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# Sustainability Report 2018

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## 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 world, 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<sub>2</sub> 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)**

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## 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<sub>2</sub>**  
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:

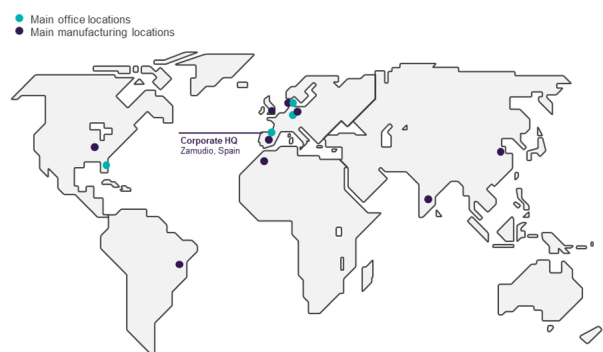
- **Result orientation:** Results are relevant, delivered in a timely manner and at appropriate cost.
- **Customer focus:** Think from a customer's perspective about how we can excel in delivery.
- **Innovativeness:** New solutions for customers and ourselves.
- **Impactful leadership:** Inspiring our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

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 <sup>1</sup>

(percentage)	30.09.2018	30.09.2017
<b>Siemens A.G</b> (*)	59.000%	59.000%
<b>Iberdrola, S.A.</b>	8.071%	8.071%
<b>Others</b> (**)	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
<b>Capital increase (merger exchange)</b>	03/04/17	115,794,374.94	681,143,382
<b>Book building process</b>	08/09/14	47,475,693.79	279,268,787
<b>Paid-up capital increase</b>	25/07/12	43,159,721.89	253,880,717
<b>Paid-up capital increase</b>	15/07/11	42,039,297.28	247,289,984
<b>Paid-up capital increase</b>	19/07/10	41,770,668.89	245,709,817
<b>3 x 1 par value split</b>	28/05/04	41,360,983.68	243,299,904
<b>Capital increase (raising the par value of shares)</b>	28/05/04	41,360,983.68	81,099,968
<b>Stock market flotation</b>	31/10/00	40,549,984.00	81,099,968

<sup>1</sup> See Section 23 A of the Consolidated Financial Statements and Management Report for the period ended September 30, 2018. [\[Link\]](#)

## 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 <sup>2</sup>

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

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 <sup>2</sup>

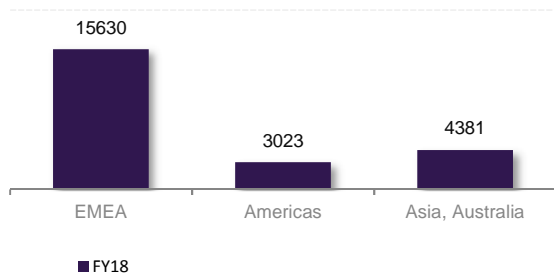
(in thousand euro)	FY18	FY17(9m)
<b>Europe, Middle east and Africa</b>	5,175,032	4,170,732
<b>Americas</b>	2,235,461	1,719,221
<b>Asia, Australia</b>	1,711,779	648,245
<b>SGRE total</b>	<b>9,122,272</b>	<b>6,538,198</b>

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]

<sup>2</sup> 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.



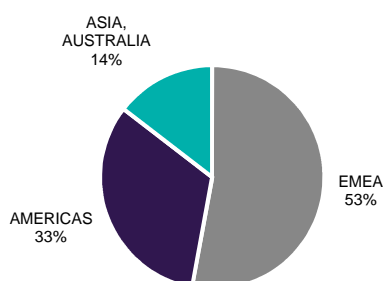
## 2.9 Wind Turbine Products

[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. Luxembourg	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
<b>SGRE total</b>	<b>76,922</b>	<b>12,582</b>	<b>89,504</b>	<b>82,070</b>



## 2.10 Service: Operation & Maintenance

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

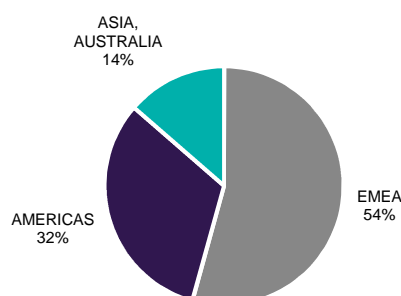
With nearly 70% of its installed capacity under O&M contracts and a broad operational knowledge in complex locations, the Group maintains 56.7 GW in 54 countries. All of this is possible thanks to a team of highly-qualified professionals, present worldwide and focused on health and safety as well as 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	-
<b>SGRE total</b>	<b>46,764</b>	<b>9,964</b>	<b>56,728</b>	<b>55,173</b>

### 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 January 1, 2016, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development — adopted by world leaders in September 2015 at United Nations Summit — officially came into force. Over the next fifteen years, with these new Goals that universally apply 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.

