	G4-EN7	47	-	✓	Reductions in energy requirements of products and services
GRI 303: WATER					
303-1	G4-EN8	45	-	✓	Total water withdrawal by source
303-2	G4-EN9	46	-	✓	Water sources significantly affected by withdrawal of water
303-3	G4-EN10	45	-	✓	Water recycled and reused
GRI 304: BIODIVERSITY					
304-1	G4-EN11	49	-	✓	Operational sites in protected areas or high biodiversity value outside protected areas
304-2	G4-EN12	49	-	✓	Impacts of activities, products, and services on biodiversity
304-3	G4-EN13	64	Note 2	✓	Habitats protected or restored
304-4	G4-EN14	49	-	✓	IUCN red list and national conservation list species with habitats in areas affected by operations
GRI 305: EMISSIONS					
305-1	G4-EN15	44	-	✓	Direct greenhouse gas (GHG) emissions (Scope 1)
305-2	G4-EN16	44	-	✓	Energy indirect greenhouse gas (GHG) emissions (Scope 2)
305-3	G4-EN17	64	Note 1	✓	Other indirect greenhouse gas (GHG) emissions (Scope 3)
305-4	G4-EN18	44	-	✓	Greenhouse gas (GHG) emissions intensity
305-5	G4-EN19	47	-	✓	Reduction of greenhouse gas (GHG) emissions
305-6	G4-EN20	45	-	✓	Emissions of ozone-depleting substances (ODS)
305-7	G4-EN21	64	Note 2	✓	NO_x, SO_x and other significant air emissions
GRI 306: EFLUENTS AND WASTE					
306-1	G4-EN22	46	-	✓	Total water discharge by quality and destination
306-2	G4-EN23	45	-	✓	Total weight of waste by type and disposal method
306-3	G4-EN24	46	-	✓	Total number and volume of significant spills
306-4	G4-EN25	64	Note 2	✓	Transport of hazardous waste
306-5	G4-EN26	46	-	✓	Water bodies and related habitats significantly affected by the organization's discharges of water and runoff
GRI 307: ENVIRONMENTAL COMPLIANCE					
307-1	G4-EN29	64	Note 16	✓	Non-compliance with environmental laws and regulations.
GRI 308: SUPPLIER ENVIRONMENTALASSESSMENT					
308-1	G4-EN32	52	-	✓	New suppliers that were screened using environmental criteria
308-2	G4-EN33	52	-	✓	Negative environmental impacts in the supply chain and actions taken

GRI 400: SOCIAL TOPICS

GRI STANDARD	GRI G4 EQUIVALENT	Page / reference	Comment	External assurance	Description
GRI 401: EMPLOYMENT					
401-1	G4-LA1	29	-	✓	New employee hires and employee turnover
401-2	G4-LA2	33	-	✓	Benefits provided to full-time employees not provided to temporary or part-time employees
401-3	G4-LA3	33	-	✓	Parental leave
GRI 402: LABOR/MANAGEMENT RELATIONS					
402-1	G4-LA4	31	-	✓	Minimum notice periods regarding operational changes
GRI 403: OCCUPATIONAL HEALTH AND SAFETY					
403-1	G4-LA5	36	-	✓	Workers representation in formal joint management–worker health and safety committees
403-2	G4-LA6	37	-	✓	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.
403-3	G4-LA7	38	-	✓	Workers with high incidence or high risk of diseases related to their occupation
403-4	G4-LA8	64	Note 2	✓	Health and safety topics covered in formal agreements with labor unions
GRI 404: TRAINING AND EDUCATION					
404-1	G4-LA9	30	-	✓	Average hours of training per year per employee
404-2	G4-LA10	30	-	✓	Programs for upgrading employee skills and transition assistance programs
404-3	G4-LA11	64	Note 2	✓	Percentage of employees receiving regular performance and career development reviews
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY					
405-1	G4-LA12	32	-	✓	Diversity of governance bodies and employees
405-2	G4-LA13	33	Note 19	✓	Ratio of basic salary and remuneration of women to men
GRI 406: NON-DISCRIMINATION					
406-1	G4-HR3	32	-	✓	Incidents of discrimination and corrective actions taken
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING					
407-1	G4-HR4	31	-	✓	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	64	Note 2	✓	Operations/suppliers identified having significant risk for incidents of child labor
GRI 409: FORCED LABOR					
409-1	G4-HR6	64	Note 2	✓	Operations and suppliers at significant risk for incidents of forced or compulsory labor
GRI 410: SECURITY PRACTICES					
410-1	G4-HR7	64	Note 2	✓	Security personnel trained in human rights policies or procedures
GRI 411: RIGHTS OF INDIGENOUS PEOPLES					
411-1	G4-HR8	64	Note 2	✓	Incidents of violations involving rights of indigenous peoples
GRI 412: HUMAN RIGHTS ASSESSMENT					
412-1	G4-HR9	22	-	✓	Operations subject to human rights reviews or impact assessments
412-2		23		✓	Employee training on human rights policies or procedures
412-3		64	Note 20	✓	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

GRI STANDARD	GRI G4 EQUIVALENT	Page / reference	Comment	External assurance	Description
GRI 413: LOCAL COMMUNITIES					
413-1	G4-SO1	54	-	✓	Local community engagement, impact assessments, development programs
413-2	G4-SO2	64	Note 1	✓	Significant actual or potential negative impacts on local communities
GRI 414: SUPPLIER SOCIAL ASSESSMENT					
414-1	G4-SO9	52	-	✓	New suppliers that were screened using social criteria
414-2	G4-SO10	52	-	✓	Negative social impacts in the supply chain and actions taken
GRI 415: PUBLIC POLICY					
415-1	G4-SO6		Not recorded	✓	Political contributions
GRI 416: CUSTOMER HEALTH AND SAFETY					
416-1	G4-PR1	38	-	✓	Assessment of the health and safety impacts of product and service categories
416-2	G4-PR2	64	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	64	Note 21	✓	Requirements for product and service information and labeling
417-2	G4-PR4	64	Note 18	✓	Incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling
417-3	G4-PR7	64	Note 18	✓	Incidents of non-compliance concerning marketing communications
GRI 418: CUSTOMER PRIVACY					
418-1	G4-PR8	64	Note 18	✓	Substantiated complaints regarding breaches of customer privacy and losses of customer data
GRI 419: SOCIOECONOMIC COMPLIANCE					
419-1	G4-PR9	64	Note 16	✓	Non-compliance with laws and regulations in the social and economic area

Notes included into the GRI index

[Note 1]: Due to the completion of the merger of Siemens' wind power business with Gamesa Corporación Tecnológica, S.A. on April 3, 2017, this information has not been aggregated in a timely manner for the reporting period.

[Note 2]: It has not been possible to report consolidated data for the new 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. The aforementioned office is coordinated by the Investor Relations Department. Shareholders can ask questions by telephone, mail or e-mail. The various addresses and numbers are posted on the Company's website.

[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 2018 [Link].

[Note 6]: Section D.6 of the Annual Corporate Governance 2018 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. [Link].

[Note 7]: Indicated in the Regulations of the Board of Directors [Link]

[Note 8]: Indicated in Section C.1.20 and C.1.20 bis of the Annual Corporate Governance Report 2018 [Link]

[Note 9]: Indicated in Section E of the Annual Corporate Governance Report 2018 [Link], especially Section E.2, which describes the group's levels of protection and defense to face and manage risks.

[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, 2018*, items 31 and 32 [Link]. Also refer to the *Annual Report on remuneration of the members of the Board of Directors* 2018 for quantitative and qualitative details [Link].

[Note 12]: The Annual Report on remuneration of the members of the Board of Directors 2018 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. Said report was approved with 96.18% of the votes in favor, 3.09% votes against and 0.73% abstentions at the Company's General Meeting of Shareholders held on March 23, 2018. Additionally, The Company in accordance with Articles 529 sexdecies to 529 novodecies of the Spanish Capital Companies Act, 45 of the Bylaws and 29 of the Regulations of the Board of Directors, approved a directors' remuneration policy with 95.83% of the votes in favor, 2.90% votes against and 1.27% abstentions at the Company's General' Meeting of Shareholders held on June 20, 2017. [Link]

[Note 13]: At the time of reporting, it was not possible to aggregate the information relating to compensation or annual increases due to the recent merger of the new Group. Although specific compensation related data is confidential we'll make an overarching approach in the following reporting periods. As a general rule 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 Code of Conduct.

[Note 14]: Although a strategic analysis of climate change risks has been carried out, a complete analysis of financial risks at Group level could not be carried out 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, 2018*. [Link].

[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.

[Note 19]: Siemens Gamesa pursues the principle of performance-related compensation – regardless of gender. Remuneration data is regarded as confidential and is therefore not reported during this reporting period.

[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.

[Note 22]: The products and services sold by Siemens Gamesa are not banned in any of the markets in which it operates.

10. United Nations Global Compact

Siemens Gamesa has endorsed, ratified and committed to upholding the United Nations Global Compact's ten principles. 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 fiscal year against these principles readers can refer to our Sustainability report 2018, our online Communication on Progress at the UN Global Compact webpage [34] and to the following report index.

Human Rights

Principle 1: Business should support and respect the protection of internationally proclaimed human rights within their area of influence

Principle 2: Business should make sure that they are not complicit in human rights abuses.

Labor

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Business should uphold the elimination of all forms of forced and compulsory labor.

Principle 5: Business should uphold the effective abolition of child labor.

Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Business should support a precautionary approach to environmental challenges.

Principle 8: Business should undertake initiatives to promote greater environmental responsibility.

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS

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.

[34] See UN Global Compact webpage: https://www.unglobalcompact.org/what-is-gc/participants/4098

Index According to the Ten Principles of the United Nations Global Compact

Principle	Policies and Systems Implemented	Significant Progress Made
Principle 1 **Principle 2** **Principle 3** **Principle 4** **Principle 5**	• Support and respect for human rights. Adoption of a Corporate Social Responsibility Policy. ⇨Section Compliance (p.2219) • Support and respect for human rights. Adoption of Business Conduct Guidelines. ⇨ Section Ethics and Compliance (p.2022) • Commitment to human rights, the fight against child labor and forced labor. ⇨” Section Human Rights (p.22) • Economic, social and environmental performance supervision mechanisms established. ⇨Note 7 - (p. 64). • Priority given to occupational health and safety of employees. ⇨” Occupational health and safety” (p.35) • Justice and equity. Employees treated with respect and remunerated in a fair and equitable way. ⇨” Diversity and equal opportunities” section (p.31 and the following) • Labor conditions are given priority in talent management and appropriate training given to people. ⇨” Training and education” section (p.30) • Responsible management of the global supply chain. ⇨Section “Responsible Supply Chain” (p.50 and the following) • Protection and defense of human rights in the communities where Siemens Gamesa has a presence. ⇨Section “Community” (p.54) • Defense of the freedom of association and collective bargaining. ⇨” Labor Relations” (p.31)	• The Company has an updated Corporate Social Responsibility Policy (p.12) completed in 2018, 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.14) • The number of training hours raised to 619,217 in the fiscal period 2018 (p.30) • Implementation of the Occupational Health and Safety Plan through 257 full audits, safety inspections (13,566) and safety observations (41,288) ⇨Section “Occupational Health and Safety” (p.37) • Supply base of more over 17,000 suppliers and procurement volume exceeding €6 billion create jobs and local wealth. • Human rights compliance processes in the supply chain. ⇨ (p.5151 and the following) • Community actions and programs in Mexico, Brazil, Uruguay and India aimed at covering basic educational needs and access to other decent conditions. ⇨Section Community (p.54) • Commitment made to workers to defend human and labor rights by means of a Global Collective Agreement. See” Labor Relations” section (p.31) • Undertakings in equality and diversity matters. ⇨” Equality and Diversity” section (p.31)
Principle 6	• 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. ⇨Diversity section (p. 31 and the following)	• In the year under review, the share of female employees represents an overall 19% of the total workforce. • In fiscal 2018 women hired amounted 20 % of all new hires. (p.29) • At the end of the reporting period Siemens Gamesa had 278 employees in management positions, 11% of whom were women. • The age structure in the fiscal year 2018 was dominated by the under-35 age group (39.12%), followed by employees aged 35-44 (36.15%); 45-54 (18.54%); 55-60 (4.23%) with those over 60 accounting for 1.94%. • See⇨”Diversity” section (p. 31 and the following)

Index According to the Ten Principles of the United Nations Global Compact

Principle	Policies and Systems Implemented	Significant Progress Made
Principle 7	• 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. 42 and the following)	• 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 64,670 tons CO2-eq during the reporting period. (p.44) • 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 18 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.47)
Principle 8	• 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 ecodesign project.	• Patents granted at the end of the reporting period: 3,363 (3,138 in FY17). New patents first filing: 154. • Section ⇨ "Life Cycle Assessments" section (p.47)
Principle 9	• 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 CO_2 emissions, lower lifecycle costs and protect the environment.	• In 2018, 6.7 GW of wind energy was installed helping our customers further reduce their emissions by 18 million tons of CO2. Cumulatively since 1998, more than 89 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 233 million tons of CO_2 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.21) • Business Conduct Guidelines (p.20) • The Company continuously develops its Compliance System further in order to adapt it to changing requirements according to our global business. During 2017 Siemens Gamesa has gone through a merge process that has affected all departments. ⇨Section "Compliance" (p.19) • 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 "Compliance" (p.19)

Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 915 727 200
Fax: 915 727 238
ey.com

INDEPENDENT REVIEW REPORT OF SIEMENS GAMESA RENEWABLE ENERGY GROUP (hereinafter SGRE Group) 2018 SUSTAINABILITY REPORT

To the management of Siemens SGRE Renewable Energy, S.A.

Scope of the work

As commissioned by the management of SGRE Group, we have carried out the review of the sustainability information included in the Siemens Gamesa Renewable Energy Sustainability report (hereinafter, the Report) and in the GRI Content Index in chapter 9 of the report. This Report was prepared in accordance with the Global Reporting Initiative Sustainability Reporting Guidelines, GRI Standards

The boundary determined by SGRE for the preparation of the Report is included in section 1.1 “About this report” of the attached Report.

The preparation of the sustainability information, as well as its content, is the responsibility of the management bodies of SGRE. They are also responsible for defining, adapting, and maintaining the management and internal control systems from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

Criteria

Our review was carried out based on:

- The Guidelines for reviewing Corporate Responsibility Reports, issued by the Instituto de Censores Jurados de Cuentas de España (ICJCE), and

- Standard ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with a limited scope of assurance.

Applied procedures

Our review consisted in performing inquiries to the management bodies as well as the various business units that have participated in the preparation of the Report, and in applying analytical procedures and sampling review tests as described below:

- Interviews with those in charge of the preparation of the sustainability information in order to understand how sustainability goals and policies are considered, implemented and integrated into SGRE's overall strategy.

- Analysis of the processes for collecting and validating the sustainability information contained in the attached Report.

- Verification of the processes that SGRE has in place to define the material aspects, as well as the participation of stakeholders on those.

- Analysis of the adaptation of the structure and content of the sustainability information as indicated in the GRI Sustainability Reporting Guidelines.

- Test, on a sample basis, of the quantitative and qualitative information of the indicators included in the GRI content index, as well as its adequate compilation from data supplied by information sources. The review tests have been defined in order to provide assurance levels as described before.

- Checking that the financial information included in the Report has been audited by independent third parties.

These procedures have been applied on the sustainability information included in the Report and in the GRI content index included in chapter 9, with the scope defined before.

The scope of this review is considerably lower than a reasonable assurance report. Therefore, the degree of assurance is also less extensive.

This report in no case should be considered an audit report.

Independence and quality control

We have met the independence requirements and other ethical requirements of the Code of Ethics for Accounting Practitioners issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies the International Quality Control Standard 1 (NICC 1) and maintains, therefore, a global quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

Conclusions

As a result of our review, we conclude that no matter came to our attention that would indicate that the sustainability information included in the Report has not been prepared, in all material respects, in accordance with the Global Reporting Initiative Sustainability Reporting Guidelines, GRI Standards, which includes the reliability of the data, the adequacy of the information presented and the absence of significant deviations and omissions, having reviewed the GRI Content Index included in chapter 9.

This report has been prepared solely according to SGRE’s interest, in accordance with the terms set out in our engagement letter.

ERNST & YOUNG, S.L.

(Free translation from the Original Report on Independent Review in Spanish dated November 23rd, 2018. In case of any discrepancy, the Spanish version always prevails.)

Contact

[102-53] For any general question concerning the report, please contact:

Siemens Gamesa Renewable Energy, S.A.
Corporate Social Responsibility Department
Parque Tecnológico de Bizkaia, Edificio 222
48170 Zamudio, Vizcaya, Spain
Tel No.: 902.73.49.49
e-mail: sustainability@siemensgamesa.com

This comprehensive document is available in electronic form in English and Spanish only at the Siemens Gamesa corporate website (www.siemensgamesa.com).

Parque Tecnológico de Bizkaia. Edificio 222
48170 Zamudio, Vizcaya
Spain

SIEMENS Gamesa
RENEWABLE ENERGY

www.siemensgamesa.com

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

DATA IDENTIFYING ISSUER

ENDING DATE OF REFERENCE FINANCIAL YEAR: 09-30-2018

TAX ID Nº. A01011253

Company Name:

SIEMENS GAMESA RENEWABLE ENERGY, S.A.

