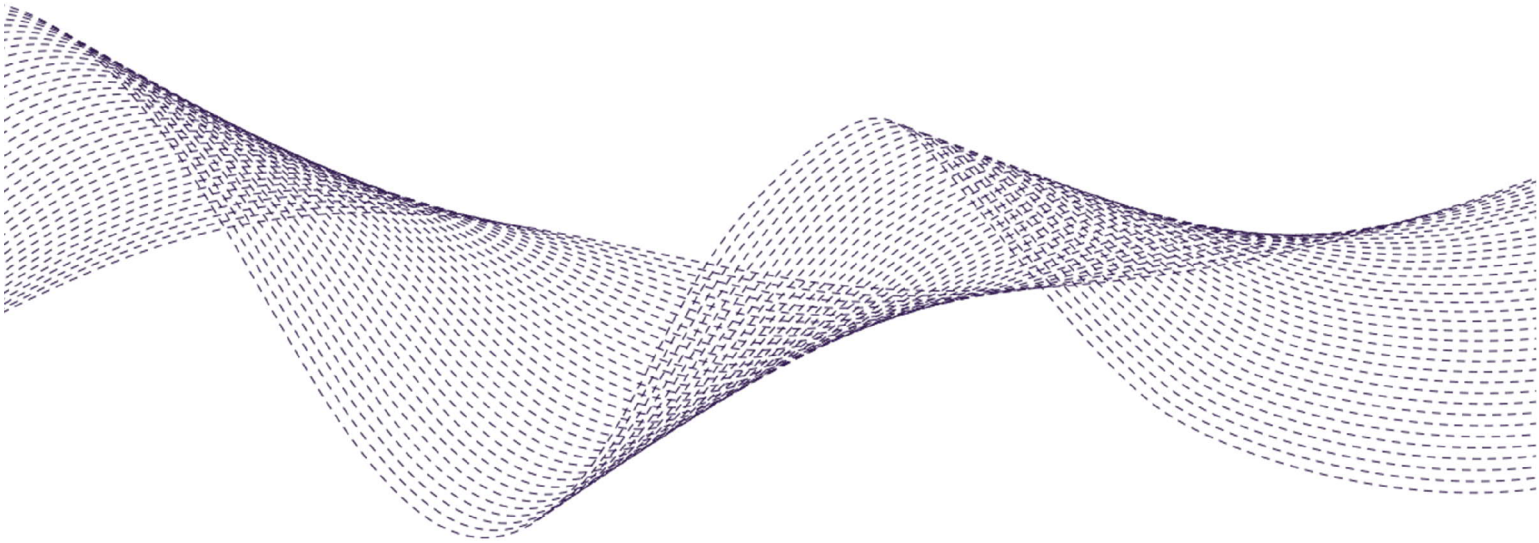
Consolidated Non-Financial Statement 2020

(formerly Sustainability Report)



SIEMENS Gamesa
RENEWABLE ENERGY

Highlights

3.14

Total Recordable Injury Rate (TRIR)

1.36

Lost-Time Injury Frequency Rate (LTIR)

27.9

$CO_{2\text{-eq}}$ emissions (ktons)

1,202

Total Energy Use (TeraJoules)