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 thought leadership initiatives in collaboration with partners around the world. High impact SDGs also represent the highest Projected Value-At-Risk and the countries in which these SDGs present a higher risk for Siemens Gamesa's operations.

Medium and low impact SDGs are mainly enablers that relate to responsible business practices, including the area of human rights, as well as compliance and supply chain management. Still others are impacted by our corporate citizenship and community engagement activities.

### High impact 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<sub>2</sub>-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<sub>2</sub> 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<sup>3</sup>, 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.

<sup>3</sup> See Global Corporate Social Responsibility policy [\[Link\]](#). Text approved by resolution of the Board of Directors dated September 12, 2018

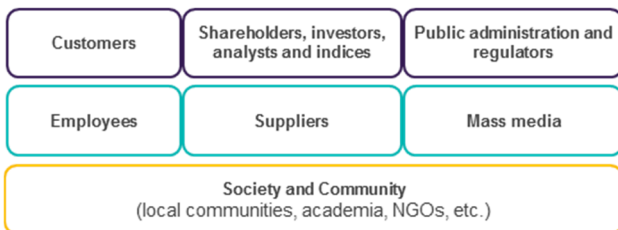
Within this framework, our Group wishes to be recognized and admired for its own differential and distinctive business model, which is committed to the creation of value and sustainable development.

### 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



[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

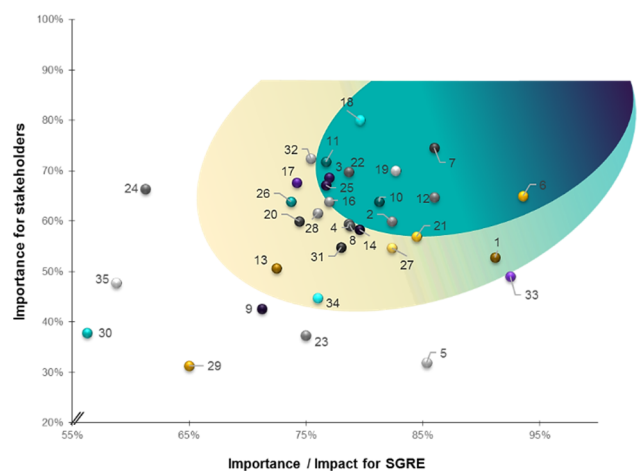
[102-47] The nature of the expectations relevant stakeholders have of our organization involve issues such as good governance, respect to human rights, work practices, environmental impacts, our operational practices and those of our value chain, as well as the positive and negative impacts that may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

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- 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

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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 the 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<sup>4</sup>.

#### 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.<sup>5</sup>

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.

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

<sup>5</sup> 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<sup>6</sup> 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<sup>7</sup> 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.

<sup>6</sup> 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) [\[Link\]](#)

<sup>7</sup> 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 <sup>8</sup> (at September 30, 2018)

Name of Director	Category	Position on the Board
García García, Rosa María	EP	Chair
Tacke, Markus	E	Chief Executive Officer
Rodríguez-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 <sup>9</sup> (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 <sup>10</sup> (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 External

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.<sup>11</sup>

[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.<sup>12</sup>

<sup>8</sup> 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](#)

<sup>9</sup> 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](#)

<sup>10</sup> 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](#)

<sup>11</sup> See Annual Corporate Governance Report 2018 [Link](#)

<sup>12</sup> 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.

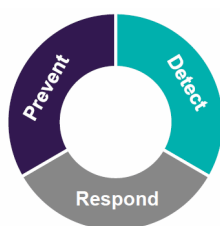
Preventing corruption, violations of fair competition and other improper business activities take the highest priority at Siemens Gamesa. Our main principle is: **Clean business at the core of clean energy.**

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 <sup>13</sup>(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.