Registered Address:

PARQUE TECNOLOGICO DE BIZKAIA, EDIFICIO 222, 48170 ZAMUDIO (VIZCAYA)

A OWNERSHIP STRUCTURE

A.1 Complete the following table about the share capital of the company:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
04-03-2017	115,794,374.94	681,143,382	681,143,382

State whether there are different classes of shares with different rights attaching thereto:

Yes ☐ **No X**

Class	Number of shares	Nominal value per share	Number of voting rights per share	Different rights

A.2 Breakdown of direct and indirect holders of significant shareholdings in the company as of the end of the financial year, excluding directors:

Individual or company name of the shareholder	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct holder of the interest	Number of voting rights	
SIEMENS AKTIENGESELLSCHAFT	205,178,132	SIEMENS BETEILIGUNGEN INLAND GMBH	196,696,463	59.00
IBERDROLA S.A.		IBERDROLA PARTICIPACIONES, S.A. (SOCIEDAD UNIPERSONAL)	54,977,288	8.071

State the most significant changes in the shareholding structure that have occurred during the financial year:

Individual or company name of the shareholder	Date of transaction	Description of transaction

A.3 Complete the following tables about members of the board of directors of the company who have voting rights attaching to shares of the company:

Individual or company name of director	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct holder of the interest	Number of voting rights	
Hernández García, Gloria	1,200		0	0.00 %
Rubio Reinoso, Sonsoles	1,030		0	0.00 %
Cendoya Aranzamendi, Andoni	1,000		0	0.00 %
Rodríguez-Quiroga Menéndez, Carlos	315		0	0.00 %
García García, Rosa María	0		0	0.00 %
Tacke, Markus	0		0	0.00 %
Davis, Lisa	0		0	0.00 %
Thomas, Ralf	0		0	0.00 %
Conrad, Swantje	0		0	0.00 %
Rosenfeld, Klaus	0		0	0.00 %
von Schumann, Mariel	0		0	0.00 %
Sen, Michael	0		0	0.00 %
Alonso Ureba, Alberto	0		0	0.00 %

Total percentage of voting rights held by the board of directors	0.00 %

Complete the following tables about members of the company's board of directors who hold rights to shares of the company:

Individual or company name of director	Number of direct rights	Indirect rights		Number of equivalent shares	% of total voting rights
		Direct holder	Number of voting rights		
Tacke, Markus	0	0	0	56,180	0.00

See note (A.3) in Section H of this report.

A.4 State any family, commercial, contractual or corporate relationships between significant shareholders, to the extent known to the company, unless they are immaterial or result from the ordinary course of business:

Related individual or company name	Type of relationship	Brief description

A.5 State any commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, unless they are immaterial or result from the ordinary course of business:

Related individual or company name	Type of relationship	Brief description

A.6 State whether any private shareholders' agreements affecting the company pursuant to the provisions of sections 530 and 531 of the Corporate Enterprises Act have been reported to the company. If so, briefly describe them and list the shareholders bound by the agreement:

Yes X **No** ☐

Participants in the private shareholders' agreement	% of share capital affected	Brief description of the agreement
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.

State whether the company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

Yes ☐ **No X**

Participants in concerted action	% of share capital affected	Brief description of the concerted action

Expressly state whether any of such agreements, arrangements, or concerted actions have been modified or terminated during the financial year:

A.7 State whether there is any individual or legal entity that exercises or may exercise control over the company pursuant to section 5 of the Securities Market Act (*Ley del Mercado de Valores*). If so, identify it:

Yes X **No** ☐

Individual or company name
SIEMENS AKTIENGESELLSCHAFT

Comments
The significant shareholder SIEMENS AG owns 59% of the share capital of SIEMENS GAMESA RENEWABLE ENERGY, S.A. ("SIEMENS GAMESA" or the "Company", and the group of companies of which Siemens Gamesa is the parent company, the "Siemens Gamesa Group" or simply the "Group") 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.

A.8 Complete the following tables about the company's own (treasury) shares:

As at year-end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
1,698,730	0	0.249

(*) Through:

Individual or company name of direct holder of the interest	Number of direct shares
Total:	

Explain any significant changes, pursuant to the provisions of Royal Decree 1362/2007, that have occurred during the financial year:

Explain any 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 2018 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 12/01/2017, with a total number of directly acquired shares of 6,873,902, representing a capital share of 1.009%. • Announcement dated on 02/26/2018, with a total number of directly acquired shares of 6,808,517, representing a capital share of 1.000%. • Announcement dated on 06/21/2018, with a total number of directly acquired shares of 6,864,938, representing a capital share of 1.008%.

See note (A.8) in Section H of this report.

A.9 Describe the terms and conditions and the duration of the powers currently in force given by the shareholders to the board of directors in order to issue, repurchase or transfer own shares of the company:

On this report's approval date, the authorization given by the Annual General Meeting of the Company's Shareholders held on May 8, 2015, under point nine of its agenda, by virtue of which the Board of Directors was authorized to acquire own shares. The content of the agreement adopted at the referred to Meeting in point nine of the agenda is transcribed below:

"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 Anómina'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."

A.9 *bis* Estimated free-float:

	%
Estimated free-float:	32.679

A.10 State whether there are any restrictions on the transfer of securities and/or any restrictions on voting rights. In particular, disclose the existence of any restrictions that might hinder a takeover of the company through the acquisition of its shares in the market.

Yes ☐ **No X**

Description of restrictions

A.11 State whether the shareholders acting at a general shareholders' meeting have approved the adoption of breakthrough measures in the event of a takeover bid pursuant to the provisions of Law 6/2007.

Yes ☐ **No X**

If applicable, explain the approved measures and the terms on which the restrictions will become ineffective.

A.12 State whether the company has issued securities that are not traded on a regulated market within the European Community.

Yes ☐ **No X**

Specify the different classes of shares, if any, and the rights and obligations attaching to each class of shares.

B GENERAL MEETING

B.1 State and, if applicable, describe whether there are differences with the minimum requirements set out in the Corporate Enterprises Act in connection with the quorum needed to hold a valid general meeting.

Yes ☐ **No X**

	Quorum % different from that established in section 193 of the Corporate Enterprises Act generally	Quorum % different from that established in section 194 of the Corporate Enterprises Act for the special circumstances described in section 194.
Required quorum upon 1st call		
Required quorum upon 2nd call		

Description of differences

B.2 State and, if applicable, describe any differences from the rules set out in the Corporate Enterprises Act for the adoption of corporate resolutions:

Yes ☐ **No X**

Describe how they differ from the rules provided by the Corporate Enterprises Act.

	Qualified majority other than that established in section 201.2 of the Corporate Enterprises Act for the cases set forth in section 194.1 of the Corporate Enterprises Act	Other instances in which a qualified majority is required
% established by the entity for the adoption of resolutions		
Describe the differences		

B.3 State the rules applicable to the amendment of the by-laws of the company. In particular, disclose the majorities provided for amending the by-laws, and any rules provided for the protection of the rights of the shareholders in the amendment of the by-laws.

The amendment of the Siemens Gamesa Bylaws is governed by: (i) articles 285 through 290 of the Corporate Enterprises Act; (ii) the Company's own Bylaws; and (iii) the Regulations of the General Meeting of Shareholders.

Articles 14. h) of the Bylaws and 6.1 h) of the Regulations of the General Meeting of Shareholders state that this capacity pertains to the General Meeting of Shareholders of Siemens Gamesa.

Articles 18 of the Bylaws and 26 of the Regulations of the General Meeting of Shareholders include the quorum requirements and articles 26 of the Bylaws and 32 of the Regulations of the General Meeting of Shareholders stipulate the majorities necessary for adopting decisions by the General Meeting of Shareholders. All mentioned articles refer to the legal provisions on these matters.

Article 31.4 of the Regulations of the General Meeting of Shareholders states that the Board of Directors, in accordance with the law, will submit proposals for different agreements regarding matters that are substantially independent, so the shareholders may separately exercise their voting rights. In the context of Bylaws' amendments, this rule implies that each article or group of articles which are substantially independent will constitute a separate proposal which will be individually submitted for approval.

Finally, in accordance with article 518 of the Corporate Enterprises Act, with the notice convening the Shareholders' General Meeting which agenda contains a proposal to amend the Bylaws, the Company's website will post the complete text of the agreement proposals referring to such amendment, and the reports from the competent bodies in relation thereto.

B.4 State the data on attendance at the general meetings held during the financial year referred to in this report and those of the prior financial year:

	Attendance data				
Date of general meeting	**% of shareholders present in person**	**% of shareholders represented by proxy**	**% absentee voting**		**Total**
			Electronic voting	**Other**	
03-23-2018	9.01	72.39	0.00	0.00	81.40
06-20-2017	9.42	75.46	0.00	0.00	84.88

See note (B.4) in Section H of this report.

B.5 State whether there are any by-law restrictions requiring a minimum number of shares to attend the general meeting.

Yes ☐ **No X**

Number of shares required to attend the general meeting	

B.6 Section deleted.

B.7 State the address and method for accessing the company's website to access information regarding corporate governance and other information regarding general meetings that must be made available to the shareholders through the Company's website.

The Bylaws of Siemens Gamesa rule in its article 48 the Company's website according to the current legislation.

The Board of Directors of Siemens Gamesa approved, on its meeting dated September 13, 2018, the amendment of the corporate website from www.gamesacorp.com to www.siemensgamesa.com. The modification was registered on the Trade Registry of Bizkaia on October 24, 2017, and was published in the Official Trade Registry Gazette on November 2, 2017 to be fully effective as per article 11.bis of the Corporate Enterprises Act.

The Company's website holds all the mandatory information and content which must be published (directly accessible at https://www.siemensgamesa.com/es-es/investors-and-shareholders) according to the restated Text of the Law on the Securities Market, approved by Royal Legislative Decree 4/2015, of October 23, ("**Securities Market Act**"), by the Corporate Enterprises Act and by the Order ECC/461/2013, dated March 20, by which the content and structure of the annual corporate governance report, the annual report on remunerations and other informative instruments of the listed companies, of savings accounts and other entities that issue securities traded in official securities markets are determined, and completed by Circular 3/2015, dated June 23, of the CNMV on the technical and legal specifications that the webpage of the issued companies and the saving accounts that issue securities admitted in the official secondary securities markets must include.

Regarding this mandatory content, the Company pursues to continuously improve its accessibility by the public, particularly the shareholders and investors, and is continuously updated in accordance with the applicable law.

Mandatory content can be accessed through the home page of the Company's website. Access is located on the top of the webpage, under the title "Shareholders and Investors", which contains a drop-down index with sections that contain all the content that needs to be included on the listed companies' websites pursuant to the legislation mentioned above. Moreover, such access to the content is also available on the bottom of the home page of the website.

It is also noted that the Company's website contains other of information of interest for shareholders and investors and news referring to the Company's activity

C STRUCTURE OF THE COMPANY'S MANAGEMENT

C.1 Board of directors

C.1.1 Maximum and minimum number of directors set forth in the by-laws:

Maximum number of directors	15
Minimum number of directors	5

C.1.2 Complete the following table identifying the members of the board:

Individual or company name of director	Representative	Director classification	Positions on the board	Date of first appointment	Date of last appointment	Election procedure
García García, Rosa María		External Proprietary	Chairwoman	04-03-2017	04-03-2017	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
Conrad, Swantje		Independent	Director	04-03-2017	04-03-2017	General Meeting
Rosenfeld, Klaus		Independent	Director	04-03-2017	04-03-2017	General Meeting
Rubio Reinoso, Sonsoles		External Proprietary	Director	12-15-2011	06-22-2016	General Meeting
Thomas, Ralf		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
Hernández García, Gloria		Independent	Director	05-12-2015	05-12-2015	General Meeting
Cendoya Aranzamendi, Andoni		Independent	Director	05-12-2015	05-12-2015	General Meeting
Sen, Michael		External Proprietary	Director	05-10-2017	06-20-2017	General Meeting
Alonso Ureba, Alberto		Independent	Director	10-20-2017	03-23-2018	General Meeting

Total number of directors	13

State the vacancies on the board of directors during the reporting period:

Individual or company name of director	Class of director at time of vacancy	Date of vacancy

See note (C.1.2) in Section H of this report.

C.1.3 Complete the following tables about the members of the board and each member's status:

EXECUTIVE DIRECTORS

Individual or company name of director	Position within the company's structure
Tacke, Markus	CEO
Rodríguez-Quiroga Menéndez, Carlos	Director-Secretary of the Board of Directors and Legal Counsel

Total number of executive directors	2
Total % of the board	15.38

EXTERNAL PROPRIETARY DIRECTORS

Individual or company name of director	Individual or company name of the significant shareholder represented by the director or that has proposed the director's appointment
Rubio Reinoso, Sonsoles	IBERDROLA, S.A.
García García, Rosa María	SIEMENS AKTIENGESELLSCHAFT
Davis, Lisa	SIEMENS AKTIENGESELLSCHAFT
von Schumann, Mariel	SIEMENS AKTIENGESELLSCHAFT
Thomas, Ralf	SIEMENS AKTIENGESELLSCHAFT
Sen, Michael	SIEMENS AKTIENGESELLSCHAFT

Total number of proprietary directors	6
Total % of the board	46.15

EXTERNAL INDEPENDENT DIRECTORS

Individual or company name of director	Profile
Conrad, Swantje	Born in Stuttgart (Germany), she holds the position of Member of the Board of Directors, of the Audit, Compliance and Related Party Transactions Committee and of the Appointments and Remunerations Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A. Dual degree in Business Administration and in Industrial Engineering from the University of Karlsruhe (Germany) and Master in International Business Studies from the University of South Carolina (USA) as a fellow of the D.A.A.D. (German Academic Exchange Service).

	She has extensive experience in the financial and banking sectors, as she worked for more than 25 years at J.P. Morgan in Germany, the United Kingdom and the United States of America, in the areas of corporate finance, mergers and acquisitions, capital markets and institutional asset servicing. Likewise, she has a wide experience as a highly ranked equity research analyst and specialist sales leading the pan-European diversified industrials, automotive and aerospace team. She is also a Non-Executive Director and Member of the Audit and Nomination Committees of the BMO Private Equity Trust plc (Edinburgh) and a trustee and member of the Finance Sub-Committee at the not-for-profit Whitechapel Gallery (London).
Rosenfeld, Klaus	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. After an apprenticeship at Dresdner Bank and his military service he graduated in Business Administration from the University of Münster (Germany). Currently, he is the CEO of Schaeffler AG, a leading automotive and industrial supplier, a position he was appointed to in June 2014. 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. 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. 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 Hannover (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.
Hernández García, Gloria	Born in Madrid, she holds the position of Member of the Board of Directors and Chairwoman of the Audit, Compliance and Related Party Transactions Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A. She studied at the Complutense University of Madrid, where she obtained a degree in Economic Sciences with a specialty in Economic Theory. She is currently the 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 is 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.

Cendoya Aranzamendi, Andoni	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. 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. 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.
Alonso Ureba, Alberto	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. Founding partner of Ramón y Cajal Abogados, member of its Management Committee and Partner co-director of the Corporate Law practice.

	Previously to this post he 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). 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.*

Total number of independent directors	5
Total % of the board	38.46

State whether any director classified as independent receives from the company or its group any amount or benefit for items other than director remuneration, or maintains or has maintained during the last financial year a business relationship with the company or with any company of its group, whether in the director's own name or as a significant shareholder, director or senior officer of an entity that maintains or has maintained such relationship.

If applicable, include a reasoned statement of the director regarding the reasons for which it is believed that such director can carry out the duties thereof as an independent director.

Individual or company name of director	Description of relationship	Statement of reasons

OTHER EXTERNAL DIRECTORS

Identify the other external directors and describe the reasons why they cannot be considered proprietary or independent directors as well as their ties, whether with the company, its management or its shareholders:

Individual or company name of director	Reasons	Company, officer or shareholder with which the director has ties

Total number of other external directors	0
Total % of the board	0

State the changes, if any, in the class of each director during the period:

Individual or company name of director	Date of change	Former class	Current class

See note (C.1.3) in Section H of this report.

C.1.4 Complete the following table with information regarding the number of female directors as at the close of the last 4 financial years, as well as the classification of such directors:

	Number of female directors				% of total directors of each class			
	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%	0%	0%	0%
Proprietary	4	4	1	2	66.67%	66.67%	33.33%	66.67%
Independent	2	2	1	1	40%	50%	14.29%	14.29%
Other External	0	0	0	0	0%	0%	0%	0%
Total:	6	6	2	3	46.15%	50%	16.67%	25%

C.1.5 Explain any measures adopted to include on the board of directors a number of women that allows for a balanced presence of men and women.