99.9%

Renewable Electricity Use

>26.1k

Total Headcount

11.7%

Female Managers

~19k

Tier-One Supplier

~ €7.4 bn

Procurement Volume

Key figures

	FY 18	FY 19	FY 20	Var. 19/20
Revenues (€million)	9,122	10,227	9,483	-7.3%
EBIT pre PPA and I&R costs (€million)	693	725	(233)	N.A.
Net profit (€million)	70	140	(918)	N.A.
Net financial debt (NFD) (€million)	615	863	(49)	N.A.
Equivalent MW sold	8,373	9,492	9,968	5.0%
MW installed (period)	6,234	9,895	8,767	-11.4%
MW installed (cumulative)	88,840	98,735	107,502	8.9%
MW fleet under maintenance	56,725	60,028	74,240	23.7%
No. suppliers	17,051	17,890	18,932	5.8%
No. suppliers invoicing below 10k€/y	8,874	8,901	9,483	6.5%
Procurement volume (€ million)	6,030	8,238	7,365	-10.6%
Headcount	23,034	24,453	26,114	6.8%
Lost time injury frequency rate - LTIFR	2.07	1.67	1.36	-18.6%
Total recordable injury rate- TRIR	5.10	4.71	3.14	-33.3%
% women in workforce	18.90	18.79	18.76	-0.2%
% women in management positions	10.79	10.24	11.69	14.2%
Employee Hiring	2,466	4,498	4,932	9.6%
Employee Exits	4,853	3,145	3,275	4.1%
Training hours (thousands)	619	905	840	-7.2%
Donations & charitable contributions (€ million)	2.12	0.43	2.90	574%
Energy consumption (TJ)	1,050	1,256	1,202	-4.3%
Energy consumption rate (GJ/Mw installed)	168	127	137	7.8%
Renewable electricity use (share in %)	61	61.5	99.9	62%
Water consumption (x1,000 m3)	446	667	522	-21.7%
Waste generated (kt)	47.8	58.5	68.3	16.7%
Waste intensity (t/Mw installed)	7.7	5.9	7.8	32.2%
CO_2 emissions (kt CO_2)	61.4	70.7	27.9	-60.5%
CO_2 emissions intensity (t/Mw installed)	9.8	7.1	3.2	-54.9%
CO_2 compensated (million t CO_2)	233	259	281	8.5%
Effluent generation (x1,000 m3)	451	329	342	3.9%
United Nations Global Compact	✓	✓	✓	Confirmed
Dow Global Sustainability Index	✓	✓	✓	Confirmed
FTSE4Good	✓	✓	✓	Confirmed
Ethibel Excellence Europe	✓	✓	✓	Confirmed
Euronext Vigeo series	-	✓	✓	Confirmed
Bloomberg Gender Equality Index	-	-	✓	Addition
MSCI ESG rating	BB	BB	A	+2 notches

Letter from CEO

Andreas Nauen, CEO

Dear Stakeholder,

Fiscal year 2020 will undoubtedly be a year to remember: Covid-19 continues to disrupt the lives of billions of people worldwide and is creating an unprecedented scenario to which society, governments as well as businesses have had to adapt.

This naturally also applied to Siemens Gamesa. Thus, we have been through a long period of uncertainty and changes in this past year, including significant lockdown periods with no clear end in sight, but we have been able to keep the business running consistently while ensuring the safety of our employees. I want to express my most sincere gratitude to everyone in the Siemens Gamesa family who has contributed and kept up the morale in these difficult times – it has brought us even closer together and made us stronger.

Despite these new challenges, we cannot lose sight of climate change threatening the future of generations to come. As a company, we are committed to act now: unlock the full potential of wind and guarantee profitable growth, while conducting our business in a responsible and sustainable manner. With a leading position in all three areas of wind – onshore, offshore, and service – we are driving the global green energy revolution and accelerating the efforts of our partners around the world.

Our sustainability pledge is not just an aspirational framework but a roadmap for responsible growth. We are dedicated as a company to have a lasting social and environmental impact and to engage with the UN Sustainable Development Goals (SDGs) to further drive the United Nations' 2030 agenda. Thus, we remain committed to the principles of the United Nations Global Compact, meaning that we continuously work on issues connected to human rights and maintain responsible labor, environmental and anti-corruption practices.

The resulting responsibility performance has been widely recognized by the financial community and is present in the world's most prestigious indices such as the Dow Jones Sustainability Indices®, FTSE4Good® and the Ethibel Sustainability Index®, to name a few.

We are proud of what we have achieved so far and will continue working on improving ourselves and better the lives of others. We would like to thank all our stakeholders for their continuous support and trust in Siemens Gamesa – accompanying us on our path of further innovation, sustainability, success and business excellence.

By installing thousands of wind turbines, generating hundreds of thousands of gigawatt-hours all over the world, powering our homes, schools and hospitals, we have been part of the solution. It is a privilege to make a difference in the world. At Siemens Gamesa we lead with purpose.

With best regards

Andreas Nauen
CEO, Siemens Gamesa Renewable Energy

A. About Siemens Gamesa

In this section:

A1. Our Company

A1.1 Siemens Gamesa at a glance

[L11-G01] Siemens Gamesa works at the heart of the global energy revolution. With a leading position in onshore, offshore, and service, our team of over 26,000 colleagues is working in partnerships across 90 countries to engineer, build and deliver powerful and reliable wind energy solutions and services.