<sup>13</sup> 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's 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<sup>14</sup>. 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<sup>15</sup> 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

<sup>14</sup> See Human Rights Policy [\[Link\]](#)

<sup>15</sup> 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<sup>16</sup> 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<sup>17</sup> 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

<sup>16</sup> TSA: Transactional Services Agreement

<sup>17</sup> 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")<sup>18</sup> 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 safe transfer of private and sensitive data, with the required security measures.
- Intercompany and Third-Party Supplier Agreements: All agreements that envision the processing of personal data must be updated to address the required technical and organizational measures, individual rights and relevant clauses.
- Continue our awareness campaign with a focus first on Europe and then on the rest of the world.
- Breaches of the GDPR: Implement the action plan and procedures for reporting breaches within 72 hours.
- 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.

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<sup>18</sup> 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's 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 to 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.

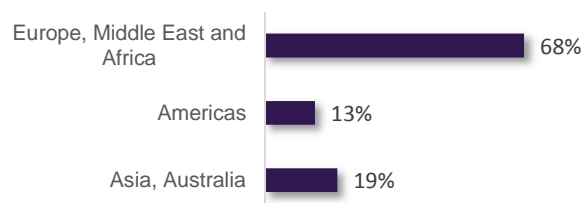
### 5.2.1 Employees Worldwide

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%).

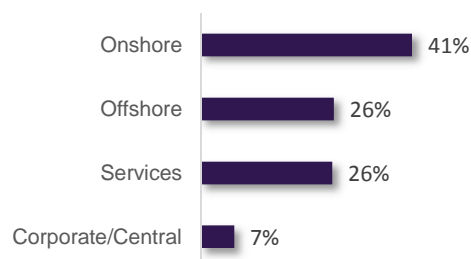
#### Employees as of 30 September

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

#### 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. Mauritania	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	-
<b>SGRE total</b>		<b>23,034</b>	<b>25,337</b>

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
<b>SGRE Group</b>	<b>2,466</b>	<b>1,841</b>

### 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
<b>SGRE Group</b>	<b>20.03</b>	<b>18.35</b>

### Employee Voluntary Exits

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

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
<b>SGRE Group</b>	<b>39.12</b>	<b>36.16</b>	<b>18.54</b>	<b>4.24</b>	<b>1.94</b>

(\*) 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
<b>SGRE Group</b>	<b>41.90</b>	<b>33.94</b>	<b>17.92</b>	<b>4.39</b>	<b>1.85</b>

(\*) 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
<b>SGRE Group</b>	<b>619,257</b>	<b>286,812</b>

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
<b>SGRE Group</b>	<b>507</b>	<b>583</b>

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<sup>19</sup> 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.

<sup>19</sup> 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<sup>20</sup> 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.

<sup>20</sup> 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

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

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

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

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

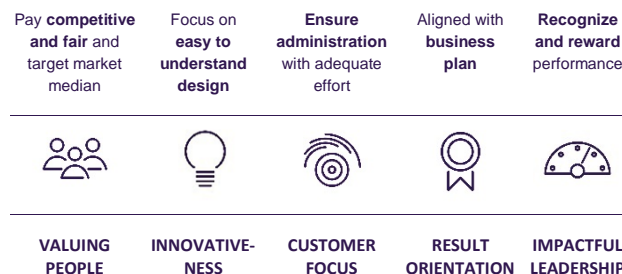
[401-2] [401-3] Compensation and benefits along with the business on its path to becoming a global leader in the wind energy industry retain and motivate the right caliber of talent. Employees are our most valuable asset. We operate under the principal of equal opportunities by avoiding any kind of discrimination 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
<b>SGRE Group</b>	<b>653</b>	<b>777</b>

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



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." <sup>21</sup>

<sup>21</sup> 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.

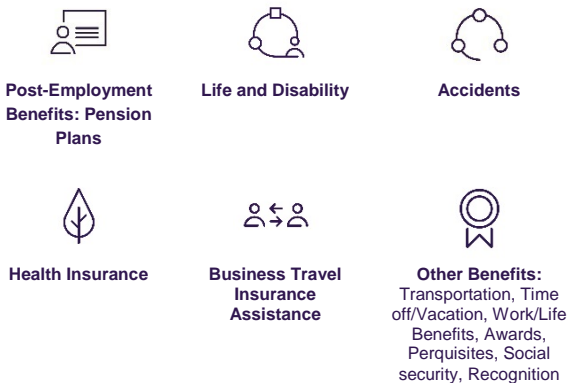
dependent on the country’s regulations and general market practice to ensure the employer’s attractiveness.