Explanation of measures
Both, the Appointments and Remunerations Committee and the Board of Directors of SIEMENS GAMESA are aware of the importance of promoting the equality of opportunities between men and women and of the competence to incorporate to the Board of Directors women who fulfill the requirements of capacity, suitability and effective dedication to the position of director. The Article 7.5 of the Regulations of the Appointments and Remunerations Committee contemplates that the duties of the Committee include 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*". In this regard, section 4 of the Director Selection Policy (the "Policy"), available in the corporate website, approved by the Board of Directors on September 23, 2015 and amended by same body on September 12, 2018, refers to the requirements that the candidates must meet to be appointed as a director. This section includes the "Diversity principle" which establishes that the procedures for the appointment of directors must be free from any implicit bias that might imply any discrimination or prevent the selection of female directors. Likewise, as per articles 529 quindecies 3 b) of the Corporate Enterprises Act, the Policy includes the objective that female directors represent, in 2020, at least 30 % of the Board of Directors. This objective matches Recommendation 14 of the Good Governance Code of Listed Companies approved by the CNMV on 18 February 2015 (the "Good Governance Code"). According to the Spanish National Securities Market Commission press release dated October 18, 2018, the presence of women on the board of directors of listed companies reached 18.9% on 2017. It is noteworthy that the current integration of the Board of Directors of Siemens Gamesa (made up of 46% of women), surpasses two years in advance, the 30% target and the referred Spanish average.

See note (C.1.5) in Section H of this report.

C.1.6 Explain any measures approved by the appointments committee in order for selection procedures to be free of any implied bias that hinders the selection of female directors, and in order for the company to deliberately search for women who meet the professional profile that is sought and include them among potential candidates:

Explanation of measures
The Appointments and Remunerations Committee, in application of article 14 of the Regulations of the Board of Directors, has established that director selection criteria shall entail recognized reputation/credibility, solvency, competence and experience, procuring that female candidates meeting this profile are selected in this selection process. Article 7.4 of the Regulations of the Appointments and Remunerations Committee stipulates also a further duty of the Committee, namely to *“ensure that the selection procedures are not implicitly biased so as to imply discrimination and that they seek the diversity of the members of the Board of Directors; particularly as regards gender, professional experience, competencies, industry knowledge and geographic origin”.* Section 4.c) of the “Director selection policy” likewise states that *“the selection of directors may not suffer from implied bias that might entail discrimination of any kind, and particularly that might hinder the selection of female directors”.*

If there are few or no female directors despite any measures adopted, describe the reasons for such result:

Explanation of reasons
N/A

C.1.6 *bis* Explain the conclusions of the appointments committee regarding verification of compliance with the director selection policy. Particularly explain how said policy is promoting the goal that the number of female directors represents at least 30% of all members of the board of directors by 2020.

The Appointments and Remunerations Committee arrived at the following conclusions in 2018 insofar as verification of compliance with the Director Selection Policy:

- The Appointments and Remuneration Committee confirms that, the Company met during the 2018 fiscal year the requirements stipulated in the law, the Siemens Gamesa Corporate Governance Rules as well as the recommendations of the *Code of Good Governance* in its selection processes and appointment of directors.

- In relation to the compliance, during the 2018 fiscal year, with the Director selection policy of Siemens Gamesa Renewable Energy, S.A. which last version was approved by the Board of Directors during its session on September 12, 2018 relating to the candidates' selection process as well as on the subsequent appointment as member of the Board of Directors, it is stated that the Appointments and Remuneration Committee has expressly verified the same.

- With respect to gender diversity in the make-up of the Board of Directors, Siemens Gamesa exceeds since April 2017 the aim of having the presence of at least 30% women in 2020, as established in the Director selection policy, as the Company has, by the end of 2018 fiscal year, 6 women on its Board of Directors, representing 46% of its members.

- The Company commits to continue improving the application of the criteria, principles and standards of good governance applicable when selecting directors and will promote these selection processes considering the diversity principle, having independent profiles, with international, specialized and trustworthy professional experience in the business areas of Siemens Gamesa.

C.1.7 Explain the form of representation on the board of shareholders with significant holdings.

Shareholders holding significant stock are represented on the Board of Directors as Non-Executive Proprietary Directors. According to article 11 of the Regulations of the Board of Directors of SIEMENS GAMESA, directors are categorized into *"(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 Remunerations Committee."

Moreover, it should be mentioned 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."*

Further, article 13.4 of the cited Regulations establishes 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."*

Currently, the Board of Directors of Siemens Gamesa is integrated by the following external proprietary directors:

- Ms. Sonsoles Rubio Reinoso, appointed on December 14, 2011 by motion of Iberdrola and last re-elected at the General Shareholder Meeting on June 22, 2016.

- Ms. Rosa María García García, appointed at the Extraordinary General Meeting of Shareholders on October 25, 2016 by motion of Siemens AG and her appointment became effective on April 3, 2017.

- Ms. Lisa Davis, appointed at the Extraordinary General Meeting of Shareholders on October 25, 2016 by motion of Siemens AG and her appointment became effective on April 3, 2017.

- Mr. Ralf Thomas, appointed at the Extraordinary General Meeting of Shareholders on October 25, 2016 by motion of Siemens AG and his appointment became effective on April 3, 2017.

- Ms. Mariel von Schumann, appointed at the Extraordinary General Meeting of Shareholders on October 25, 2016 by motion of Siemens AG and her appointment became effective on April 3, 2017.

- Mr. Michael Sen, appointed by cooption by the Board of Directors on May 8, 2017 by motion of Siemens AG as substitute of Mr. Klaus Helmrich and last re-elected at the General Meeting of Shareholders on June 20, 2017.

See note (C.1.7) in Section H of this report.

C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding interest is less than 3% of share capital.

Individual or company name of the shareholder	**Reason**

State whether there has been no answer to formal petitions for presence on the board received from shareholders whose shareholding interest is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If so, describe the reasons why such petitions have not been answered:

Yes ☐ **No X**

Individual or company name of the shareholder	**Explanation**

C.1.9 State whether any director has ceased to hold office before the expiration of the director's term of office, whether the director has given reasons to the board and by what means, and in the event that the director gave reasons in writing, describe at least the reasons given thereby:

Name of director	**Reason for cessation in office**

C.1.10 State any powers delegated to the CEO(s):

Individual or company 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 the law and the By-laws, an appointment which was accepted by Mr. Tacke in the same act.

C.1.11 Identify any members of the board who are directors or officers of companies within the listed company's group:

Individual or company name of director	Name of entity within the group	Position	Does he/she have executive duties?

C.1.12 Identify the directors of your company, if any, who are members of the board of directors of other companies listed on official stock exchanges other than those of your group, which have been reported to your company:

Individual or company name of director	Name of listed company	Position
Rosenfeld, Klaus	Schaeffler AG	CEO (Chief Executive Officer)
	Continental AG	Member of its Supervisory Board and of its Audit Committee
	Schaeffler India Ltd	Member of the Board of Directors
Conrad, Swantje	BMO PRIVATE EQUITY TRUST plc	Member of the Board of Directors
Davis, Lisa	Siemens Aktiengesellschaft	Member of the Board of Directors
Sen, Michael	Siemens Aktiengesellschaft	Member of the Board of Directors

Sen, Michael	Siemens Healthineers AG	President of its Supervisory Board, President of the President Committee, Member of its Audit Committee and President of the Innovation and Finance Committee
Thomas, Ralf	Siemens Aktiengesellschaft	Member of the Board of Directors
Thomas, Ralf	Siemens Healthineers AG	Member of its Supervisory Board and President of its Audit Committee
von Schumann, Mariel	Siemens Ltd India	Member of the Board of Directors

C.1.13 State and, if applicable, explain whether the regulations of the board have established rules regarding the maximum number of boards of companies of which its directors may be members:

Yes X **No** ☐

Explanation of rules
Article 10 of the 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.1.14 Section deleted.

C.1.15 State the overall remuneration of the board of directors:

Remuneration of the board of directors (thousands of euros)	3,396
Amount of pension rights accumulated by the current directors (thousands of euros)	167
Amount of pension rights accumulated by former directors (thousands of euros)	0

See note (C.1.15) in Section H of this report.

C.1.16 Identify the members of the company's senior management who are not executive directors and state the total remuneration accruing to them during the financial year:

Individual or company name	Position(s)
Chocarro Melgosa, Ricardo	Onshore CEO
Nauen, Andreas	Offshore CEO
Albenze, Mark	Service CEO
Bartl, Jürgen	General Secretary
Lopez Borrego, Miguel Angel	Chief Financial Officer
Mesonero Molina, David	Corporate Development, Strategy and Integration Managing Director
Zarza Yabar, Félix	Internal Audit Director

Total senior management remuneration (in thousands of euros)	7,547

See note (C.1.16) in Section H of this report.

C.1.17 State the identity of the members of the board, if any, who are also members of the board of directors of significant shareholders and/or in entities of their group:

Individual or company name of director	Company name of the significant shareholder	Position
García García, Rosa María	SIEMENS AKTIENGESELLSCHAFT	Chairwoman and CEO of SIEMENS, S.A.
García García, Rosa María	SIEMENS AKTIENGESELLSCHAFT	Chairwoman of SIEMENS HOLDINGS, S.L.U.
Davis, Lisa	SIEMENS AKTIENGESELLSCHAFT	Member of the Management Board
Davis, Lisa	SIEMENS AKTIENGESELLSCHAFT	Chairwoman and CEO of SIEMENS CORPORATION USA

Thomas, Ralf	SIEMENS AKTIENGESELLSCHAFT	Member of the Management Board
Thomas, Ralf	SIEMENS AKTIENGESELLSCHAFT	Member of the Supervisory Board and President of the Audit Committee of SIEMENS HEALTHINEERS, AG
Sen, Michael	SIEMENS AKTIENGESELLSCHAFT	Member of the Management Board
Sen, Michael	SIEMENS AKTIENGESELLSCHAFT	President of its Supervisory Board, President of the President Committee, Member of its Audit Committee and President of the Innovation and Finance Committee of SIEMENS HEALTHINEERS, AG
von Schumann, Mariel	SIEMENS AKTIENGESELLSCHAFT	Member of the Management Board of Siemens Ltd. India

Describe any significant relationships, other than the ones contemplated in the prior item, of the members of the board of directors linking them to significant shareholders and/or companies within their group:

Individual or company name of related director	**Individual or company name of related significant shareholder**	**Description of relationship**
Rubio Reinoso, Sonsoles	IBERDROLA, S.A.	Internal Audit Director
von Schumann, Mariel	SIEMENS AKTIENGESELLSCHAFT	Chief of Staff and Head of the Governance & Markets Department
Thomas, Ralf	SIEMENS AKTIENGESELLSCHAFT	CFO

C.1.18 State whether the regulations of the board have been amended during the financial year:

Yes X **No** ☐

Description of amendments
The Board of Directors approved the amendment of the Regulations of the Board of Directors at its meetings of November 30, 2017, and March 23, 2018. The first of the referred amendments of the Regulations of the Board of Directors, approved on November 30, 2017, had as main purposes: (i) to have the restated text reflect the new name of the Company (Siemens Gamesa Renewable Energy, S.A.), approved at the Annual General Meeting of Shareholders of the Company held on 20 June 2017 on first call; (ii) to extend from three to six business days the advance period required to call a meeting of the Board of Directors and, therefore, to use best efforts to provide the relevant information for the meeting six business days in advance and, in any event, not less than three business days in advance; and (iii) to maintain the advance period of three business days required to call a meeting of the Board of Directors and, therefore, to provide the relevant information for the meeting, in view of the possible occurrence and upon the actual occurrence of extraordinary circumstances. Hereafter are mentioned the amendments of the Regulations of the Board of Directors approved by the Board of Directors on March 23, 2018: (i) Complete and update the existing wording of article 33 of the Regulations of the Board of Directors according to the articles 230 and 529 ter of the Corporate Enterprises Act, keeping safe the principles of legality, independence and transparency in the approval process of transactions between the Company or its Group with directors, significant shareholders or their related persons, introducing the concept of related significant actions or transactions in order to specially reinforce in such cases the control and supervision mechanisms by the Board of Directors and of the Audit, Compliance and Related Party Transactions Committee; (ii) Preview expressly the development of principles established in article 33 of the Regulations of the Board of Directors by means of a Policy regarding related party transactions which must be approved by the Board of Directors following the report released by the Audit, Compliance and Related Party Transactions Committee, in which, among other matters, the requirements and procedures to be followed for the approval of Related Party Transactions are reinforced, so that their adequacy to the corporate interest is guaranteed and (iii) envisage a procedure for the accelerated approval through framework and prior authorizations in relation to certain Related Party Transactions due to their characteristics and according to the requirements that in this regard will be developed in the Policy Regarding Related Party Transactions.

C.1.19 State the procedures for the selection, appointment, re-election, evaluation and removal of directors. Describe the competent bodies, the procedures to be followed, and the criteria applied in each of such procedures.

Selection and appointment procedure:

Article 30 of the SIEMENS GAMESA's Bylaws states that the members of the Board of Directors are "*appointed or approved by the Shareholders' General 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 Shareholders' General Meeting is held*", always in accordance with the provisions contained in the applicable Corporate Enterprises Act and Company's Bylaws.

Moreover, in accordance with 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 the cited 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."*

Further, article 13.4 of the cited Regulations states that "t*he 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 the cited 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*" adding that for "*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 states that the "*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*."

In this regard, section 2 of the cited 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*."

Assessment procedure:

Article 25.8 of the Regulations of the Board of Directors addresses the director assessment procedure, establishing 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*."

Removal procedure:

In keeping with Company Bylaws, directors shall serve in their position for a period of four years, so long as the General Meeting of Shareholders does not agree on their removal and they do not resign from their position.

Article 16 of the Regulations of the Board of Directors states that *"directors will be removed from their position once the term for which they were appointed has passed, notwithstanding the possibility of being re-elected, and whenever the General Shareholders' Meeting decides to do so as proposed by the Board of Directors or the shareholders, in the terms set forth by law."*

The removal processes and criteria shall follow the relevant provisions in the Capital Companies Law and Royal Decree 1784/1996 of 19 July, which approved the Mercantile Registry Regulation.

Finally, section 2 of article 16 of the Regulations of the Board of Directors contemplates the circumstances in which directors must place their position at the disposal of the Board of Directors and formalize their resignation, should the Board find it appropriate, subject to a report from the Appointments and Remunerations Committee.

C.1.20 Explain the extent to which the annual evaluation of the board has given rise to significant changes in its internal organisation and regarding the procedures applicable to its activities:

Description of amendments
Given that after the recent merger process, Siemens Gamesa has a new members composition in itsgovernance bodies, the main areas in which progress has occurred during current fiscal year have been the increase on efficiency of the operation and optimization of the supervision of critical matters. In particular, the following progress have occurred along this fiscal year: 1. Operation: - The directors welcome program has been updated, including among others, the functions and duties expected from them. - It has gone deeper on the directors' training plan, with specific sessions about business key topics. - A new procedure for the review and supervision of the related party transactions by the Audit, Compliance and Related Party Transactions Committee of the Board of Directors has been approved. - A new Regulation of the Audit, Compliance and Related Party Transactions Committee which considers separately under independent articles the "Functions related to the Ethic and Compliance Division" and the functions referred to "related party transactions" has been approved.

2. Supervision of critical matters:
- The emerging and technological risks have been evaluated in a deeper detail (i.e the cybersecurity).
- The annual action plan of internal auditor has been more regularly tracked.
- A comparative assessment of the directors' remuneration has been done.

C.1.20.*bis* Describe the process of self-evaluation and the areas evaluated by the board of directors, as it may be assisted by an external consultant, regarding diversity in its composition and powers, the operation and composition of its committees, the performance of the chair of the board and chief executive of the company, and the performance and contribution of each director.

The Board of Directors of Siemens Gamesa evaluates its performance on an annual basis. Thus, on July 26, 2018, the Board of Directors approved the commencement of the evaluation process of the Board of Directors itself, the Audit, Compliance and Related Party Transactions Committee, the Appointments and Remunerations Committee, the Chairwoman of the Board of Directors, and the CEO. For the evaluation of the Board of Directors, the performance and contribution of each member on the evaluation of certain indicators has been considered.
On this fiscal year it was agreed to have PricewaterhouseCoopers Asesores de Negocios, S.L. ("PwC") as external advisor in the evaluation process.

The evaluation process, in which approx. 150 indicators have been analysed, has considered the following fields: (i) the bodies composition, (ii) its operation, (iii) the development of its competences and fulfilment of its duties, and (iv) the relationships with other bodies. In the cases the Chairwoman and the CEO the fields analysed have been: (i) profile, (ii) attendance, (iii) development of its competences and (iv) relationship with other bodies. These fields have been analysed from 3 dimensions: (i) fulfilment of regulatory and internal regulations, (ii) review of the future trend in corporate governance, and (iii) degree of fulfilment of the improvement recommendations pointed out in past evaluation processes. During the evaluation process the external advisor has held individual meetings with all directors.

The process finished on the Board Meeting held on November 23, 2018, with the approval of the evaluation results and the Action Plan for fiscal year 2019.

The conclusions of the evaluation process reflect that more than 95% of the indicators analysed have been complied with and that the operation of the governance bodies of the company has had a very positive development during the fiscal year.