Figure 1 - Key facts at fiscal year-end 2020

A global business with a strong local footprint, we have installed more than 107 GW and keep the lights on across the world, producing clean and sustainable energy to power our homes, schools, hospitals and keep us moving wherever we go.

Drawing on our comprehensive portfolio, we will address the challenge of climate change and help societies all over the world to meet their growing energy needs in a reliable, affordable and sustainable way.

Siemens Gamesa operates with a flexible business model through two principal business segments: i) Wind Turbines (with the business units Onshore and Offshore), which covers the design, development, manufacturing and installation of wind turbines, and ii) Service. In a few regions, SGRE is also engaged in project development.

[L11-G02] [102-4] SGRE is present in more than 90 countries around the world, and its turbines are installed in more than 70 countries. It operates more than 15 manufacturing plants in over 10 countries and has approximately 40 sales offices (as of June 30, 2020). The chart below shows the location of the company's main nacelle and blade production facilities as well as its leading R&D centers and principal sales offices:

Figure 2 – Siemens Gamesa. Global footprint

Operations

In addition to the above-mentioned locations, Siemens Gamesa has further important locations in several countries in different regions:

- **Americas** – Boulder/Colorado (United States) (sales, service and R&D), Orlando/Florida (United States) (sales; service; R&D and training center for wind service), and sales and service locations in Oakville/ Ontario (Canada) and Santiago de Chile (Chile).
- **Europe, Middle East and Africa (EMEA)** – Bremen (service), Bremerhaven (service for legacy Adwen products) and Österrönfeld (services for Senvion products) (all in Germany); Aliaga (assembly of nacelles), Istanbul (sales, services and R&D) and Izmir (sales and services) (all in Turkey); Vagos (Portugal) (production site for onshore blades, acquired as part of the Senvion Acquisition), Esbjerg (Denmark) (assembly port for the offshore business as well as service), Frimley (United Kingdom) (sales and project management for the offshore business, as well as service), The Hague (The Netherlands) (R&D site for towers, sales and service), in addition to several sales and service or service-only sites in Athens (Greece), Budapest (Hungary), Cairo (Egypt), Casablanca (Morocco), Dublin (Ireland), Helsinki (Finland), Huizingen (Belgium), Johannesburg (South Africa), Lyon and Puteaux (France), Milan (Italy), Newcastle (United Kingdom), Oslo (Norway), Stockholm (Sweden), Tehran (Iran), Vienna (Austria), Warsaw (Poland) and Zagreb (Croatia).
- **Asia, Australia** – Further sales and service locations in Bangkok (Thailand), Ho Chi Minh City (Vietnam), Kurana (Sri Lanka), Makai City (Philippines), Seoul (South Korea), Singapore (Singapore), Sydney (Australia), Taipei (Taiwan) and Tokyo (Japan), with service-only sites in Auckland (New Zealand) and Melbourne (Australia).

Manufacturing base

Siemens Gamesa manufactures wind turbines at its facilities in Europe, the United States, India, Brazil, China and Morocco. The Company has established a technical presence close to its customers across the world. Its manufacturing base is designed to ensure an efficient production process from the design of the wind turbines to the manufacturing of all critical components. The decision as to whether a specific component of a wind turbine should be produced in-house or outsourced to third-party suppliers is determined by looking at three different dimensions: capacity, cost and local content or industrialization requirements. The Company operates blade factories, nacelle assembly factories and other kind of factories (such as gearbox, converter and cabinet factories).