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

**SGRE Benefits**



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

- We offer global consistency with local relevance and local implementation responsibility: benefits are local and are

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, 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)<sup>22</sup>.

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.

<sup>22</sup> 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<sup>23</sup> 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<sup>24</sup> 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)
<b>Employees</b>	2.10	2.00
<b>Contractors</b>	2.22	2.60
<b>Total</b>	<b>2.14</b>	<b>2,25</b>

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.

<sup>23</sup> Siemens Gamesa Policy [\[Link\]](#)

<sup>24</sup> 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<sup>25</sup> 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.

<sup>25</sup> See: Code of Conduct for Suppliers and Third Party Intermediaries [\[Link\]](#)

#### 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.



### 6.1.3 Siemens Gamesa Policy

The Siemens Gamesa Policy<sup>26</sup> 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<sup>27</sup>, 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.

<sup>26</sup> See: Siemens Gamesa Policy [\[Link\]](#)

<sup>27</sup> 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<sup>28</sup> or the Paris Pledge for Action<sup>29</sup>.

## 6.2.2 Climate Risks and Opportunities

Siemens Gamesa's has integrated processes for identifying, assessing and managing climate-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.

<sup>28</sup> See American Business Act on Climate Pledge [\[Link\]](#)

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<sub>2</sub> 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.

<sup>29</sup> 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.<sup>30</sup> 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.

<sup>30</sup> 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)
<b>Natural gas</b>	243,458	81,336
<b>Fuel oil</b>	85,029	47,780
<b>Gasoline/Diesel</b>	39,759	12,211
<b>Liquefied petroleum gas (LPG)</b>	18,213	7,992
<b>Total Primary Energy consumption</b>	<b>386,459</b>	<b>149,319</b>

### Secondary Energy

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

### Total Energy

(gigajoules-GJ)	FY18	FY17(6m)
<b>Total Energy consumption</b>	<b>1,049,597</b>	<b>477,570</b>

## 6.3.2 Greenhouse Gas Emissions (GHG)

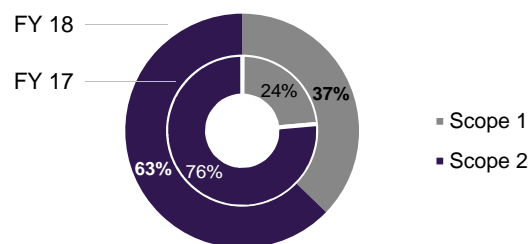
Siemens Gamesa measures its direct and indirect emissions on an annual basis according to the requirements set forth in ISO 14064-1. To compile the emissions inventory, the following GHG's are taken into consideration in accordance with ISO 14064-1: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, PFCs and HFCs.

### Total Emissions

(t CO <sub>2</sub> -eq)	FY18	FY17(6m)
<b>GHG Emissions Scope 1</b>	22,865	10,808
<b>GHG Emissions Scope 2</b>	38,502	35,085
<b>GHG Emissions total</b>	<b>61,367</b>	<b>45,893</b>

The Company's total emissions of CO<sub>2</sub>-eq under Scope 1 and Scope 2 amounted to 61,367 tons CO<sub>2</sub>-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<sub>2</sub>-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<sub>2</sub>-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<sub>2</sub>-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 <sub>2</sub> eq per annum	291,246 metric tonnes CO <sub>2</sub> eq per annum
Project Link	<a href="#">Link</a>	<a href="#">Link</a>

### 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)
<b>Volatile organic compounds (VOC)</b>	254	150
<b>Ozone depleting Substances (ODS)</b>	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)
<b>Hazardous waste   Recyclable</b>	1,892	1,301
<b>Hazardous waste   Non recyclable</b>	2,112	893
<b>Non-Hazardous waste   Recyclable</b>	31,006	18,092
<b>Non-Hazardous waste   Non-recyclable</b>	12,795	4,100
<b>Total waste generation</b>	<b>47,805</b>	<b>24,387</b>

*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)
<b>Fresh water</b>	428,835	181,744
<b>Underground water</b>	6,673	9,471
<b>Ground and surface water for cooling purposes (*)</b>	10,130	5,360
<b>Total water</b>	<b>445,638</b>	<b>196,575</b>

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

#### 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<sub>2</sub> emissions and Siemens Gamesa's ongoing commitment to combat climate change. The campaign emphasized the amount of CO<sub>2</sub> 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<sub>2</sub>. 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<sub>2</sub> 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<sub>2-eq</sub> 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 through 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 species mortality due to collisions with our customers' wind turbines.