The Action Plan 2019 derived from this evaluation process focusses on the continuous improvement in the efficient operation of the governance bodies. For that, among other improvement areas, work will be done to keep optimizing the efficiency of the Board of Directors and of its Committees meetings, on keep increasing the training plan of the directors, with training sessions on the Board and its Committees (i.e. about business related matters, and about duties and liabilities of the governance bodies), keep encouraging the attendance of different level managers in the governance bodies, and finally, keep aligning the practices of the Audit, Compliance and Related Party Transactions Committee with the Spanish National Securities Market Commission's Technical Guide 3/2017 on Audit Committees and public-interest entities.

C.1.20.*ter* List any business relationships of the consultant or any company of its group with the company or any company of its group.

The business relationships held by the consultant and the companies of its group with Siemens Gamesa Renewable Energy, S.A. during the last fiscal year amounted €2.2 million (representing less than 0.5% of PwC Spain turnover) and were focussed mainly on legal and corporate governance advice and finance related matters.

C.1.21 State the circumstances under which the resignation of directors is mandatory.

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.1.22 Section deleted.

C.1.23 Are qualified majorities, different from the statutory majorities, required to adopt any type of decision?

Yes X **No** ☐

If so, describe the 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.1.24 Explain whether there are specific requirements, other than the requirements relating to directors, to be appointed chair of the board of directors.

Yes ☐ **No X**

Description of requirements

C.1.25 State whether the chair has a tie-breaking vote:

Yes X **No** ☐

Matters on which a tie-breaking vote may be cast
Article 32.4 of the Bylaws and article 28.2 of the Board of Director's Regulations establishes that *"in the event of a tie, the Chairman will have the casting vote."*

C.1.26 State whether the by-laws or the regulations of the board set forth any age limit for directors:

Yes ☐ **No X**

Age limit for the chair ☐

Age limit for the CEO ☐ **Age limit for directors** ☐

C.1.27 State whether the by-laws or the regulations of the Board establish any limit on the term of office for independent directors that is different than the term provided by regulatory provisions:

Yes ☐ **No X**

Maximum number of terms	

C.1.28 State whether there are formal rules for proxy-voting at meetings of the board of directors, the manner of doing so, and especially the maximum number of proxies that a director may hold, as well as whether any restriction has been established regarding the categories of directors to whom proxies may be granted beyond the restrictions imposed by law. If so, briefly describe such 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 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.1.29 State the number of meetings that the board of directors has held during the financial year. In addition, specify the number of times the board has met, if any, at which the chair was not in attendance. Proxies granted with specific instructions shall be counted as attendance.

Number of meetings of the board	16
Number of meetings of the board at which the chair was not in attendance	0

If the chair is an executive director, state the number of meetings held without the presence in person or by proxy of any executive director and chaired by the lead independent director.

Number of meetings	0

State the number of meetings held by the different committees of the board of directors during the financial year:

Number of meetings of the audit, compliance and related party transactions committee	18
Number of meetings of the appointments and remuneration committee	7

C.1.30 State the number of meetings that the board of directors has held during the financial year with the attendance of all of its members. Proxies granted with specific instructions shall be counted as attendance.

Number of meetings with the attendance of all the directors	8
% in attendance of total votes during the financial year	93.20

See note (C.1.30) in Section H of this report.

C.1.31 State whether the annual individual accounts and the annual consolidated accounts that are submitted to the board for approval are previously certified:

Yes X **No** □

Identify, if applicable, the person/persons that has/have certified the annual individual and consolidated accounts of the company for preparation by the board:

Name	**Position**
Tacke, Markus	Chief Executive Officer
Lopez Borrego, Miguel Angel	Chief Financial Officer
Spannring, Thomas	Head of Accounting, Reporting and Controlling

C.1.32 Explain the mechanisms, if any, adopted by the board of directors to avoid any qualifications in the audit report on the annual individual and consolidated accounts prepared by the board of directors and submitted to the shareholders at the general shareholders' meeting.

Article 6 of the Regulations of the Audit, Compliance and Related Party Transactions Committee attributes the Audit, Compliance and Related Party Transactions Committee, among others, the following competencies in relation to the account auditing:

“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, ensuring 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.”

Article 8 of the Regulations of the Audit, Compliance and Related Party Transactions Committee shall also be pointed out, which details the following main functions of the Committee in relation to the process of preparing the economic-financial information:

“a) Oversee the preparation, presentation and integrity of economic and 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 convenient 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.

One of the main objectives of the reports from the Audit, Compliance and Related Party Transactions Committee, is to highlight those aspects which may be considered, where applicable, exceptions in the audit report of SIEMENS GAMESA and its Group, formulating, where applicable, the appropriate recommendations to prevent them. These reports are submitted to the entire Board of Directors for its consideration, prior to approval of the financial information.

It should also be noted that the External Auditor has appeared before the Audit, Compliance and Related Party Transactions Committee on several occasions throughout the fiscal year which ended September 30, 2018:

- appearance on October 16, 2017 regarding the preliminary audit works.

- appearance on November 1, 2017 regarding the auditing work update.

- appearance on November 27, 2017 regarding the audit of the annual financial statements which refer to the fiscal year ended on September 30, 2017.

- appearance on January 26, 2018 regarding the review of the financial statements of the first quarter of the 2018 fiscal year.

- appearance on January 26, 2018 regarding the fees for audit services of 2018 fiscal year.

- appearance on March 12, 2018 regarding the recommendations to improve the system for internal control over financial information.

- appearance on March 12, 2018 regarding the non-audit services rendered by the external auditor.

- appearance on April 27, 2018 regarding the limited review of interin consolidated financial statements on March 31, 2018.

- appearance on July 23, 2018 regarding review of the financial statements of the third quarter of 2018 fiscal year.

The audit reports of the individual and the consolidated financial statements drafted by the Board of Directors have been issued historically without qualifications, as stated in the information available in the corporate website and in the information about Siemens Gamesa included in the Spanish National Securities Market Commission website.

C.1.33 Is the secretary of the board a director?

Yes X **No** ☐

If the secretary is not a director, complete the following table:

Individual or company name of secretary	Representative

See note (C.1.33) in Section H of this report.

C.1.34 Section deleted.

C.1.35 State the specific mechanisms, if any, used by the company to preserve the independence of auditors, financial analysts, investment banks and rating agencies.

1. Mechanisms to ensure the independence of auditors.:

Article 6 of d) of the Regulations of the Audit, Compliance and Related Party Transactions Committee refers to the function of said Committee in relation to the independence of external auditors stating the following main functions:

d) Ensure the independence of auditors. For such purposes:

i. Establish appropriate relations with the auditor in order to receive information on any matters that could jeopardize the latter's independence.

ii. Supervise that the Company, its Group and the auditor comply with the legal provisions established to assure their independence, as well as those expressly provided for in the Company's Corporate Governance Standards.

iii. Supervise that the auditor reports on the compliance with the internal quality and independence control system it has in place in the annual certificate submitted to the Committee.

iv. Supervise that remuneration to the auditor does not compromise the quality of its work or its independence and assess any change that may occur in total remuneration to the auditor.

v. *Receive annually from the auditors written confirmation of its independence (both of the audit firm as a whole and the individual members of the work team) from the Company and its Group, as well as detailed and individualized information on additional services of any kind rendered by the auditor (or its connected entities) to the Company or any company of its Group, and the corresponding fees accrued, in accordance with current auditing legislation.*

vi. *Issue an annual report, which it shall submit to the Board of Directors, prior to the issue of the audit report, expressing an opinion on the independence of the auditors. In particular, the report shall refer to services other than those of auditing which the auditor, or any company of its group, has rendered to the Company or its Group, providing an individual and joint assessment thereof.*

The report shall also deliver an opinion on compliance with the rules laid down by law and the Company's Corporate Governance Standards to guarantee the independence of auditors.

vii. *Authorize services other than those of auditing to be rendered by the auditor, insofar as the rendering of such services is permitted by law and the Company's Corporate Governance Standards.*

In order to approve the provision of non-audit services by the auditor, the Committee shall consider: (i) the nature, circumstances and context of the service; (ii) the status, position or influence of the person providing the service and other relations with the Company; (iii) the effects thereof; and (iv) the limit on fees that it can receive annually for such services.

Moreover, it shall assess whether the audit firm, based on its expertise and experience, is the most suitable to provide those services; as well as the remuneration for non-audit services, individually or as a whole, in relation to remuneration for audit services and the parameters used by the audit firm to determine its own remuneration policy.

viii. *In the event of resignation of an auditor, examine the reasons behind this.*

ix. *Supervise the entity's internal policies for compliance with law on prohibitions subsequent to the completion of the audit work.*

On September 23, 2015 the Board of Directors approved a “Policy on communication and contacts with shareholders, institutional investors and proxy advisors”, which last version was approved by the same body on September 12, 2018 and sets the principles and appropriate measures which must govern the management and supervision of the information conveyed to the shareholders, and to the markets and the relationships with shareholders, institutional investors and proxy advisors, to protect the exercise of their rights in the context of defense of the corporate interest and warranty the equal and non-discriminatory treatment.

2. <u>Mechanisms to ensure the independence of financial analysts, investment banks and rating agencies.</u>

Regarding information provided to the financial analysts and investment banks, the results presentation and other relevant documents which the Company sends, is received by these entities simultaneously after it has been sent to the CNMV, always in strict compliance with the stock exchange regulations.

Specifically, in compliance with the Recommendation from the CNMV dated December 22, 2005, regarding informative meetings with analysts, institutional investors and other professionals, SIEMENS GAMESA announces the meetings with analysts and investors with a prior notice of at least seven workdays, indicating the expected date and time of the meeting, as well as, where appropriate, the technical means (teleconference, webcast) through which any interested party may follow it live.

The supporting documentation for the meeting is made available through the Company's website (www.siemensgamesa.com) a few minutes before it starts.

Also, a direct Spanish/English translation service is made available to the participants.

Finally, the recording of the meeting is made available to the investors on the Company's website (www.siemensgamesa.com) for one month.

Likewise, *roadshows* are held regularly in the most relevant countries and banking centers where individual meetings are held with all market agents. Their independence is protected by the existence of a specific representative dedicated to their service, which ensures objective, equal and non-discriminatory treatment.

See note (C.1.35) in Section H of this report.

C.1.36 State whether the Company has changed the external auditor during the financial year. If so, identify the incoming and the outgoing auditor:

Yes ☐ **No X**

Outgoing auditor	Incoming auditor

If there has been any disagreement with the outgoing auditor, provide an explanation thereof:

Yes ☐ **No** ☐

Description of disagreements

C.1.37 State whether the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of the fees paid for such work and the percentage they represent of the aggregate fees charged to the company and/or its group:

Yes **X** **No** ☐

	Company	Group	Total
Amount of other non-audit work (thousands of euros)	191	153	344
Amount of non-audit work / Aggregate amount billed by the audit firm (%)	4.53	3.64	8.17

See note (C.1.37) in Section H of this report.

C.1.38 State whether the audit report on the annual accounts for the prior financial year has observations or qualifications. If so, state the reasons given by the chair of the audit committee to explain the content and scope of such observations or qualifications.

Yes ☐ **No** X

Explanation of reasons

C.1.39 State the consecutive number of years for which the current audit firm has been auditing the annual accounts of the company and/or its group. In addition, state the percentage represented by such number of financial years audited by the current audit firm with respect to the total number of financial years in which the annual accounts have been audited:

	Company	Group
Number of continuous financial years	5	5

	Company	Group
Number of years audited by the current audit firm / Number of years in which the company has been audited (%)	17.86%	17.86%

C.1.40 State whether there is any procedure for directors to hire external advisory services, and if so, describe it:

Yes X **No** ☐

Describe the procedure
Article 36 of the Regulations of the Board of Directors establishes that *“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. 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.”* Similarly, article 37 of the Regulations of the Audit, Compliance and Related Party Transactions Committee establishes 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 26 of the Appointments and Remunerations Committee Regulations also contemplates that *"in order to be aided in the performance of their duties, the Committee may request the engagement of legal consultants or other experts.”*

C.1.41 State whether there is any procedure for directors to obtain sufficiently in advance the information required to prepare for meetings of management-level decision-making bodies and, if so, describe it:

Yes X **No** ☐

Describe the procedure
Article 26.3 of the Regulations of the Board of Directors regulates the procedure for convening the meetings of the cited body, indicating that “*3.The call to convene of ordinary meetings will be carried out in any written form to ensure correct reception, and will be authorized with the signature of the Chairman or the Secretary by order of the Chairman.* *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. "* Likewise, article 30.2 a) of the Regulations of the Board of Directors establishes that directors are required to *"inform themselves and prepare themselves diligently for the meetings of the Board of Directors and the committees of which they are members.”*

Additionally, article 34 of the Regulations of the Board of Directors states that "*Directors have the right to request and the duty to demand from the Company the necessary and appropriate information for correct the performance of their duties. The right of information is also extended to the companies of the Group in the terms set forth by the law and the Corporate Governance Standards. 2. The exercise of the information powers will be channeled through the Chairman, the CEO or the Secretary of the Board of Directors."*

It is also pointed out that, according to article 30.3 of the Regulations of the Audit, Compliance and related Party Transactions Committee, the Audit, Compliance and related Party Transactions Committee *"shall submit to the Board of Directors, at least three days before the meeting, all necessary documentation for the adopting of a decision. No decision shall be adopted if said term is not observed"*.

Also, the Appointments and Remunerations Committee, according to article 23.3 of its Regulations "*shall make its best efforts to submit to the Board of Directors, at least six business days before the meeting, all necessary documentation for the adopting of a decision. Exceptionally, information may be provided with a minimum period of at least three business days".*

C.1.42 State whether the company has established any rules requiring directors to inform the company —and, if applicable, resign from their position— in cases in which the credit and reputation of the company may be damaged, and if so provide a detailed description:

Yes X **No** ☐

Explain the rules
As indicated in previous Section C.1.21, article 16 of the Regulations of the Board of Directors establishes the circumstances in which directors shall place their position at the disposal of the Board of Directors and formalize their resignation if the Board finds it appropriate. This includes situations which may negatively affect the Company's credibility/standing and reputation. Specifically, the directors must proceed as indicated: a) *"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). b) *"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).

c) *"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).

d) *"Whenever their continuity on the Board of Directors could put the Company's interests at risk, (...)"* (article 16.2.g).

e) *"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).

Article 35.2 d) of the Regulations of the Board of Directors states that the director must inform the Company of "a*ny legal, administrative or any 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 Article 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."*

C.1.43 State whether any member of the board of directors has informed the company that such member has become subject to an order for further criminal prosecution upon indictment or that an order for the commencement of an oral trial has been issued against such member for the commission of any of the crimes contemplated in section 213 of the Corporate Enterprises Act:

Yes ☐ **No** X

Name of director	Criminal Case	Comments

State whether the board of directors has analysed the case. If so, provide a duly substantiated explanation of the decision adopted regarding whether or not the director should remain in office or, if applicable, describe the actions taken by the board of directors through the date of this report or that it plans to take.

Yes ☐ **No** ☐

Decision made / action taken	Duly substantiated explanation

C.1.44 Describe the significant agreements entered into by the company that go into effect, are amended or terminate in the event of a change in control at the company as a result of a takeover bid, and effects thereof.

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 Sole Shareholder Company, the supposed change of control in SIEMENS GAMESA RENEWABLE ENERGY, S.A. will permit IBERDROLA, S.A. to terminate the framework agreement, and neither party may make any claims subsequently.

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 gearboxes, 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 50.01% 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 than 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 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 during which Siemens: (a) directly or indirectly holds 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. 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. (sole shareholder company), 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 should 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.

It shall also be pointed out that Siemens Gamesa as Company member of the Siemens AG Group has accessed with effective date of October 1, 2017, to the insurance program of the Siemens Group which includes all risk material damages policy, liability policy, transport, chartering vessels and construction all risk policy. If the Company shall lose the category as member of the Siemens AG Group its right to access the aforementioned insurance program shall be declined.

On August 1, 2018, 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 6 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.

C.1.45 Identify on an aggregate basis and provide a detailed description of the agreements between the company and its management level and decision-making positions or employees that provide for severance, guarantee or "golden parachute" clauses upon resignation or termination without cause, or if the contractual relationship is terminated as a result of a takeover bid or other type of transaction.

Number of beneficiaries	104
<u>Type of beneficiary</u>	**<u>Description of agreement</u>**
CEO, Top Management, Managers, and Employees.	**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 June 20, 2017, has a one year fixed salary severance pay.

	Top management (5 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. 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 and, in some cases, also if a change of control of the Company occurs. In certain cases, the severance pay is established with respect to the legal rights foreseen in the labor regulation if these were more beneficial. **Managers and Employees (98 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.

State whether such agreements must be reported to and/or approved by the decision-making bodies of the company or its group:

	Board of directors	General meeting
Decision-making body approving the provisions	X	

	YES	NO
Is information about these provisions provided to the shareholders at the general meeting?	X	

See note (C.1.45) in Section H of this report.

C.2 Committees of the board of directors

C.2.1 Describe all of the committees of the board of directors, the members thereof, and the proportion of executive, proprietary, independent and other external directors of which they are comprised:

AUDIT, COMPLIANCE AND RELATED PARTY TRANSACTIONS COMMITTEE

Name	Position	Classification
Hernández García,Gloria	Chairwoman	Independent
Conrad, Swantje	Member	Independent
Alonso Ureba, Alberto	Member	Independent

% executive directors	0%
% proprietary directors	0%
% independent directors	100.00%
% other external	0%

Explain the duties assigned to this committee, describe the procedures and rules of organisation and operation thereof, and summarise the most significant activities thereof during the year.