- **Blade factories** produce the entire blade for a wind turbine. In recent years, SGRE implemented structural shell production in all its models, which requires less infrastructure and can be implemented more rapidly. SGRE started to implement carbon fiber in longer blades to further reduce weight. Its industrial strategy also aims for a balance among several options for manufacturing blades, including “make”, “buy” and “build-to-print” (under which SGRE designs the blade, while the manufacturing is outsourced). Our main blade factories are located in Fort Madison (United States), Aalborg (Denmark), Hull (United Kingdom), Tangier (Morocco), Nellore (India), Somozas (Spain), Lingang (China) and Vagos (Portugal; this plant was acquired in the context of the Senvion Acquisition). A new factory for wind turbine blades (as well as nacelles) is planned in Le Havre (France), with start of production expected for the beginning of 2022. At the end of 2019, SGRE stopped the manufacturing of onshore blades in its Aalborg factory (the location now manufactures blades for offshore turbines only). In addition, a decision to close the blade factory in Aoiz (Spain) due to competitiveness considerations was made in June 2020. This plant is specialized in small turbine models mainly for the Spanish market. In addition to its own manufacturing, SGRE sources blades from third-party manufacturers located in Mexico, Brazil, Turkey, India, China and Poland, either providing its own blade designs or using the design from the third-party manufacturer.
- **Nacelle assembly** factories assemble the nacelle for the wind turbine. The nacelle is the structure placed upon the tower, housing the gearbox (for onshore wind turbines), generator, transformer, electronics and other components. Attached to the nacelle is the rotor consisting of a hub and three blades. Siemens Gamesa main nacelle assembly factories are located in Hutchinson/Kansas (United States), Camaçari (Brazil), Brande (Denmark), Cuxhaven (Germany), Ágreda (Spain), Aliaga (Turkey), Mamandur (India) and Tianjin (China). In addition, SGRE subcontracts the assembly of nacelles in Russia. New nacelle factories are under construction in Le Havre (France) and in Taichung (Taiwan). SGRE phased out onshore-related nacelle assembly in Brande in 2020.
- **Tower factories** produce the tower for the wind turbine. SGRE is a minority shareholder in tower manufacturer Windar Renovables, S.L., which has factories in Spain, India, Mexico, Brazil and Russia.
- **Generator factories** produce the generator which transforms the rotation energy to electricity. Siemens Gamesa generator factories are located in Reinosa (Spain), Camaçari (Brazil) and Tianjin (China). In addition, direct drive generators are assembled in Brande (Denmark) and Cuxhaven (Germany).
- **Gearbox plants** are located in Spain, with the main factories located in Lerma and Sigüeiro. A gearbox is typically used in a wind turbine to increase rotational speed from a low-speed rotor to a higher speed electrical generator.
- **Converter factories** are located in Madrid (Spain), Valencia (Spain) and Tianjin (China). Converters enable the management of the electrical output of the wind turbine to optimize it following grid requirements.
- **Cabinets factories** are located in Valencia (Spain) and Tianjin (China). A control cabinet monitors certain parameters of a wind turbine in order to operate the turbine in the most efficient way.

Innovation, Research & Development

Wind turbines developed and manufactured by Siemens Gamesa are in permanent evolution, incorporating the latest technological advances with the aim of increasing both power and performance. Overall, Siemens Gamesa employs approximately 3,400 dedicated Technology staff (13% of the total headcount). SGRE's research and development expenses in fiscal year 2020 amounted to € 231 million (€ 208 million in 2019).

SGRE's R&D activities are carried out mainly through seven technology centers located in Bangalore (India), Boulder (United States), Brande (Denmark), Hamburg (Germany), Zamudio-Bilbao, Madrid and Pamplona (all in Spain). The R&D activities in Brande, Zamudio-Bilbao and Pamplona are focused on the nacelle and its components. The facilities in Madrid and Brande are equipped with test benches for testing and validating software systems for wind power, PV, energy storage and hybrid power systems. The Bangalore center serves global engineering and technology demands pertaining to software and design engineering for onshore and offshore wind turbines, with a focus on new technologies such as machine learning and artificial intelligence, required for building "smart" wind turbines of the next generation.

Technological development at Siemens Gamesa is established within a multi-year framework that is rolled out in the annual technological development plan, where activities and deliverables are established for each year and to which a budget is assigned.

SGRE also cooperates with renowned specialized institutions in the field of wind energy and fosters research partnerships across countries, organizations and disciplines. In addition, SGRE's partnership with Ørsted and the three U.K. universities of Hull, Sheffield and Durham is also looking at how renewable energy research can lower the costs of offshore wind power. This five-year partnership funded by the U.K. government under its Engineering and Physical Science Research Council enables SGRE and its partner to develop new solutions relating to structural health monitoring and generator topologies. SGRE is also collaborating with Siemens in the development of thermal energy storage in a project called "ETES" that is co-funded by the German Federal Ministry of Economic Affairs of Energy.

Within the digitalization field, Siemens Gamesa is cooperating with the University of Carlos III in Madrid in a three-year project, funded by the Spanish institution "Centro para el Desarrollo Tecnológico Industrial" (CDTI). The project comprises research on edge computing technologies, probabilistic design and power plant control technologies, while looking for synergetic solutions with other sectors' needs and solutions. Furthermore, SGRE regularly showcases some of its innovations at exhibitions and trade fairs in the wind energy industry.