Despite these potential impacts on biodiversity, Siemens Gamesa wind projects are constructed in a sustainable way that allows for a balanced coexistence, thus conserving and protecting natural assets, i.e. biodiversity and climate. This respect for biodiversity and ecosystems plays a leading role in the Company's business strategy.

There are different regulatory and voluntary instruments to achieve a positive net balance in relation to biodiversity and the environment, including:

- Full compliance with permits granted by environmental and conservation authorities in each region, which establish requirements to ensure local environmental protection.

- Company policies and procedures under the integrated management system which establish environmental control plans.
- Support for conducting environmental impact studies, which include analysis and prevention mechanisms that consider different alternatives and lay down corrective measures to avoid, mitigate or offset any possible damage.
- Technology development related to our control functions (SCADA) and compatibility with other third-party applications for the detection of bird and bat species.

Protected areas and areas of high biodiversity value without protection are generally avoided during the planning stage of new infrastructures.

[304-4] Potential environmental impacts are analyzed through a formal HSE aspects evaluation and by conducting environmental impact assessments beforehand, with measures to correct and minimize the impacts. In case that they cannot be completely mitigated, offsetting measures are taken.

Siemens Gamesa has activities in some areas where threatened species included in the IUCN Red List and in other national conservation lists live or could be present. This, however, does not mean that they are affected or threatened by such activities. The identification of species on the IUCN Red List and other species included in national conservation lists which could be affected by Siemens Gamesa's activities is monitored to take the necessary measures to avoid endangering them.

## 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**<sup>31</sup>

As a foundation on sustainability for suppliers, and compliant to the Group policy, the **Code of Conduct for Suppliers** was<sup>32</sup> 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
<b>Europe, Middle east and Africa</b>	4,184,511,490	4,198,566.810
<b>Americas</b>	978,237,630	1,970,222.138
<b>Asia, Australia</b>	867,251,580	1,666,894.092
<b>SGRE Group</b>	<b>6,030,000,700</b>	<b>7,835,683.040</b>

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

#### Number of tier-1 Suppliers

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

<sup>31</sup> See Supplier relationship policy [\[Link\]](#)

<sup>32</sup> 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	-
<b>SGRE Group</b>	<b>1,061</b>	-

**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	-
<b>SGRE Group</b>	<b>792</b>	-

#### 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**

<i>(number)</i>	<b>FY18</b>	<b>FY17</b>
<b>Sustainability Self-Assessments</b>	1,104	2,506
<b>Quality audits with sustainability questions</b>	146	156
<b>External Sustainability Audits</b>	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**

<i>(number)</i>	<b>FY18</b>	<b>FY17</b>
<b>Europe, Middle east and Africa</b>	78	46
<b>Americas</b>	17	37
<b>Asia, Australia</b>	129	141
<b>SGRE Group</b>	<b>224</b>	<b>224</b>

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**<sup>33</sup> 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.

<sup>33</sup> 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"



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"



Partnering with the local partner FabLab Spinderihallerne, Siemens Gamesa funds a program that aims to empower about 200 teenagers – mainly girls, in Vejle 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"



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"



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!"



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"