Functions:

SIEMENS GAMESA's Audit, Compliance and Related Party Transactions Committee 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 Committee establish the duties of this Committee. The full text of the Company's internal rules and regulations are available at www.siemensgamesa.com

The duties of the Audit, Compliance and Related Party Transactions Committee primarily refer to the oversight of the Company's internal audit, the review of the internal control systems for drawing up economic and financial information, auditing accounts, the related party transactions, and compliance in the terms established in its regulations.

Organization:

a) It will comprise at least three (3) and at most (5) non-executive directors, with a majority of independent directors, appointed for a maximum term of four (4) years by the Board of Directors, as proposed by the Appointments and Remunerations 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 will procure that at least one of the appointed independent directors has knowledge and experience in accounting, auditing or both.

c) The Committee shall appoint a Chairperson among its independent directors for a maximum term of four (4) years, after which he or she may not be re-elected as Chairperson until one year has elapsed since the conclusion of said term. A Secretary shall also be appointed, though this officer does not need to be a director.

d) 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 category, if that means the number of independent directors in the Committee is less than the majority; and c) when agreed on by the Board of Directors.

e) Directors sitting on the Committee who are re-elected as Directors of the Company shall continue to hold their positions within the Committee unless the Board of Directors resolves otherwise.

Operation:

a) It shall meet as often as necessary to perform its duties, at the Chairperson'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 it.

b) It shall be validly constituted when more than half of its members are present or represented at the meeting.

c) Agreements 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 or she must leave the meeting until the decision is made, being removed from the number of members of the Committee in order to calculate the quorum and majorities related to the item in question.

Most significant actions:

During 2018, the Audit, Compliance and Related Party Committee was informed of all the matters within its capacity and, in this context, has satisfactorily fulfilled the duties assigned thereto by law, Bylaws, Regulations of the Board of Directors and the own Committee's organizational and operating regulations. Its most significant actions during the year are included in the annual activities report of the Audit, Compliance and Related Party Committee which is made available to the shareholders on the company´s website when convening the Annual General Meeting of Shareholders.

Identify the director who is a member of the audit committee and who has been appointed taking into account the director’s knowledge and experience in the areas of accounting, audit or both, and report the number of years that the Chair of this committee has held office.

Name of director with experience	Gloria Hernandez Garcia
Number of years during which chair has held the position	3

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Classification
Cendoya Aranzamendi, Andoni	Chairman	Independent
Conrad, Swantje	Member	Independent
von Schumann, Mariel	Member	External Proprietary
Rosenfeld, Klaus	Member	Independent
Rubio Reinoso, Sonsoles	Member	External Proprietary

% executive directors	0%
% proprietary directors	40.00%
% independent directors	60.00%
% other external	0%

Explain the duties assigned to this committee, describe the procedures and rules of organisation and operation thereof, and summarise the most significant activities thereof during the year.

Functions:

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 8 in chapter II of the *Regulations of the Appointments and Remunerations Committee* establish the duties of this Committee. In particular, its primary functions are to oversee the composition and functioning, as well as the remuneration, of the Company's Board of Directors and of the Senior Management.

The full text of the Company's internal rules and regulations are available at www.siemensgamesa.com

Organization:

a) It will comprise at least three (3) and at most (5) non-executive directors, with at least two of them being independent directors, appointed for a maximum term of four (4) years by the Board of Directors, as proposed or with prior report of by the Appointments and Remunerations Committee.

b) A Chairperson shall be appointed among the independent directors for a maximum term of four (4) years, after which he or she may not be re-elected as Chairperson until one year has elapsed since conclusion of said term. A Secretary shall also be appointed, though this officer does not need to be a Director.

c) 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 category, if this means the number of independent directors within the Committee is less than two; and c) when agreed on by the Board of Directors.

d) Directors sitting on the Committee who are re-elected as Directors of the Company shall continue to hold their positions within the Committee unless the Board of Directors resolves otherwise.

Operation:

a) It shall meet as often as necessary to perform its duties, at the Chairperson's behest. Meetings shall also be held whenever two of the members so request.

b) It shall be validly constituted when more than half of its members are present or represented at the meeting.

c) Agreements 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 or she must leave the meeting until the decision is made, being removed from the number of members of the Committee in order to calculate the quorum and majorities related to the item in question.

Most significant actions:

During 2018 the Appointment and Remunerations Committee was informed of all the matters inside its capacity and, in this context, satisfactorily fulfilled the duties assigned thereto by law, Bylaws, Regulations of the Board of Directors and the own Committee's organizational and operating regulations. Its most significant actions during the year are included in the annual activities report of the Appointments and Remunerations Committee which is made available to the shareholders on the company´s website when convening the Annual General Meeting of Shareholders.

See note (C.2.1) in Section H of this report.

C.2.2 Complete the following table with information regarding the number of female directors comprising the committees of the board of directors as at the close of the last four financial 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	2	66.67%	2	100.00%	2	50.00%	2	50.00%
Appointments and Remuneration Committee	3	60.00%	3	60.00%	N/A		0	0.00%

See note (C.2.2) in Section H of this report.

C.2.3 Section deleted.

C.2.4 Section deleted.

C.2.5 State, if applicable, the existence of regulations of the board committees, where such regulations may be consulted, and the amendments made during the financial year. Also state if any annual report of the activities performed by each committee has been voluntarily prepared.

Audit, Compliance and Related Party Transactions Committee

The Audit, Compliance and Related Party Transactions Committee is regulated in the Bylaws, in the Board of Directors Regulations and in the Audit, Compliance and Related Party Transactions Committee Regulations, all of which are available for consultation on the Company's website (www.siemensgamesa.com).

The Regulations of the Audit and Compliance 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 February 22, 2017.

On April 4, 2017 the Board of Directors approved an amended version of the mentioned Regulations and amended the Committee name to Audit, Compliance, and Related Party Transactions Committee.

Finally, the Board of Directors of the Company approved the amendment of the consolidated wording of the referred Regulations on March 23, 2018 and endorsed the current consolidated wording on July 26, 2018.

These last two amendments of the Regulations of the Audit, Compliance and Related Party Transactions Committee carried out during 2018 fiscal year were executed mainly as a consequence of the new European and Spanish law in relation to audit of accounts, the Royal Decree-Law 18/2017 of November 24, in relation to non-financial information, the approval by the National Stock Exchange Commission, on June 27, 2017, of the "Technical Guide 3/2017 on audit committees at public-interest entities" (the "Technical Guide"), and for the purpose of making technical improvements to the same.

In accordance with article 14 b) of the Regulations of the Audit, Compliance and Related Party Transactions Committee, this Committee has the duty to draw up an annual report on its activities. Likewise, article 29.1 of the said Regulations point out that the referred Committee "*shall draw up a report on it activities, which must be made available to the shareholders and investors, upon its approval by the Board of Directors when convening the Ordinary General Shareholders' Meeting. Specifically, the report shall contain, inter alia, the composition of the Committee and the criteria and reasons used for the appointment of the members of the Committee and the Committee's opinion on the independence of the auditor*". Finally, article 30.4 of the said Regulations mention that "*within the first three months following every year end, the Committee shall submit to the Board of Directors for approval a comprehensive report of its work during the previous fiscal year, as established in Article 29.1 of these Regulations*"

Appointments and Remunerations Committee

The Appointments and Remunerations Committee is regulated in the Bylaws, in the Regulations of the Board of Directors and in the Regulations of the Appointments and Remuneration Committee, all of which have been posted and are available on the Company's website (www.siemensgamesa.com).

The Appointments and Remunerations Committee Regulations were approved by the Company's Board of Directors on April 4, 2017 and their following amendment was endorsed by the Board of Directors on July 26, 2018. The amendments made to the Regulations during the fiscal year have the purpose of introducing technical improvements to the same.

Article 22 of the Regulations of the Appointments and Remunerations Committee establishes the obligation of said committee to draw up a yearly report on its activities to be made available to the Company shareholders and investors following approval thereof by the Board of Directors when the Ordinary General Meeting of Shareholders is convened. In this sense, article 23.4 of the mentioned Regulations points out that "*within the first three months following the end of each financial year of the Company, the Committee shall submit to the Board of Directors for approval a report on its work during the prior financial year, as provided in article 22 of these Regulations".*

C.2.6 Section deleted.

D RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1 Explain any procedures for approving related-party and intragroup transactions.

Procedure for reporting the approval of related-party 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") since the day it was approved. 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 standardised 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 financial 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;
(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".

See note (D.1) in Section H of this report.

D.2 Describe those transactions that are significant due to the amount or subject-matter thereof between the company or entities of its group and the company's significant shareholders:

Individual or company name of the significant shareholder	**Individual or company name of the company or entity within its group**	**Nature of the relationship**	**Type of transaction**	**Amount (thousands of euros)**
Iberdrola, S.A.	Adwen GmbH	Contractual	Sale of goods terminated or not	57,784
Iberdrola, S.A.	Siemens Gamesa Renewable Energy Wind Limited	Contractual	Sale of goods terminated or not	12,683
Iberdrola, S.A.	Siemens Gamesa Renewable Energy S.A. de C.V.	Contractual	Sale of goods terminated or not	197,974
Iberdrola, S.A.	Siemens Gamesa Energia Renovável Ltda.	Contractual	Sale of goods terminated or not	8,383
Iberdrola, S.A.	Siemens Gamesa Renewable Energy Wind, LLC	Contractual	Sale of goods terminated or not	24,987
Iberdrola, S.A.	Siemens Gamesa Renewable Energy Wind, S.R.L.	Contractual	Sale of goods terminated or not	1,374
Iberdrola, S.A.	Siemens Gamesa Renewable Energy, S.A.	Contractual	Sale of goods terminated or not	1,272
Iberdrola, S.A.	Siemens Gamesa Renewable Energy, Eolica, S.L.	Contractual	Sale of goods terminated or not	69,051

Siemens AG	Siemens Gamesa Renewable Energy A/S	Contractual	Purchase of goods terminated or not	144,153
Siemens AG	Siemens Gamesa Renewable Energy GmbH & Co. KG	Contractual	Purchase of goods terminated or not	2,077
Siemens AG	Gamesa Wind (Tianjin) Co. Ltd.	Contractual	Receipt of services	1,508
Siemens AG	Siemens Gamesa Renewable Energy (Shanghai) Co. Ltd	Contractual	Receipt of services	1,100
Siemens AG	Siemens Gamesa Renewable Energy A/S	Contractual	Receipt of services	155,536
Siemens AG	Siemens Gamesa Renewable Energy GmbH & Co. KG	Contractual	Receipt of services	95,731
Siemens AG	Siemens Gamesa Renewable Energy Limited	Contractual	Receipt of services	3,751
Siemens AG	Siemens Gamesa Renewable Energy Pty. Ltd.	Contractual	Receipt of services	1,598
Siemens AG	Siemens Gamesa Renewable Energy S.A.	Contractual	Receipt of services	1,400
Siemens AG	Siemens Gamesa Renewable Energy Inc.	Contractual	Receipt of services	65,841

See note (D.2) in Section H of this report.

D.3 Describe those transactions that are significant due to the amount or subject-matter thereof between the company or entities of its group and the company's directors or officers:

Individual or company name of directors or officers	Individual or company name of related party	Relation	Nature of the transaction	Amount (thousands of euros)

D.4 Report the significant transactions made by the company with other entities belonging to the same group, provided they are not eliminated in the preparation of the consolidated accounts and they are not part of the ordinary course of business of the company as to their purpose and conditions.

In any case, report any intragroup transaction with entities established in countries or territories considered to be tax havens:

Name of the entity within the group	Brief description of the transaction	Amount (thousands of euros)

See note (D.4) in Section H of this report.

D.5 State the amount of transactions with other related parties.

566,561 thousand euro

See note (D.5) in Section H of this report.

D.6 Describe the mechanisms used to detect, determine and resolve potential conflicts of interest between the company and/or its group, and its directors, officers 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 financial 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 19 September 2016.

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. Doubt shall be understood to exist whenever, due to a link or any other reason or circumstance, could imply, in the judgement of an impartial, fair-minded observer, a Conflict of Interest in relation to a specific action, service or transaction.

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.

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 more than one company of the Group listed in Spain?

Yes ☐ **No X**

Identify the subsidiaries listed in Spain:

Listed subsidiaries

State whether they have publicly and accurately defined their respective areas of activity and any possible business relationships among them, as well as those between the listed dependent company and the other companies within the group:

Yes ☐ **No** ☐

Describe the possible business relationships between the parent company and the listed subsidiary, and between the subsidiary and the other companies within the group

Identify the mechanisms established to resolve possible conflicts of interest between the listed subsidiary and the other companies within the group:

Mechanisms for the resolution of possible conflicts of interest

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's Risk Management System, including the system for managing tax risks.

Siemens Gamesa Renewable Energy (hereinafter, "the Company" or "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 recognised 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 organisation.

The **General Risk Control and Management Policy**, which establishes the foundations and general context for the key elements of ERM that are summarised 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 organisation, 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 prioritising 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 organisation and probability of occurrence, taking into account a three-year time period and different perspectives, including effects on business objectives, reputation, regulation and economic 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 standardised 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 decision-making bodies of the company responsible for preparing and implementing the Risk Management System, including the system for managing tax risks.

The **Board of Directors** approves the transactions of high amount, strategic, or those of special tax risk. It is also responsible for establishing general policies and strategies, 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 **organisation structured into four levels of defence**:

1 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 Risk Internal Control 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 ExCo

Regional Executive Committees: As owners of the regional R/Os, they perform a function at this level similar to that of the ExCo

Financial Directorate: As established in the Investment and Finance Policy, it centralises 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 financial year and on the control of tax risks of the entire Group

2 Monitoring and compliance

- **Risk Internal Control Department (RIC):** Part of the Financial Directorate, RIC integrates the ERM and Internal Control functions, participates in defining the risk strategy, in the proper operation and effectiveness of the control systems and in the mitigation of identified risks, and ensures that the executive line assesses everything relating to the Company's risks, including operational, technological, financial, legal, social, environmental, political and reputational risks.
- **Ethics and Compliance Directorate:** Reporting directly to the Board of Directors' Audit, Compliance and Related Party Transactions Committee, this directorate is responsible for the application of the Business Conduct Guidelines and of the Internal Regulations for Conduct in the Securities Market, as well as for supervising the implementation of and compliance with the Crime Prevention and Anti-Fraud Policy and Handbooks.

3 Independent assurance

Reporting to the Board of Directors' Audit, Compliance and Related Party Transactions Committee, the **Internal Audit Directorate** is responsible for informing, advising and directly reporting on the following matters, among others:

- 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

4 Supervision

The **Audit, Compliance and Related Party Transactions Committee** is formally responsible for:

- Regularly reviewing the effectiveness of the systems for internal control and management of risks, including tax risks, so as to properly identify, analyse and report on the main risks, as well as analysing together with the statutory auditors the significant internal control system shortfalls that have been identified when performing the audit, without affecting their independence. The Committee may submit recommendations or proposals to the Board of Directors as a result of this review
- Reviewing the risk policies and proposing their amendment or the adoption of new policies to the Board of Directors
- Ensuring that the control and risk management policies identify at least: the various types of risk affecting the Company and the Group, including financial or economic risks, contingent liabilities and other off-balance sheet risks; the levels of risk that the Company and Group consider acceptable; and the measures planned to mitigate the impact of identified risks
- Ensuring that the RIC department participates in defining the risk strategy, in the proper operation and effectiveness of the control systems, and in mitigating identified risks

The **Board of Directors** approves the specific policies on which the risk levels that the Company considers acceptable are based and which are aimed at maximising and protecting the economic value of Siemens Gamesa within a controlled

E.3 Point out the principal risks, including tax risks, that could affect the achievement of business goals.

In the rollout of its strategic and operational planning, Siemens Gamesa faces various risks inherent to the sector in which it carries out its business activities and to the countries in which it does business that could affect the achievement of the business objectives.

In general, risk is defined as the potential loss caused by an event (or a series of events) that could adversely affect the achievement of the company's business objectives, for which reason the Control and Risk Management Systems are clearly linked to the Company's process of strategic planning and setting objectives.

We provide a brief summary below of the main risks that could affect the achievement of the business objectives and that have been monitored in 2018.

Strategic

- **Pressure on contribution margin and on MW volumes**, due to factors such as changes in governmental policy decisions, the situation in terms of cost of wind energy as opposed to other energy sources, and the evolution toward an auction-based business model in an increasing number of countries.
- As a result of geographic diversification and an extensive customer and supplier base, Siemens Gamesa is exposed to "**country risk**", understood as an environment where socio-political and security conditions could affect Siemens Gamesa's local interests, such as the effect on the Turkish wind market due to that country's macro situation, processes such as Brexit in the UK, and potential risks resulting from conducting business in countries subject to embargos or sanctions from strategic countries.