A1.2 Legal name

[102-1] The corporate name Siemens Gamesa Renewable Energy, S.A. has been in effect since June 20, 2017 and was duly registered at the Companies Registry on July 18, 2017, the same date that it was notified to Spanish Central Securities Depository (Iberclear) and the Stock Exchanges (Barcelona, Bilbao, Madrid and Valencia). The name was published in the Stock Exchange Bulletin on July 21, 2017. The shares have been listed as Siemens Gamesa Renewable Energy, S.A. since July 24, 2017. The company's 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 registration number A-01011253”.

Siemens Gamesa offers one of the industry’s broadest product portfolios, with both offshore and onshore technology as well as industry-leading service solutions. The company was created in 2017 by the merger of Siemens Wind Power and Gamesa. Along fiscal year 2020, Siemens Gamesa successfully completed acquisition of European Service assets and Intellectual Property from Senvion. The transaction added approximately 9 GW of serviced fleet and operations in 13 countries. The addition of the Senvion assets marked a significant step in the company's growth strategy, part of the company's L3AD2020 strategic program, and strengthens its competitive position in its multibrand portfolio.

A1.3 Ownership structure

[102-5] Siemens Gamesa Renewable Energy, S.A.’s ownership structure on September 30, 2020, (fiscal year end) was as follows:

Table 1 – Ownership structure

(in percentage)	30.09.2018	30.09.2019	30.09.2020
Siemens Energy AG	-	-	67.071
Siemens AG	59.000	59.000	-
Iberdrola S.A.	8.071	8.071	-
Others (**)	32.929	32.929	32.929

(**) All with an ownership interest of less than 3% and there are no significant shareholders according to the article 32 of the Royal Decree 1362/2007 of October 19 on shareholders required to notify their stake due to the residence in a tax haven or in a country of 0 taxation or with no effective exchange of tax information.

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

A1.4 Share capital

The capital stock of Siemens Gamesa Renewable Energy, S.A. amounts to €115,794,374.94 represented by book entries, and consists of 681,143,382 fully subscribed and paid common stock shares of €0.17 per value each, with identical rights and a single class and series.

Table 2 - Evolution of share capital

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

A1.5 Mission, vision and values

[102-16] Our company Mission "We make real what matters - Clean energy for generations to come" and our vision to "Be the global leader in the renewable energy industry driving the transition towards a sustainable world" define the foundation on which our shared company culture will grow as we become more and more integrated [1].This is underpinned by six 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.

A1.6 Revenues

[102-7] The consolidated revenue breakdown by segment at the year ended on September 30, 2020 was as follows:

Table 3 - Revenues by segment

(€ million)	FY18	FY19	FY20
Wind Turbines	7,847	8,733	7,715
Service	1,275	1,493	1,768
SGRE total revenue	**9,122**	**10,227**	**9,483**

Furthermore, the group currently operates in several geographical markets. The principal areas are Europe, Middle East and Africa (EMEA, including Spain), Americas and APAC. Each of these areas' main countries are as follows:

- Europe, Middle East and Africa (EMEA): Denmark, Germany, UK and Spain
- Americas: USA, Brazil and Mexico
- Asia, Australia (APAC): India, China and Australia

Table 4 - Revenues by geographical area

(€ million)	FY18	FY19	FY20
Europe, Middle East and Africa	5,175	6,653	5,197
Americas	2,235	2,031	2,659
Asia, Australia	1,712	1,543	1,627
SGRE total revenue	**9,122**	**10,227**	**9,483**

[1] Further information at the company's Website: https://www.siemensgamesa.com/en-int/about-us

Table 5 - Revenues by country

(€ million)	FY18	FY19	FY20
Spain	666	1,000	617
Germany	1,173	1,038	745
Denmark	639	1,116	712
United Kingdom	1,062	1,497	391
United States	998	1,514	1,907
China P.R.	329	203	299
India	888	774	425
Brazil	262	198	293
Mexico	474	167	176
Rest of countries	2,896	2,720	3.918
SGRE total revenue	**9,122**	**10,227**	**9,483**

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, 2020, its fiscal year-end. [201-1]

A1.7 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. Detailed information on the Group's corporate governance model is updated and available in the Corporate Governance section of the Siemens Gamesa website here.