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 warming. In conjunction with GrowFort, a citizens-based initiative originating in the Danish wind industry, our local employees plant trees that are guaranteed to absorb CO<sub>2</sub> for a long time. For example, sponsoring reforestation of an area the size of a football field ensures absorption of 10 tons of CO<sub>2</sub> each year for the next 75 years, enough to offset the CO<sub>2</sub> 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 Trevese 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 its 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
<b>ORGANIZATIONAL PROFILE</b>					
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
<b>STRATEGY</b>					
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
<b>ETHICS AND INTEGRITY</b>					
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
<b>GOVERNANCE</b>					
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
<b>GRI 201: ECONOMIC PERFORMANCE</b>					
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
<b>GRI 202: MARKET PRESENCE</b>					
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
<b>GRI 203: INDIRECT ECONOMIC IMPACTS</b>					
203-1	G4-EC7	64	Note 2	✓	Infrastructure investments and services supported
203-2	G4-EC8	64	Note 2	✓	Significant indirect economic impacts
<b>GRI 204: PROCUREMENT PRACTICES</b>					
204-1		64	Note 2	✓	Proportion of spending on local suppliers
<b>GRI 205: ANTI-CORRUPTION</b>					
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
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOR</b>					
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
<b>GRI 301: MATERIALS</b>					
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
<b>GRI 302: ENERGY</b>					
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
<b>GRI 303: WATER</b>					
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
<b>GRI 304: BIODIVERSITY</b>					
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
<b>GRI 305: EMISSIONS</b>					
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 <sub>x</sub> , SO <sub>x</sub> and other significant air emissions
<b>GRI 306: EFFLUENTS AND WASTE</b>					
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
<b>GRI 307: ENVIRONMENTAL COMPLIANCE</b>					
307-1	G4-EN29	64	Note 16	✓	Non-compliance with environmental laws and regulations.
<b>GRI 308: SUPPLIER ENVIRONMENTALASSESSMENT</b>					
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
<b>GRI 401: EMPLOYMENT</b>					
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
<b>GRI 402: LABOR/MANAGEMENT RELATIONS</b>					
402-1	G4-LA4	31	-	✓	Minimum notice periods regarding operational changes
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b>					
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
<b>GRI 404: TRAINING AND EDUCATION</b>					
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
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY</b>					
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
<b>GRI 406: NON-DISCRIMINATION</b>					
406-1	G4-HR3	32	-	✓	Incidents of discrimination and corrective actions taken
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>					
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
<b>GRI 408: CHILD LABOR</b>					
408-1	G4-HR5	64	Note 2	✓	Operations/suppliers identified having significant risk for incidents of child labor
<b>GRI 409: FORCED LABOR</b>					
409-1	G4-HR6	64	Note 2	✓	Operations and suppliers at significant risk for incidents of forced or compulsory labor
<b>GRI 410: SECURITY PRACTICES</b>					
410-1	G4-HR7	64	Note 2	✓	Security personnel trained in human rights policies or procedures
<b>GRI 411: RIGHTS OF INDIGENOUS PEOPLES</b>					
411-1	G4-HR8	64	Note 2	✓	Incidents of violations involving rights of indigenous peoples
<b>GRI 412: HUMAN RIGHTS ASSESSMENT</b>					
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
<b>GRI 413: LOCAL COMMUNITIES</b>					
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
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT</b>					
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
<b>GRI 415: PUBLIC POLICY</b>					
415-1	G4-SO6		Not recorded	✓	Political contributions
<b>GRI 416: CUSTOMER HEALTH AND SAFETY</b>					
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
<b>GRI 417: MARKETING AND LABELING</b>					
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
<b>GRI 418: CUSTOMER PRIVACY</b>					
418-1	G4-PR8	64	Note 18	✓	Substantiated complaints regarding breaches of customer privacy and losses of customer data
<b>GRI 419: SOCIOECONOMIC COMPLIANCE</b>					
419-1	G4-PR9	64	Note 16	✓	Non-compliance with laws and regulations in the social and economic area

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## Notes included into the GRI index

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**[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.

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## 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 <sup>34</sup> and to the following report index.

<b>Human Rights</b>	<p><b>Principle 1:</b> Business should support and respect the protection of internationally proclaimed human rights within their area of influence</p> <p><b>Principle 2:</b> Business should make sure that they are not complicit in human rights abuses.</p>	<b>Labor</b>	<p><b>Principle 3:</b> Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p><b>Principle 4:</b> Business should uphold the elimination of all forms of forced and compulsory labor.</p> <p><b>Principle 5:</b> Business should uphold the effective abolition of child labor.</p> <p><b>Principle 6:</b> Business should uphold the elimination of discrimination in respect of employment and occupation.</p>	<b>Environment</b>	<p><b>Principle 7:</b> Business should support a precautionary approach to environmental challenges.</p> <p><b>Principle 8:</b> Business should undertake initiatives to promote greater environmental responsibility.</p> <p><b>Principle 9:</b> Business should encourage the development and diffusion of environmentally friendly technologies.</p>	<b>Anti-corruption</b>	<p><b>Principle 10:</b> Business should work against corruption in all its forms, including extortion and bribery.</p>
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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.