Operational

- **Cyber-attack risks:** As with many other multinational companies, Siemens Gamesa is exposed to the growing threat of increasingly professional cybercrime
- **Supply chain risk:** The geographic diversification of suppliers and potential failures in the supply of critical components and services could have effects on business continuity
- Risk of **cost-reduction processes for certain products not occurring at the necessary rate** to offset price pressure
- Risks relating to **commitments made** in certain contracts with customers that could end up affecting working capital or balance sheet provisions
- Operational risks relating to the launch of **new products** and opening of **new production centres**

Financial

- **Risks that could affect the strength of the balance sheet,** control of working capital and structure and/or results (including on-going cost improvement), such as significant strategic and/or operational issues that could cause impairments of assets
- **Market price risks:** Siemens Gamesa is exposed to risks relating to fluctuations in commodity prices as well as to tariffs on the import of certain products in some countries, which could affect supply chain costs
- **Exchange rate risk**: Siemens Gamesa engages in transactions with international counterparties in the ordinary course of its business, which lead to revenues in currencies other than the euro and future cashflow for Siemens Gamesa Group entities in currencies other than their functional currency, for which reason it is exposed to risks deriving from changes in exchange rates

- **Interest rate risk:** the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in interest rates. The risk arises whenever the interest terms of financial assets and liabilities are different. Siemens Gamesa uses external sources to finance parts of its operations. Variable-rate loans expose the Group to interest rate risks, while fixed-rate loans expose the Group to fair-value interest rate risk. 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 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 contractor selection, monitoring and qualification processes, and work in emerging market environments with less mature cultures in relation to environmental and health and safety standards.
- **Risk of regulatory and compliance uncertainty** as regards applicable legal requirements and those that could become applicable, as well as control of risks of commission of crimes, including fraud, bribery and corruption.

The Management Report in the Annual Report for financial year 2018 includes additional details on certain risks associated with Siemens Gamesa's activities.

E.4 Identify whether the entity has a risk tolerance level, including one for tax 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, net revenues, net financial debt, CAPEX and working capital
- MW sold and new orders
- Non-quality and other costs
- Frequency index, severity index

In this context, the specific numerical values of the most significant risk limits have been updated during financial year 2018.

3) The use of various perspectives to assess impact according to a number of standards, so that if they are assessed as high or serious 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 high or severe 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 RIC 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 what risks, including tax risks, have materialised during the financial year.

The risk factors that have materialised during 2018 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 2019 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 plans for responding to and supervising the entity's main risks, including tax risks.

The following are noteworthy as particular response and supervision actions that apply to significant risks, including tax-related risks (whether they have materialised or not):

Strategic
- Development of new business opportunities, entry into new countries and cost-reduction programmes across all units to mitigate the risk of pressure on margin and volumes
- The possible effects of particular decreases in business due to "country risk" are mitigated by the balanced diversification of sales in other countries/regions and a Security Model that ensures continuity and security of the business, people and assets in the countries in which the Company does business, by managing early warnings and through contingency and emergency plans

Operational

- Information Security Model, led and continuously improved by a global and cross-functional Security Committee capable of preventing and mitigating the external threats of cyber-attacks
- In order to minimise supply chain risk, various control activities are carried out at the different stages of the supplier relationship including the development of multiple supply sources and Ethics and Compliance controls
- There is an ongoing reduction in costs through specific programmes with objectives rolled out across all regions, subject to company control and seeking improvements in return in terms of the cost of energy and contribution margin
- Customer commitments are regularly monitored and alternatives are sought in terms of negotiation and reassignment of products
- New products and new product centres are regularly monitored in order to ensure that cost, quality and regulatory compliance are in line with expectations

Financial

- Balance sheet risks are prevented/mitigated through continuous monitoring of cash flows and relevant matters relating to the activity that could entail impairment of assets
- Market risk related to commodity prices is mitigated in some cases by using derivative instruments, as well as through negotiation, change in supplier and even redesign of certain components
- Various actions are carried out to reduce exchange rate exposure, particularly including: increase in local content; hedging through derivative financial instruments; monitoring exposure open to fluctuation while complying with the Group's hedging limit; and analysis of currency sensitivity
- The split of outside financing between variable and fixed rates is constantly analysed in order to optimise interest rate exposure and derivative financial instruments are used to reduce interest rate risk
- Tax risks are controlled with various mechanisms established in the Master Rules for Control and Analysis of Tax Risks and include the following: regular reporting to the Company's management and supervisory bodies on compliance with good tax practices; application of the Corporate Tax Policy; and specific control of compliance with tax-related legal requirements by region

Compliance

- The risk of serious and fatal accidents is mitigated with various actions, particularly including: strengthening of zero tolerance policy; specific emergency plans for each serious accident and global prevention plans for the regions with worse results; preventive H&S measures before commencing operations in a new country
- The Company has systems for monitoring regulatory changes and crime prevention handbooks in accordance with the requirements of the main regions in which it operates, which include the corresponding specific detection and prevention controls

Additional information on response and supervision plans is included in the annual Management Report and in the Notes to the Annual Accounts for 2018.
In addition to the specific response plans, continuous supervision and monitoring processes are carried out to ensure a proper response to the company's main risks, particularly including the following:

- Control exercised by heads of business units and regions and by the Executive Committee with respect to the evolution of R/O maps and mitigation plans
- Reports to the Board of Directors' Audit, Compliance and Related Party Transactions Committee with respect to the evolution of R/O maps from the head of RIC and individually from the R/O owners to examine significant risks and opportunities

- Insurance of third-party operational risks with annual update and revision of coverage
- External certifications of management system in accordance with OHSAS18001, ISO 14001 and ISO9001
- Internal certifications from Management confirming that the ERM process is implemented as part of the RIC system and ensures that significant risks and opportunities are properly managed
- Declaration of conformance of ERM system to ISO 31000:2009
- Assessments, including independent assessments and assessments by Management, by the internal audit department and by external audit with regard to the effectiveness of the internal control over financial reporting.
- Regular training sessions for managers and senior managers on the Risk Internal Control Policy, integrated R/O management methods and implementation of the ERM methodology
- Internal audits of significant risks conducted by the Internal Audit Directorate

F INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN CONNECTION WITH THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFRS)

Describe the mechanisms making up the risk control and management systems with respect to the process of issuing the entity's financial information (ICFRS)

F.1 Control environment at the entity

Indicate at least the following, specifying the main features thereof:

F.1.1. What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective internal control over financial reporting system (ICFRS); (ii) the implementation thereof; and (iii) oversight thereof.

According to the Company's By-Laws, the Board of Directors shall be responsible, in particular, for preparing the financial statements and the management report corresponding to both the Company and its consolidated group, and the proposed allocation of earnings, as well as for supervising and approving the regular financial information that must be made public due to its status as a listed company.

Within this framework, the Board of Directors of Siemens Gamesa is therefore ultimately responsible for ensuring the existence and maintenance of an adequate Internal Control over Financial Reporting System (ICFRS), which supervision is delegated thereto in accordance with the powers established in the Regulations of the Board of Directors and in the Regulations of the Audit, Compliance and Related Party Transactions Committee of the Board of Directors. Moreover, the Management of the Siemens Gamesa Group is responsible through its Financial Department for the design, implementation and maintenance of the ICFRS.

In turn and in support of the Board of Directors' Audit, Compliance and Related Party Transactions Committee, the Company has an Internal Audit function, 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 of the Board of Directors establish that it is within the purview of said Committee to supervise the effectiveness of the Company's internal control system and the systems for the management of risks, including tax risks, as well as to analyse with the statutory auditors any significant internal control shortfalls that are identified in the course of the audit 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:

- Supervising the process of preparation, filing and integrity of the economic and financial and non-financial information relating to the Company and to its consolidated Group, as well as the proper definition of the Group, and submitting to the Board of Directors the recommendations or proposals that it deems appropriate in this regard. The Committee must perform this supervisory work on an ongoing basis, as well as upon a specific request from the Board of Directors.

- Supervising the preparation of the regular economic and financial information (half-yearly financial reports and quarterly management reports) with the same accounting standards as the annual financial information and for such purpose proposing to the Board of Directors that the statutory auditor conduct a limited review thereof, if applicable.

- Supervising compliance with legal requirements and the proper application of generally accepted accounting principles, and informing the Board of Directors of any significant change in accounting standards.

- Monitoring the reasons for which the Company breaks down certain alternative performance measures in its public reporting instead of the measures directly defined by accounting regulations, the extent to which they provide useful information to investors and their degree of compliance with the provisions of best practices and international recommendations in this area.

- Being informed of the significant adjustments identified by the statutory auditor or resulting from the reviews conducted by Internal Audit and the position of the management team regarding said adjustments.

- Properly attending and responding to and taking into account notices or demands sent by the public financial reporting supervisor in the current or previous financial years, ensuring that the same kind of incidents as previously identified in such notices or demands are not repeated in the financial statements.

- Monitoring on a quarterly basis that the financial information published on the Company's corporate website is regularly updated and reflects that which has been approved or drawn up by the Board of Directors and published on the website of the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*). If the Committee is not satisfied with any aspect after such monitoring, it shall notify the Board of Directors of its opinion through its secretary.

In relation to the internal control and risk management systems:

- Receiving 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 by any other professional specifically engaged for such purpose, as well as regarding any significant internal control shortfall that the external auditor has identified in the course of its statutory auditing work. The Committee may submit recommendations or proposals to the Board of Directors as a result of this supervision.

- At least annually, supervising the risk policies and proposing their amendment or the adoption of new policies to the Board of Directors.

- Supervising that the control and risk management policies identify at least:

  i. The different types of risk (operational, technological, financial, legal, tax, reputational, climate, social, etc.) that affect the Company and its Group, including financial or economic risks, contingent liabilities and other off-balance sheet risks.

  ii. The risk levels that the Company and the Siemens Gamesa Group deem acceptable in accordance with the Corporate Governance Rules.

  iii. The measures established to mitigate the impact of identified risks should they materialise.

  iv. The reporting and internal control systems used to control and manage risks.

- At least annually, supervising the assessment of the most significant financial and non-financial risks and the established tolerance levels.

- Ensuring that the risk department participates in defining the risk strategy, in the proper functioning and effectiveness of the control systems and in mitigating identified risks.

- At least annually, holding a meeting with each one of the business heads of the Group at which they explain the trends in their respective business and the risks associated therewith.

Siemens Gamesa has a Risk Internal Control Department (RIC) that reports hierarchically to the Finance Department and regularly to the Board of Directors' Audit, Compliance and Related Party Transactions Committee. The RIC department is responsible for establishing and monitoring the effectiveness of an integrated risk and internal control system, including the ICFRS. This Group control model is based, maintained and valuated through a single tool named "RIC tool", which has implied the harmonization of the different tools existing before the merger, in one single application.

F.1.2. Whether any of the following are in place, particularly as regards the financial information preparation process:

- Departments and/or mechanisms in charge of: (i) the design and revision of the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of work and duties; and (iii) ensuring that there are sufficient procedures for the proper dissemination thereof at the entity.

  In relation to the definition of the organisational structure, the regulations of the Board of Directors establish that the Appointments and Remuneration Committee must inform the Board 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.

The Group's Executive Committee is responsible for defining, designing and reviewing the organisational 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 Human Resources Directorate is responsible for supervising the organisational design of the Company and for procuring the standardisation thereof. The Communications Directorate communicates the significant changes in the organisation via internal communication, mainly through the corporate intranet and email.

The Human Resources Directorate also maintains and publishes the Company's organisational chart on the corporate intranet.

The Group has clearly defined lines of authority and responsibility for purposes of preparing the financial information. The General Financial Directorate (GFD) has the main responsibility for preparing the financial information.

The GFD is responsible for the existence and proper dissemination within the Group of the internal control policies and procedures that are necessary to ensure reliability in the process of preparing the financial information. The GFD also plans the key dates and reviews to be carried out by each responsible area.

The Group has financial organisational structures that are adapted to the local needs of each region in which it operates, led by a Financial Officer whose duties include the following:

- Designing and establishing appropriate local organisational structures for the performance of the financial tasks assigned thereto.
- Integrating the corporate financial policies defined by the Group into local management.
- Adapting the corporate accounting and management systems to local needs.
- 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.
- Implementing and maintaining control models by means of corporate IT tools.

Specifically, and as regards the model for the ICFRS, the existing organisational 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, body that approves it, degree of dissemination and instruction, principles and values included (indicating whether the recording of transactions and the preparation of financial information are specifically mentioned), body in charge of reviewing breaches and of proposing corrective actions and penalties.

  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: as an employer, in our markets, in society and towards the environment. This Business Conduct Guidelines are available both in the corporate website and in the internal intranet, having been subject to a specific communication by the Chief Executive Officer.

  Regarding the Siemens Gamesa Group's economic and financial information, as an international company it 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 "economic and financial information concerning Siemens Gamesa and its Group – especially the Annual Accounts - shall faithfully reflect the company's economic, financial and equity reality, in accordance with generally accepted accounting principles and international financial reporting standards. For these purposes, Siemens Gamesa will not conceal or distort the information in the accounting records and reports of Siemens Gamesa or its Group, which shall be complete, precise and accurate. Siemens Gamesa will apply the controls established by the Internal Control over Financial Reporting System (ICFRS), the objective of which is to ensure the reliability of the Company's financial information, to all the Group's companies and in their respective areas of responsibility".

  Among other aspects and in relation to the Business Conduct Guidelines, the Compliance Directorate, which reports functionally to the Board of Directors' 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.

  Finally, the Business Conduct Guidelines also refer to the principles and values relating to the general risk management and control policy and provide that within the area and scope of their duties, Group professionals must be proactive agents in the risk prevention culture by integrating risk management into their activities and projects. The Business Conduct Guidelines identify and describe the corresponding principles of conduct.

- Reporting channel that makes it possible to report any irregularities of a financial or accounting nature to the audit committee, as well as any possible breach of the code of conduct and irregular activities at the organisation, specifying, if appropriate, whether it is confidential.

  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 of the Board of Directors 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 Whistleblower Hotline that allows its employees to confidentially report any potentially significant irregularities, with express reference to financial or accounting improprieties that they discover within the company.

  The Board of Directors' Audit, Compliance and Related Party Transactions Committee is responsible for establishing and supervising the Compliance Whistleblower Hotline, which Siemens Gamesa manages through its Compliance Directorate according to the conditions and powers set forth in the Compliance Handbook, which form part of the internal regulations and which develop its operation and conditions for use, access, scope and other aspects.

  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 of the Board of Directors, the Compliance Directorate 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 Directorate, upon receipt of a written 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 are 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 are 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 (made up of the General, Financial, Legal, Compliance and Human Resources directorates) is responsible for establishing the relevant disciplinary measures for cases of breach of the Business Conduct Guidelines, which are in all cases proportionate to the severity of said breaches.

  If the Compliance Directorate 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.

- Regular training and update programmes for personnel involved in the preparation and review of financial information, as well as in the evaluation of the internal control over financial reporting system, covering at least accounting standards, auditing, 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 Siemens Gamesa.

  The staff directly and indirectly responsible for actions in the financial and accounting area have been subject to previously established selection and recruitment processes. Their training needs are also analysed 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 Directorate provides various training sessions on the Business Conduct Guidelines (or the former Code of Conduct), the regulations on prevention of conflicts of interests, the Crime Prevention and Anti-Fraud Policy and the Whistleblower channel.

F.2 **Risk assessment of financial information**

Indicate at least the following:

F.2.1. What are the main features of the risk identification process, including the process of identifying the risks of error or fraud, with respect to:

- 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”).

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 to 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.

- Whether the process covers all the objectives of financial information (existence and occurrence; completeness; assessment; presentation, breakdown and comparability, and rights and obligations), whether it is updated, and how often.
  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 analysing events that could affect the financial reporting objectives relating to:

  - Integrity.
  - Validity.
  - Valuation.
  - Deduction.
  - 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 the identification of the scope of consolidation, taking into account, among other matters, the possible existence of complex corporate structures, holding entities 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.

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 Department that ensures the necessary flow of approvals in relation to changes in the scope of consolidation and updates to the database of companies.

In this context, the sub-process of identifying the scope of consolidation is developed in the established internal control over the financial reporting system and as part of the consolidation priority process.

- Whether the process takes into account the effects of other types of risks (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 Risk Internal Control 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).

- What governance body of the entity supervises the process.

The process is ultimately supervised by the Board of Directors' Audit, Compliance and Related Party Transactions Committee, which is supported by the Internal Audit Directorate in the performance of its duties.

F.3 **Control activities**

Indicate whether at least the following are in place and describe their main features:

F.3.1. Procedures for review and authorisation of financial information, and description of the internal control over financial reporting system to be published in the securities market, indicating the persons or divisions responsible therefor, as well as documentation describing the flows of activities and controls (including those relating to risk of fraud) of the various types of transactions that could materially affect the financial statements, including the closing process and the specific review of significant judgements, estimates, assessments and projections.

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 Directorate 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, the Finance 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 the Financial Directorate.
- Review by Internal Audit
- Review by the Board of Directors’ Audit, Compliance and Related Party Transactions Committee.
- Approval by the Board of Directors (half-yearly and annual).

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 organisational levels, backed by the confirmations from the business management units as well as the management of the companies of the Siemens Gamesa Group, confirms the accuracy of the financial data disclosed to Corporate Management, regulatory and legal compliance, certification of the bank accounts and 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 control system at the end of each financial year. The Management of the different organisational 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 organisational structures.