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 General Meeting of Shareholders Regulations.[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.[3]

Siemens Gamesa's Board of Directors is the body responsible for reviewing and approving this Consolidated Non-financial Statement, which is approved prior to the call for the General Meeting of Shareholders.

[2] See the General Meeting of Shareholders Regulations of Siemens Gamesa Renewable Energy S.A. (Revised text prepared after the amendments approved by the shareholders at the General Meeting of Shareholders held on 22 July 2020). Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/internal-corporate-rules/20200722-reglamento-jga-sgreenglish-def.pdf?la=en-bz&hash=1AD68DA60756B46C293F5083B4F96C0E08B65A39

[3] See Section C.1 of Siemens Gamesa Renewable Energy, S.A. Annual Corporate Governance Report 2020 at Link: https://www.siemensgamesa.com/en-int/investors-and-shareholders/corporate-governance

Table 6 - Composition of the Board of Directors (September 30, 2020)

Name of Director	Category	Position on the Board
López Borrego, Miguel Angel	External Proprietary	Chairman
Nauen, Andreas	Executive	Chief Executive Officer
Dawidowsky, Tim	External Proprietary	Member
Ferraro, Maria	External Proprietary	Member
Hernández García, Gloria	External Independent	Member
von Heynitz, Harald	External Independent	Member
Holt, Tim Oliver	External Proprietary	Member
Krämmer, Rudolf	External Independent	Member
Rosenfeld, Klaus	External Independent	Member
von Schumann, Mariel	External Proprietary	Member
García Fuente, Juan Antonio	N/A	Secretary Non-member

Board committees

The Board of Directors has a Delegated Executive Committee and two specialized committees to deal with specific areas of activities which are entrusted with powers to report, advice, put forward proposals and exercise oversight and control. The specialized committees 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.

Delegated Executive Committee

The Delegated Executive Committee has been delegated part of the powers of the Board of Directors, excluding amongst other those which may not be legally delegated or the ones that cannot be delegated under the provisions of the Bylaws and of the Regulations of the Board of Directors. The Delegated Executive Committee is regulated in article 36 of the Bylaws and in article 23 of the Regulations of the Board of Directors [4].

Table 7 - Composition of the Delegated Executive Committee (September 30, 2020)

Name of Director	Type	Position
López Borrego, Miguel Angel	External Proprietary	Chairman
Nauen, Andreas	Executive	Member
Krämmer, Rudolf	External Independent	Member
Holt, Tim Oliver	External Proprietary	Member
García Fuente, Juan Antonio	N/A	Secretary Non-member

[4] After 2020 fiscal year closing the Regulations of Delegated Executive Committee are being approved.

Audit, Compliance and Related Party Transactions Committee

This is a standing internal body of the Board of Directors for reporting and consultation purposes. It is entrusted with informing, advising and making recommendations. Articles 5 through 14 in Chapter II of the Audit, Compliance and Related-Party Transactions Committee[5] Regulations set forth said committee's duties.

Regarding sustainability, the highest committee or position that formally reviews and approves the sustainability or Corporate Social Responsibility policies, strategy and practices is the Audit, Compliance and Related Party Transactions Committee. Article 11 b) of the Regulations of the Audit, Compliance and Related Party Transactions Committee clearly sets out these duties.

Table 8 - Composition of the Audit, Compliance and Related Party Transactions Committee (September 30, 2020)

Name of Director	Type	Position
von Heynitz, Harald	External Independent	Chair
Hernández García, Gloria	External Independent	Member
Krämmer, Rudolf	External Independent	Member
Ferraro, Maria	External Proprietary	Member
García Fuente, Juan Antonio	N/A	Secretary Non-member

Appointments and Remunerations Committee

This Committee is an internal body of the Board of Directors for information and consultation purposes, though it holds no executive functions. It is entrusted with informing, advising and putting forward recommendations concerning matters within its scope of competence. Articles 5 through 9 in Chapter II of the Appointments and Remunerations Committee Regulations[6] set forth this Committee's duties. More specifically, its primary functions are to oversee the composition, performance and assessment of the company's Board of Directors and senior management, along with their remuneration.