<sup>34</sup> 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
<p><b>Principle 1</b></p> <p><b>Principle 2</b></p> <p><b>Principle 3</b></p> <p><b>Principle 4</b></p> <p><b>Principle 5</b></p>	<ul style="list-style-type: none"> <li>• Support and respect for human rights. Adoption of a Corporate Social Responsibility Policy. ⇨Section Compliance (p.2219)</li> <li>• Support and respect for human rights. Adoption of Business Conduct Guidelines. ⇨ Section Ethics and Compliance (p.2022)</li> <li>• Commitment to human rights, the fight against child labor and forced labor. ⇨” Section Human Rights (p.22)</li> <li>• Economic, social and environmental performance supervision mechanisms established. ⇨Note 7 - (p. 64).</li> <li>• Priority given to occupational health and safety of employees. ⇨” Occupational health and safety” (p.35)</li> <li>• 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)</li> <li>• Labor conditions are given priority in talent management and appropriate training given to people. ⇨” Training and education” section (p.30)</li> <li>• Responsible management of the global supply chain. ⇨Section “Responsible Supply Chain” (p.50 and the following)</li> <li>• Protection and defense of human rights in the communities where Siemens Gamesa has a presence. ⇨Section “Community” (p.54)</li> <li>• Defense of the freedom of association and collective bargaining. ⇨” Labor Relations” (p.31)</li> </ul>	<ul style="list-style-type: none"> <li>• 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)</li> <li>• The number of training hours raised to 619,217 in the fiscal period 2018 (p.30)</li> <li>• 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)</li> <li>• Supply base of more over 17,000 suppliers and procurement volume exceeding €6 billion create jobs and local wealth.</li> <li>• Human rights compliance processes in the supply chain. ⇨ (p.5151 and the following)</li> <li>• 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)</li> <li>• Commitment made to workers to defend human and labor rights by means of a Global Collective Agreement. See” Labor Relations” section (p.31)</li> <li>• Undertakings in equality and diversity matters. ⇨” Equality and Diversity” section (p.31)</li> </ul>
<p><b>Principle 6</b></p>	<ul style="list-style-type: none"> <li>• Siemens Gamesa does not tolerate discrimination and seeks to develop a favorable framework for labor relations based on the equal opportunities.</li> <li>• Committed to the UNGC Women’s Empowerment Principles and have already signed the Diversity Charter, an initiative by the Spanish government.</li> <li>• 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)</li> </ul>	<ul style="list-style-type: none"> <li>• In the year under review, the share of female employees represents an overall 19% of the total workforce.</li> <li>• In fiscal 2018 women hired amounted 20 % of all new hires. (p.29)</li> <li>• At the end of the reporting period Siemens Gamesa had 278 employees in management positions, 11% of whom were women.</li> <li>• 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%.</li> <li>• See⇨”Diversity” section (p. 31 and the following)</li> </ul>

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

Principle	Policies and Systems Implemented	Significant Progress Made
<b>Principle 7</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Siemens Gamesa has taken up the challenge of reaching carbon neutrality by 2025.</li> <li>• ⇨” Section Climate Change (p. 42 and the following)</li> </ul>	<ul style="list-style-type: none"> <li>• 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)</li> <li>• 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 &amp; Type III), as well as a 100% revenue-based coverage ratio within our business.</li> <li>• 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)</li> </ul>
<b>Principle 8</b>	<ul style="list-style-type: none"> <li>• Commitment to researching and developing environmentally friendly products that produce long-term environmental benefits.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Patents granted at the end of the reporting period: 3,363 (3,138 in FY17). New patents first filing: 154.</li> <li>• Section ⇨”Life Cycle Assessments” section (p.47)</li> </ul>
<b>Principle 9</b>	<ul style="list-style-type: none"> <li>• 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).</li> <li>• We develop and market products, solutions and services that enable our customers to reduce their CO<sub>2</sub> emissions, lower lifecycle costs and protect the environment.</li> </ul>	<ul style="list-style-type: none"> <li>• In 2018, 6.7 GW of wind energy was installed helping our customers further reduce their emissions by 18 million tons of CO<sub>2</sub>. 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<sub>2</sub> a year.</li> </ul>
<b>Principle 10</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• The Company implemented a Compliance Handbook addressing specific approach to Anticorruption (p.21)</li> <li>• Business Conduct Guidelines (p.20)</li> <li>• 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)</li> <li>• 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)</li> </ul>

## 11. Independent auditor's limited assurance report

[102-56]



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### 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 23<sup>rd</sup>, 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.**

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

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