The processes considered to have a risk of material impact on the preparation of the financial information are represented through risk and control flowcharts and matrices that identify the relevant control activities.

We consider the control activities relating to the following aspects to be particularly relevant:

- Recognition of earnings, degree of progress and collection.
- Capitalisation of wind farm promotion expenses.
- Provision for guarantees.
- Material assets.
- Hedging management.
- Procurement.
- Consolidation and Financial Close.
- Test of recovery of Goodwill.

During 2018 and within the context of continually 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 RIC Department.

F.3.2. Policies and procedures of internal control over reporting systems (including, among others, security of access, control of changes, operation thereof, operational continuity and segregation of duties) that provide support for the significant processes of the entity in connection with the preparation and publication of financial information.

The 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.

As part of this commitment, Siemens Gamesa has a security policy manual that applies in all areas of the company, the objective of which is to preserve the confidentiality, integrity and availability of the information.

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.

- **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 designed to supervise the management of activities outsourced to third parties, as well as those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect the accounts.

Siemens Gamesa sub-contracts the performance of certain routine transaction processing activities with an impact on financial information (accounts payable, payroll, invoice records, etc.) to internal shared service centres or external 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 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 top-level external professional provider will use to provide the services, reasonably ensuring the technical qualifications, independence and competence of the sub-contracted party.

There is also an internal procedure for the procurement of services that establishes the requirement for certain levels of approval depending on the sum in question.

Siemens Gamesa's ICFRS model identifies the control activities for which a third-party assessment is required. In this respect, sub-contracted activities have been identified that mainly relate to the appraisal of derivatives, legal aspects, assets and share-based payments.

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**

Indicate whether at least the following are in place and describe their main features:

F.4.1. A specific function charged with defining and updating accounting policies (accounting policy area or department) and with resolving questions or conflicts arising from the interpretation thereof, maintaining fluid communications with those responsible for operations at the organisation, as well as an updated accounting policy manual that has been communicated to the units through which the entity operates.

Among other functions, the Financial Directorate 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 and fluid relationship with the management control areas of the various geographical areas and business units.

The Financial Directorate 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.

On other occasions on which 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 Directorate is responsible for reviewing, analysing and updating the accounting rules as well as for supervising the adoption of new or revised standards from the International Financial Reporting Standards (IFRS) and those standards, changes and interpretations that have yet to come into force. This Directorate is also responsible for communicating changes or updates to the company's departments and the subsidiaries.

F.4.2. Mechanisms to capture and prepare financial information with standardised formats, to be applied and used by all units of the entity or the group, supporting the principal accounts and the notes thereto, as well as the information provided on the internal control over financial reporting system.

There is a centralised 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 harmonisation 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 centralised 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 the operation of the system

Indicate and describe the main features of at least the following:

F.5.1. The activities of supervision of the internal control over financial reporting system (ICFRS) performed by the audit committee, as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including the internal control over financial reporting system. Information is also to be provided concerning the scope of the assessment of the internal control over financial reporting system performed during the financial year and on the procedure whereby the person or division charged with performing the assessment reports the results thereof, whether the entity has an action plan in place describing possible corrective measures, and whether the impact thereof on financial information has been considered.

There is fluid communication between the Board of Directors' Audit, Compliance and Related Party Transactions Committee, Top Management, the Director of Risk Internal Control, the Director 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 its responsibility to supervise the ICFRS.

Specifically, the Board of Directors' Audit, Compliance and Related Party Transactions Committee has performed the following ICFRS supervision activities, among others, during the financial year:

- It has reviewed 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, monitoring 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 aforementioned department.

- It has analysed 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 financial 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.

Siemens Gamesa has an Internal Audit Department whose powers include supporting the Committee in its work of supervising the internal control system. In order to ensure its independence, the internal audit function reports hierarchically to the Board of Directors and, on its behalf, to its Chair, and functionally to the Committee.

In order to enable this supervision of the internal control system, the Internal Audit services respond to the requirements of the 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 Committee includes the performance of ICFRS reviews, establishing review priorities based on the identified risks.

The Internal Audit function has performed audits for certain significant risks in accordance with its Annual Audit Plan 2018, and has made the corresponding reports where appropriate to the Executive Committee and to the Board of Directors' Audit, Compliance and Related Party Transactions Committee.

In relation to the ICFRS, the Internal Audit function carries out analytical review procedures in each of the monthly closes of the consolidated financial statements, which entail among other aspects variation analysis, unusual transactions and global calculations. It also conducts various independent assessments of the key ICFRS controls throughout the Siemens Gamesa Group, in support of the assessment of operational effectiveness of the design within the general ICFRS framework established by the RIC Department.

There are also meetings between the Board of Directors' Audit, Compliance and Related Party Transactions Committee, the Financial Directorate and the External Auditors for queries related to important issues or when an area of generally accepted accounting principles is particularly complex.

F.5.2. Whether it has a discussion procedure whereby the auditor (as provided in the Technical Auditing Standards), the internal audit function and other experts can inform senior management and the audit committee or the directors of the entity of the significant internal control weaknesses detected during the review of the annual accounts or such other reviews as may have been entrusted to them. Information shall also be provided on whether it has an action plan to seek to correct or mitigate the weaknesses found.

The Board of Directors' Audit, Compliance and Related Party Transactions Committee holds regular meetings with the external auditors, with RIC and with the directorate 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 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 significant information**

There is no other relevant information with respect to the ICFRS that has not been included in this report.

F.7 **External audit report**

Report on:

F.7.1. Whether the information on the internal control over financial reporting system has been reviewed by the external auditor, in which case the entity should include the respective report as an exhibit. Otherwise, it should provide the reasons therefor.

Siemens Gamesa has asked the external auditor to issue a report reviewing the information relating to the FIICS included in this section F of the Annual Corporate Governance Report for financial year 2018.

G DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

State the company's degree of compliance with the recommendations of the Good Governance Code of Listed Companies.

If the company does not comply with any recommendation or follows it partially, there must be a detailed explanation of the reasons providing shareholders, investors and the market in general with sufficient information to assess the company's course of action. Generalised explanations will not be acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies X Explain □

2. When a dominant and subsidiary company are both listed, they should provide detailed disclosure on:

a) The activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies.

b) The mechanisms in place to resolve possible conflicts of interest.

Complies X Complies in part □ Explain □ Not applicable □

3. During the annual general meeting the chair of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

***a)* Changes taking place since the previous annual general meeting.**

***b)* The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.**

Complies X Complies in part □ Explain □

4. **The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.**

   This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Complies X Complies in part □ Explain □

5. **The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.**

   When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Complies X Complies in part □ Explain □

6. **Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory.**

   a) **Report on auditor independence.**

   b) **Reviews of the operation of the audit committee and the nomination and remuneration committee.**

   c) **Audit committee report on third-party transactions.**

   d) **Report on the corporate social responsibility policy.**

Complies X Complies in part □ Explain □

7. **The committee should broadcast its general meetings live on the corporate website.**

Complies X Explain □

8. **The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.**

Complies X Complies in part □ Explain □

9. **The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.**

   Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies X   Complies in part □   Explain □

10. **When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:**

    a) Immediately circulate the supplementary items and new proposals.

    b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.

    c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.

    d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies □   Complies in part X   Explain □   Not applicable □

<u>Explanation:</u>

The Company's Internal Regulations complies with sections a), b) and d) of the Recommendation.

Regarding section c), article 31.7 of the Regulations of the General Meeting of Shareholders 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. **In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.**

Complies □   Complies in part □   Explain □   Not applicable X

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies X Complies in part □ Explain □

13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Complies X Explain □

14. The board of directors should approve a director selection policy that:

a) Is concrete and verifiable.

b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs.

c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before the year 2020.

The nomination committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Complies X Complies in part □ Explain □

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Complies X Complies in part □ Explain □

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies X Explain □

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

Complies X Explain □

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

a) Professional profile and biographical data.

b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.

d) Dates of their first appointment as a board member and subsequent re-elections. e) Shares held in the company, and any options on the same.

Complies X Complies in part □ Explain □

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies □ Complies in part □ Explain □ Not applicable X

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latters' number should be reduced accordingly.

Complies X Complies in part □ Explain □ Not applicable □

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies X Explain □

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the offences stated in company legislation, the board of directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Complies X Complies in part □ Explain □

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Complies X Complies in part □ Explain □ Not applicable □

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a material event, the motivating factors should be explained in the annual corporate governance report.

Complies X Complies in part □ Explain □ Not applicable □

25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve.

Complies X Complies in part □ Explain □

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies X Complies in part □ Explain □

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies X Complies in part □ Explain □

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Complies X Complies in part □ Explain □ Not applicable □

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Complies X Complies in part □ Explain □

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies X Explain □ Not applicable □

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complies X Complies in part □ Explain □

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies X Complies in part □ Explain □

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies X Complies in part □ Explain □

34. When a lead independent director has been appointed, the bylaws or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman or vice chairmen; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Complies X Complies in part □ Explain □ Not applicable □

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Complies X Explain □

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

a) The quality and efficiency of the board's operation.

b) The performance and membership of its committees.

c) The diversity of board membership and competence.

d) The performance of the chairman of the board of directors and the company's chief executive.

e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complies X Complies in part □ Explain □

37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the board should also act as secretary to the executive committee.

Complies □ Complies in part □ Explain □ Not applicable X

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Complies □ Complies in part □ Explain □ Not applicable X

39. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.

Complies X Complies in part □ Explain □

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Complies X   Complies in part □   Explain □

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Complies X   Complies in part □   Explain □   Not applicable □

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With regard to the external auditor:

a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.

b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.

c) Ensure that the company notifies any change of external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions. e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies X Complies in part □ Explain □

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies X Complies in part □ Explain □

44. The audit committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies X Complies in part □ Explain □ Not applicable □

45. The risk control and management policy should identify at least:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

b) The determination of the risk level the company sees as acceptable.

c) The measures in place to mitigate the impact of identified risk events should they occur.

d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Complies X Complies in part □ Explain □

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Complies X Complies in part □ Explain □

47. Appointees to the nomination and remuneration committee - or of the nomination committee and remuneration committee, if separately constituted - should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies X Complies in part □ Explain □

48. Large cap companies should operate separately constituted nomination and remuneration committees.

Complies □ Explain 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 from the five independent members of the Board of Directors belong to such Committee. In case it was decided to divide in two different committees the current Appointments and Remunerations Committee, the composition of both committees would be almost identical.

49. The nomination committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the nomination committee to propose candidates that it might consider suitable.

Complies X Complies in part □ Explain □

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior officer contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.

e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Complies X Complies in part □ Explain □

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies X Complies in part □ Explain □

52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

a) Committees should be formed exclusively by non-executive directors, with a majority of independents.

b) They should be chaired by independent directors.

c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.

d) They may engage external advice, when they feel it necessary for the discharge of their functions.

e) Meeting proceedings should be minuted and a copy made available to all board members.

Complies X Complies in part □ Explain □ Not applicable □

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organisation, with at the least the following functions:

a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.

b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.

c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.

d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.

e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.

f) Monitor and evaluate the company's interaction with its stakeholder groups.

g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complies X Complies in part □ Explain □

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

a) The goals of its corporate social responsibility policy and the support instruments to be deployed.

b) The corporate strategy with regard to sustainability, the environment and social issues.

c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.

d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.

e) The mechanisms for supervising non-financial risk, ethics and business conduct.

f) Channels for stakeholder communication, participation and dialogue.

g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies X Complies in part □ Explain □

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Complies X Complies in part □ Explain □

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Complies X Explain □

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

Complies X Complies in part □ Explain □

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.

b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.

c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies X Complies in part □ Explain □ Not applicable □

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Complies X Complies in part □ Explain □ Not applicable □

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Complies □ Complies in part □ Explain □ Not applicable X

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies X Complies in part □ Explain □ Not applicable □

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies X Complies in part □ Explain □ Not applicable □

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Complies X Complies in part □ Explain □ Not applicable □

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

Complies X Complies in part □ Explain □ Not applicable □

H OTHER INFORMATION OF INTEREST

1. If there are any significant aspects regarding corporate governance at the company or at entities of the group that is not included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the corporate governance structure and practices at the entity or its group, briefly describe them.

(A.3)

In addition to the information provided in section A.3, it shall be pointed out that the General Meeting of Shareholders of SIEMENS GAMESA held on March 23, 2018 approved a “Long-Term Incentive Plan” (hereinafter the “ILP”) for the period from fiscal year 2018 through 2020 which comprises the award of shares in the company linked to the achievement of certain objectives addressed, among others, to the Chief Executive Officer, Mr. Markus Tacke.

As communicated to the Spanish National Securities Market Commission on April 20, 2018, the Board of Directors awarded to Mr. Markus Tacke 56,180 stock awards corresponding to first stage of the referred LIP. The stock award will serve as a reference to establish the final number of shares to be awarded to each beneficiary of the LIP depending on the level of achievement of the objectives established for each cycle of the Plan and imply, consequently, a mere expectation of a future right.

(A.8)

In addition to the information provided in section A.8, 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.

The CNMV was also notified of transactions carried out during the fiscal year 2018 within the scope of the referred liquidity contract via Significant Event numbers 257734, 260430, 263817, and 267611.

Finally, it is pointed out that according to Royal Decree 1362/2007, on November 8, 2018 Siemens Gamesa notified to the CNMV the direct acquisition of 6,941,282 own shares, representing a total capital share of 1.019% after having exceeded the threshold of 1% of the voting rights since the last similar acquisition announcement.

(B.4)

In addition to the information provided in section B.4, twenty-seven shareholders holding a participation amounting to a total of one hundred and seventy two thousand forty six (142,046) shares used the electronic voting system in the Annual General Meeting of Shareholders in 2018.

(C.1.2)

In addition to the information provided in Section C.1.2, it should be pointed out that the Board of Directors of SIEMENS GAMESA agreed, in its meeting of October 20, 2017, the appointment of Mr. Juan Antonio García Fuente as Deputy Secretary non member of the Board of Directors.

It is also pointed out that after the resignation presented on August 30, 2017, by the independent director Mr. Luis Javier Cortes Dominguez, as member of the Board of Directors and consequently also as member of the Audit, Compliance, and Related Party Transactions Committee, the Board of Directors at the meeting held on October 20, 2017, approved the appointment by cooption of Mr. Alberto Alonso Ureba as independent director of the Company, being ratified and re-elected at the General Meeting of Shareholders held on March 23, 2018.

It is also highlighted that the Board of Directors in the meeting held on October 16, 2018, formally acknowledged the voluntary resignation presented by Mrs. Rosa Garcia Garcia, non-executive proprietary Director, as member of the Board of Directors, and consequently, as President of the Board of Directors of the Company, which was presented on the same meeting and with effective date from December 1, 2018. In the same meeting the Board of Directors approved, following the report released by the Appointments and Remunerations Committee, the appointment by co-optation of Miguel Angel Lopez Borrego as the new non-executive proprietary Director, and Chairman of the Board of Directors, replacing Mrs. Rosa Garcia Garcia once her resignation becomes effective. The appointment of Mr. Miguel Angel Lopez Borrego will, therefore, become effective on December 1, 2018. The appointment of Mr. Miguel Angel Lopez Borrego will be submitted for ratification at the next General Meeting of Shareholders.

(C.1.3)

In addition to the information provided in section C.1.3. a reference is made to the note included in this Section H in relation to paragraph C.1.2. related to the composition of the Board of Directors.

Likewise, in addition to the information provided in section C.1.3, the following is a brief profile of the Executive and Proprietary Directors:

EXECUTIVE DIRECTORS

Markus Tacke

Born in Frankfurt (Germany). He is currently Chief Executive Officer of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

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).

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.

Since August 2013 and until April 2017, Mr. Markus Tacke held the post of CEO of Siemens Division Wind Power and Renewables.

Carlos Rodríguez-Quiroga Menéndez

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.

He holds a Law Degree from the Complutense University of Madrid.

Diploma-holder of Employment Law from the Legal Practice School of Madrid.

Diploma-holder in Comparative Industrial Relations and in European Community Relations from the Secretariat of State for Relations with the European Community.

Practicing lawyer.

Currently he performs tasks as Director, among other, 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.

PROPRIETARY DIRECTORS

Rosa María García García

Born in Madrid, she holds the position of Chairwoman of the Board of Directors of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

Graduated from the Universidad Autónoma de Madrid (Spain) with a degree in Mathematics.

Since October 2011 to the present day, she has held the position of Chair and Chief Executive of Siemens España and since June 2016 the position of Chairwoman of the German Commerce Chamber in Spain.

Along her professional carreer she has held various management posts at WordPerfect and NEC Group and subsequently at Microsoft, where she has contributed to the development of a number of strategic projects; these positions include: Technical Support Manager at Microsoft Ibérica, Strategic Projects Manager at Microsoft Corporation, Global General Manager of Microsoft Corporation, Chair and Chief Executive of Microsoft Ibérica and Vice-Chair of Consumers and Online for Western Europe of Microsoft Corporation.