Table 9 - Composition of the Appointments and Renumerations Committee (September 30, 2020)

Name of Director	Category	Position
Krämmer, Rudolf	External Independent	Chair
von Schumann, Mariel	External Proprietary	Member
von Heynitz, Harald	External Independent	Member
Rosenfeld, Klaus	External Independent	Member
Espinosa de los Monteros, Salvador	N/A	Secretary Non-member

5 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 29, 2019) Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/internal-corporate-rules/regulations-of-the-appointments-and-remuneration-committee.pdf?la=en-bz&hash=BD41F237BFA4A2931AE52E5D78E914B4F7AE1659

6 See Chapter II of the Regulations of the Appointments and Remunerations Committee (Consolidated text endorsed by the Board of Directors on July 29, 2019) Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/internal-corporate-rules/regulations-of-the-appointments-and-remuneration-committee.pdf?la=en-bz&hash=BD41F237BFA4A2931AE52E5D78E914B4F7AE1659 (After 2020 fiscal year closing the Regulations of Appointments and Remunerations Committee are being amended).

Executive level positions

[102-19] The Board of Directors of Siemens Gamesa, in its meeting held on June 17, 2020, unanimously agreed, following a favorable report from the Appointments and Remunerations Committee, to ratify the delegation of powers on Mr. Andreas Nauen's behalf as CEO, in the event that the shareholders at the General Meeting of Shareholders to be held on July 22, 2020 decided to ratify the Board's resolution to appoint Mr. Andreas Nauen as a Director on an interim basis (co-option) and to re-elect him for the bylaw-mandated term of four years within the category of Executive Director; delegating to him all the powers which, according to the law and the By-laws correspond to the Board of Directors, except those which cannot be delegated pursuant to the law and the By-laws. The General Meeting of Shareholders of Siemens Gamesa held on July 22, 2020 approved the aforementioned ratification and re-election of Mr. Nauen and he accepted his appointment and the ratification of the delegation of powers on the same date. For further information please refer to section C.1.9 of the Annual Corporate Governance Report 2020.

[102-20] The company's organization chart includes departments holding responsibility for the economic, social and environmental areas, which are attributed to general departments. Aside from the foregoing, the highest-ranking officers of these departments appear before the Board of Directors whenever they are required to do so.

Table 10 – Senior Management (September 30, 2020) [7]

Name	Position
Bartl, Jürgen	General Secretary
Bauer, Pierre	CEO Offshore Business unit (interim)
Gutiérrez, Juan	CEO Service Business unit
Immink, Marc	Internal Audit Director
Nauen, Andreas	CEO Onshore Business unit (interim)
Spannring, Thomas	Chief Financial Officer (interim)
Wollny, Christoph	Chief Operations Officer

As of September 30, 2020, the positions of Chief Financial Officer, Onshore CEO and Offshore CEO are occupied on an interim basis by Mr. Thomas Spannring, Mr. Andreas Nauen and Mr. Pierre Bauer respectively.

Total senior management remuneration amounted to 7,901 thousand euros in fiscal year 2020 (6,752 thousand euros in FY19). Form a gender perspective, there is no additional disclosure due to all top management positions being assigned to men in fiscal year 20. The average remuneration of senior managers identified as such amounts to 1,158 thousand euros in fiscal year 2020 (0,964 thousand euros in FY19), without distinction by gender as all of them are male. The detailed information is referenced in the Annual Report on Directors' Remuneration and in the Annual Corporate Governance Report for the year.

[7] See Section C.1.14 of Annual Corporate Governance Report 2020 for further details

A1.8 Remuneration of the Board of Directors

[L11-HR07] The Annual Report on remuneration of the members of the Board of Directors is submitted to a consultative vote of the company's General Meeting of Shareholders on an annual basis. In accordance with prevailing legislation, the remuneration policy of the year in course and that of the preceding year are set out in detail below, including each director's individual remuneration.

Table 11 - Remuneration of the Board of Directors[8]

M: male || F:Female; (€thousands)	Gender	FY18	FY19	FY20
Alonso Ureba, Alberto	M	177	215	89
Azagra Blázquez, Pedro	M	-	130	61
Cendoya Aranzamendi, Andoni	M	204	219	91
Conrad, Swantje	F	231	106	-
Davis, Lisa	F	0	0	0
Dawidowsky, Tim	M	-	-	0
García García, Rosa María	F	287	49	-
Ferraro, Maria	F	-	-	0
Hernandez García, Gloria	F	243	255	218
Hoffmann, Andreas C.	M	-	-	90
Holt, Tim Oliver	M	-	-	0
Krämmer, Rudolf	M	-	177	315
López Borrego, Miguel Angel	M	-	241	295
Nauen, Andreas	M	-	-	783
Rodriguez-Quiroga Menéndez, Carlos	M	424	422	201
Rosenfeld, Klaus	M	147	151	156
Rubio Reinoso, Sonsoles	F	172	42	-
Sen, Michael	M	0	0	0
Tacke, Markus	M	1,555	1,329	3,205
Thomas, Ralf	M	0	0	0
von Heynitz, Harald	M	-	-	195
von Schumann, Mariel	F	123	162	170
Total		**3,563**	**3,498**	**5,869**