Furthermore, Ms Rosa María García has been a director of IBEX 35 companies such as Banesto, Bolsas y Mercados Españoles (BME), Bankinter and Acerinox.

Sonsoles Rubio Reinoso

Born in Segovia, she holds the position of Member of the Board of Directors and of the Appointments and Remuneration Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

She holds a degree in Economics and Business from the Universidad Autónoma of Madrid.

She completed her training as post graduated at ICEA, IESE and *Centro de Estudios Financieros*. She is also Certified Internal Auditor (Institute of Internal Auditors), Certified Fraud Examiner (Assocation of Certified Fraud Examiners), Certified Compliance&Ethics Professional (Society of Corporate Compliance and Ethics) and Leading Professional in Ethics & Compliance (Ethics & Compliance Initiative).

Sonsoles Rubio is Internal Audit Director of the Iberdrola Group. Her professional career has been performed in the internal audit department of enterprises like Repsol YPF, S.A., Holcim (España), S.A. (1999-2008) and Iberdrola, S.A., company she joined in 2008 as Internal Audit Manager of Renewable Business in Iberdrola Renovables, S.A. and later became Chief Compliance Officer.

She is Member of the Management Committee of the *Instituto de Auditores Internos* and its Deputy Chairwoman.

Throughout her career she has published articles and given many talks in national and international conferences.

Lisa Davis

Born in Idaho (U.S.), she holds the position of Member of the Board of Directors of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

Graduated from the University of Berkeley (California, US) with a degree in chemical engineering.

Since August 2014 to the present day, she has been a member of the Managing Board of Siemens AG.

She has held various management posts at Exxon Corporation and Texaco and, subsequently, at Royal Dutch Shell (both in the US and the UK), during which time she has contributed to the development of the business related to hydrocarbons, fuels and alternative energies, and undertaken the following roles: Vice-Chair of the hydrocarbons supply for Europe, Vice-President of sales and marketing lubricants and bulk fuels Americas and Executive Vice-Chair of strategy, portfolio and alternative energy of Royal Dutch Shell.

Mariel von Schumann

Born in Brussels (Belgium), she holds the position of Member of the Board of Directors and of the Appointments and Remuneration Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

Graduated from the ICHEC University of Brussels (Belgium) with a degree in Economics and Business Administration and Management and she has completed a number of postgraduate programmes, including a Masters in International Business Administration and Management at EAP-ESCP Europe.

She is currently Siemens Chief of Staff and since November 2013 Head of Governance & Markets Department of Siemens AG.

Among her professional career she has held various management posts in Siemens AG in the departments of Product Management, Mergers and Acquisitions, Strategy and Investor Relations, pointing out, among others, the following positions: General Manager of mergers and acquisitions in the Corporate Finance department and manager of the Investor Relations department.

Ralf Thomas

Born in Nürnberg (Germany), he holds the position of Member of the Board of Directors of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

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.

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.

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.

Michael Sen

Born in Korschenbroich (Germany). He is currently member of the Board of Directors of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

He holds a Degree in business and management administration by the Technical University of Berlin.

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.

(C.1.5)

In addition to the information provided in Section C.1.5, in fulfilment of article 540.4.b) of the Corporate Enterprises Act once modified by Royal Decree-Law 18/2017, of November 24, 2017, relating to non-financial information and diversity, it shall be pointed out that SIEMENS GAMESA applies a diversity policy in the composition of the Board of Directors, and as a consequence of it the Regulations of the Audit, Compliance, and Related Party Transactions Committee, and of the Appointments and Remunerations Committee where amended on July 26, 2018. Article 7.4 of the Regulations of the Appointments and Remunerations Committee establishes that it shall ensure that the selection procedures are not implicitly biased so as to imply discrimination and that they seek the diversity of the members of the Board of Directors, particularly as regards gender, professional experience, competencies, industry knowledge and geographic origin. Likewise, article 15.2 of the Regulations of the Audit, Compliance, and Related Party Transactions Committee, points out that "*it shall be encouraged the diversity of composition, especially in relation to gender, career experience, skills, sector-specific knowledge and geographical origin".*

(C.1.7)

In addition to the information provided in Section C.1.7 a reference is made to the note included in this Section H about paragraph C.1.2 in relation to the composition of the Board of Directors.

(C.1.15)

In addition to the information provided in section C.1.15 it shall be mentioned that:

a) 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.

b) remuneration to the Board of Directors includes, in accordance with the 2018 Annual Report about the Remuneration of the Members of the Board of Directors, the amount corresponding to the last payment of a complementary incentive received by the CEO, amounting €283,770 which was granted before the merger, derived from his previous relationship with Siemens group, and consequently, with no cost for Siemens Gamesa (SIEMENS AG assumes these concepts)

c) the information shown therein matches the figures in Note 19 of the Individual Report and Note 31 of the Consolidated Report, which form part of the financial statements for fiscal year 2018.

(C.1.16)

In addition to the information provided in section C.1.16, please note that:

a) the remuneration to the Top Management includes the amount of a payment, during fiscal year 2018 of 50% of incentive plan 2016-2017 to three top managers and one former top manager, according to the information about said plan included in the 2017 Annual Report about the Remuneration of the Members of the Board of Directors. The payment of the remaining 50% will take place on February 2019 and will be included in the Annual Corporate Governance Report corresponding to fiscal year 2019.

b) the figure for the remuneration of the Top Management includes an amount of a severance payment and the amount due to a non-competition clause of two Top managers.

c) Likewise, the figure for the remuneration of the Top Management includes the amount corresponding to the payment of a complementary incentive for two Top managers which was recognized before the merger, derived from their previous relationship with Siemens group, and consequently, with no cost for Siemens Gamesa (SIEMENS AG assumes these concepts); and it is also included the extraordinary bonus linked to the effectiveness of the Merger recognized to one Top manager and one former Top Manager beforehand

d) The information shown therein matches the figures in Note 20 of the Individual Report and Note 32 of the Consolidated Report, which form part of the financial statements for fiscal year 2018.

e) After the closing of the fiscal year 2018 certain members of the Senior Management left the Company. On October 17, 2018 Mr. Ricardo Chocarro Melgosa, Onshore Chief Executive Officer, ended his relationship with SIEMENS GAMESA Mr. Mark Albenze, Service Chief Executive Officer has temporarily assumed the function . Likewise, effective December 1, 2018, Mr. Miguel Angel Lopez Borrego Chief Financial Officer will leave his current position to assume the appointment as member and Chairman of the Board of Directors, replacing its current President Ms. Rosa Garcia Garcia. Mr. David Mesonero Garcia, Corporate Development, Strategy and Integration Managing Director shall take the Chief Financial Officer position, replacing Mr. Miguel Angel Lopez Borrego effective December 1, 2018.

(C.1.30)

In addition to the information provided in section C.1.30, two directors were absent respectively for one session, one director was absent for two sessions, two directors were absent respectively for three sessions each of them, and one director for four sessions, and in all these cases the directors delegated their attendance by proxy to another director of the same category yet with no specific instructions.

Likewise, in addition to the information provided in Section C.1.30, in this regard, non-attendance was not considered in cases of directors in a conflict of interest who, according to article 31 of the Regulations of the Board of Directors, refrained from attending and intervening in the deliberations, voting, decision-making and execution of transactions and matters in connection with the conflict.

(C.1.33)

In addition to the information provided in Section C.1.33, the Secretary Director of the Board of Directors, as lawyer and in accordance with article 21.5 of the Regulations of the Board of Directors, has acted in the capacity of legal counsel of the Board of Directors. Article 21.4 of the Regulations of the Board of Directors explains the duties of the Secretary, in addition to the duties assigned thereto by law or the Corporate Governance Standards.

Secretary of the Board of Directors of SIEMENS GAMESA, Carlos Rodríguez-Quiroga Menéndez, also Executive Director thereof, was last reelected to this position by the General Shareholders' Meeting on 20 June 2017.

(C.1.35)

In addition to the information provided in section C.1.35, article 34 of the Regulations of the Audit, Compliance and Related Party Transactions Committee of SIEMENS GAMESA regulate the relationships of the cited committee with the External Auditor. The full text is available at www.siemensgamesa.com.

(C.1.37)

As a complement to the information provided in section C.1.37, it shall be noted that, unlike previous years, the audit related fees such as “other attest services” have also been considered as non-audit fees, as included in the referred section.

(C.1.45)

In relation to the information provided in section C.1.45 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 6 months from termination. Therefore, the total severance pay is aligned with best practices and in fulfillment of Recommendation 64 of the GGC.

(C.2.1)

In addition to the information provided in paragraph C.2.1, Mr. Juan Antonio Garcia Fuente held the position of Secretary non-member of the Audit, Compliance and Related Party Transactions Committee.

Furthermore, Mr. Carlos Rodríguez-Quiroga holds the position as Secretary non-member of the Appointments and Remunerations Committee.

The variations occurring in the committees of the Board of Directors during and since the closure of the fiscal year are listed below:

Audit, Compliance and Related Party Transactions Committee

The Board of Directors of October 20, 2017, according to the Significant Event 257639 submitted to the CNMV on October 20 2017, approved the appointment by cooption and upon proposal from the Appointments and Remunerations Committee of Mr. Alberto Alonso Ureba as new member of the Board of Directors and additionally approved, upon proposal from the Appointments and Remunerations Committee the appointment of Mr. Alberto Alonso Ureba as new member of the Audit, Compliance and Related Party Transactions Committee. The General Meeting of Shareholders at its meeting held on March 23, 2018, ratified the appointment of Mr. Alberto Alonso Ureba and approved his re-election as member of the Board.

Appointments and Remunerations Committee

The Board of Directors of April 17, 2018, according to the Significant Event 264242 submitted to the CNMV on April 17, 2018, approved the appointment upon proposal from the Appointments and Remunerations Committee of Mrs. Mariel von Schumann as new member of the Appointments and Remunerations Committee replacing Mrs. Lisa Davis who has resigned from her post in the referred Committee but continues in her post as member of the Board of Directors.

(C.2.2)

In addition to the information provided in paragraph C.2.2 it shall be pointed out that the information related to the number of female directors comprising the Audit, Compliance and Related Party Transactions at the end of fiscal year ended on September 30, 2017 (t-1 fiscal year) refers to a composition of 2 members as by the mentioned date a vacancy in the committee existed. This vacancy was the consequence of the resignation of the independent director Mr. Luis Javier Cortes Dominguez on August 30, 2017, as member of the Board of Directors and consequently also as member of the Audit, Compliance and Related Party Transactions Committee. His vacancy was covered upon approval by the Board of Directors at its meeting held on October 20, 2017, of the appointment by cooption of Mr. Alberto Alonso Ureba as independent director, which was ratified and for which he was re-elected at the General Meeting of Shareholders held on March 23, 2018.

(D.1)

In addition to the information provided in paragraph D.1, it shall be pointed out that the information about that the 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)

In addition to the information provided in section D.2, this information coincides with Note 30 of the Consolidated Report incorporated in the 2018 Financial Statements.

It should also be noted that the amount attributed to "Received services" of IBERDROLA, S.A., included in cited Note 30 of the Consolidated Report in relation to the fiscal year 2018 (8,165 thousand euro), corresponds to the supply of electricity to facilities of the SIEMENS GAMESA Group by IBERDROLA though this amount was not included in section D.2, since it did not merit consideration as relevant.

Regarding the amount attributed to "Sales and services rendered" of Siemens Group, included in cited Note 30 of the Consolidated Report (2,974 thousand euro), it shall be remarked that it was not included in Section D.2 as none of its transactions individually did merit consideration as relevant, taking as relevant only those transactions for an amount over 1,000 thousand euro. The same relevance criteria has been applied for those transactions included in "Sales and services rendered" of IBERDROLA, S.A. in the same Note 30, having only included in Section D.2 those with an amount over the threshold. The amount of the transactions included in "Sales and services rendered" of IBERDROLA, S.A. in the referred Note 30 but not included in section D.2 is 1,312 1thousand 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 Section D.2 those with an amount over the threshold and aggregated by Siemens Gamesa Group companies. The amount of the transactions included in "Purchases and services received" of Siemens Group in the referred Note 30 but not included in section D.2 is 22,941 thousand euro.

(D.4)

To complement the information provided in paragraph D.4, please note that:

a) 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 not to receive such qualification are classified as operating companies and exclusively carry out ordinary business activities.

b) SIEMENS GAMESA has no transactions with these companies of the Siemens Gamesa Group 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 not to receive such qualification, rather they affect other companies in the Group that are parent companies of the different businesses, and these transactions are:

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 interests	14
Siemens Gamesa Renewable Energy Limited (Mauritius)	Intercompany sales and service rendering	35
Gamesa Eólica S.L., Jordan	Intercompany sales and service rendering	3,926

(D.5)

To complement the information provided in paragraph D.5 it shall be pointed out that such information matches in absolute value with Note 30 of the Consolidated Report which is part of the financial statement of fiscal year 2018.

2. In this section, you may also include any other information, clarification, or comment relating to the prior sections of this report to the extent they are relevant and not repetitive.

   Specifically, state whether the company is subject to laws other than Spanish laws regarding corporate governance and, if applicable, include such information as the company is required to provide that is different from the information required in this report.

3. The company may also state whether it has voluntarily adhered to other international, industrial or other codes of ethical principles or good practices. If so, identify the code in question and the date of adherence thereto. In particular, mention whether there has been adherence 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.

Regarding the Code of Good Tax Practices of 20 July 2010, the Board of Directors of SIEMENS GAMESA approved the adhesion thereto in its session on 22 February 2017 and on 21 March 2017 the Company was officially incorporated to the list of companies adhered to the Code of Good Tax Practices.

This annual corporate governance report was approved by the Board of Directors of the company at its meeting of November 23, 2018.

State whether any directors voted against or abstained in connection with the approval of this Report.

Yes ☐ No X

Individual or company name of director that did not vote in favour of the approval of this report	Reasons (opposed, abstained, absent)	Explain the reasons

Auditor's report on information relating to the internal control over financial reporting (ICFR) for 2018

Siemens Gamesa Renewable Energy, S.A.

(Translated from the original in Spanish)

Building a better
working world

Ernst & Young, S.L.
Torre Iberdrola
Plaza de Euskadi, 5
48009 Bilbao
España

Tel: 944 243 777
Fax: 944 242 745
ey.com

(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) of SIEMENS GAMESA RENEWABLE ENERGY, S.A. for 2018

To the Directors,

At the request of the Board of SIEMENS GAMESA RENEWABLE ENERGY, S.A. (hereinafter the Company), and in accordance with our proposal dated October 5, 2018, we applied certain procedures to the accompanying "ICFR-related information" included in the Corporate Governance Report (pages 70 to 87) for SIEMENS GAMESA RENEWABLE ENERGY, S.A. and subsidiaries (hereinafter the Group) for year ended September 30, 2018, which summarizes the Group's internal control procedures regarding annual 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 financial reporting 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 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 financial statements. Therefore, our internal control assessment performed for the audit of the aforementioned financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial information.

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 financial data described in the accompanying ICFR information for the year ended September 30, 2018. 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.

Domicilio Social: C/Raimundo Fernández Villaverde, 65. 28003 Madrid -Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª, Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited. C.I.F. B-78970506.

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 Company in relation to the ICFR -which is provided in the Annual Corporate Governance Report disclosure information included in the Directors' 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 7/2015 dated December 22, 2015.

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 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 Committees, 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 Corporate Enterprises Act and by Circular 7/2015 of the Spanish National Security Market, dated December 22, 2015, related to the description of the ICFR in the Corporate Governance Report.

ERNST & YOUNG, S. L.

(Signed on the original in Spanish)

November 23, 2018

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 management report for 2018 of SIEMENS GAMESA RENEWABLE ENERGY, S.A. authorized for issue by the Board of Directors at its meeting held on November 23, 2018 is the content of the preceding 228 sheets of unstamped paper, on the obverse only, and for authentication purposes, bear the signature of the President 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.

Rosa María García García Chairwoman	Markus Tacke CEO
Carlos Rodríguez-Quiroga Menéndez Secretary of the Board of Directors	Lisa Davis Member of the Board of Directors
Swantje Conrad Member of the Board of Directors	Klaus Rosenfeld Member of the Board of Directors
Sonsoles Rubio Reinoso Member of the Board of Directors	Ralf Thomas Member of the Board of Directors
Mariel von Schumann Member of the Board of Directors	Gloria Hernández García Member of the Board of Directors
Michael Sen Member of the Board of Directors	Andoni Cendoya Aranzamendi Member of the Board of Directors
Alberto Alonso Ureba 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. Ralf Thomas, and that (iii) Mr. Ralf Thomas, 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 Ms. Gloria Hernández García and Ms. Lisa Davis attend the meeting by telematic means and therefore they do not sign this document and that (i) Mr. Andoni Cendoya Aranzamendi has signed this document on behalf of Ms. Gloria Hernández García in virtue of an express authorization conferred for these purposes by her; and that (ii) Mr. Ralf Thomas has signed this document on behalf of Ms. Lisa Davis in virtue of an express authorization conferred for these purposes by her.

Zamudio, November 23, 2018. In witness whereof

Approval of the Chairwoman

Rosa María García García Chairwoman	Carlos Rodríguez-Quiroga Menéndez Secretary of the Board of Directors