Additional information about top management and its global remuneration is referred to in section C.1.14 of the Annual Corporate Governance Report 2020. [9]

A1.9 Employees worldwide

[102-8] At the end of the reporting period (September 30, 2020), the company had 26,114 employees (24,453 employees in fiscal year 2019).

[8] See Annual Corporate Governance Report 2020 for further details. Link: https://www.siemensgamesa.com/en-int/investors-and-shareholders/corporate-governance

[9] See Annual Corporate Governance Report 2020 for further details. Link: https://www.siemensgamesa.com/en-int/investors-and-shareholders/corporate-governance

A1.10 Significant changes in fiscal year

[102-10] In January 2020, Siemens Gamesa successfully completed the **acquisition of European Service assets and IP from Senvion**. The transaction adds approximately 9.0 GW of serviced fleet and operations in 13 countries. The addition of the Senvion assets marked an important step in the company's growth strategy, part of the company's L3AD2020 strategic program, and strengthens its competitive position in its multibrand portfolio. Siemens Gamesa will now service an even broader range of wind turbine technologies. The Senvion service fleet will increase Siemens Gamesa multibrand footprint to more than 10 GW and its fleet under maintenance to approximately 74 GW. The addition of these assets helps to diversify Siemens Gamesa's business mix and geographical exposure with contracts that offer long-term visibility and renewal rates that have been historically extremely high.

A1.11 Expertise and global track record

One of Siemens Gamesa's main advantages is the fact that we are engaged successfully and globally in all areas of the wind power business, including: Onshore, Offshore and Service. With an optimized streamlined catalogue, we offer the best products and services for each project and its varying site conditions.

Continuous innovation, a dedication to technological excellence and solutions adapted to each project application are the pillars of our wind power portfolio, setting the foundation for Siemens Gamesa as a benchmark technologist. All this is backed by validated and recognized products, with more than 35 years of experience and more than 107 GW installed across the globe.

Siemens Gamesa technology makes Onshore wind one of the cheapest sources of energy. Onshore is the largest wind energy market and the company continues to advance to offer a flexible portfolio designed to meet all our customers' needs and reduce the cost of energy. Improved technology has made turbines and blades ever more efficient, and digitally operated to optimize performance.

The company's Offshore unit develops the world's most sophisticated turbines, thereby ensuring it continues to be ranked as the number one option for offshore wind. Global offshore wind capacity is surging, and Siemens Gamesa is positioned as the leading supplier in this market. The company has already installed almost 17 GW and this figure will surely continue to grow in the future as more and more countries view offshore as a highly competitive energy source as compared to fossil fuels. Harsh sea conditions mean that innovation and new technology are key aspects to evolve in this market and will almost certainly give Siemens Gamesa a competitive edge as new opportunities arise in the emerging markets of the USA and Asia.

With so many Siemens Gamesa turbines working to produce clean energy across the globe, there is naturally a strong market for the service and maintenance of these machines. Technological advancements mean that 85% of technical issues can be handled remotely within 10 minutes, reducing costs and optimizing performance. The company now has a service portfolio over 74 GW. And its multibrand activities mean it can service the turbines of any other company.

A1.12 Our customers

SGRE customers are mainly companies that are active within the energy sector. The main categorization of customers per activity is the following:

- Utilities – companies that own projects to sell power to their distribution network to reach the final demand of energy.
- Independent Power Producers – companies that own projects in order to sell power to an off-taker (via a power purchasing agreement) with the aim to make a financial return in excess of their cost of capital.
- Project Developers – companies that develop a project to sell it to a future owner with the interest and financial capability to build and operate it.
- Others – financial investors, oil & gas players, companies that need to consume green energy in order to meet their environmental corporate targets, self-consumers, etc.

With the energy transition trends, the profiles of customers have expanded, with other players beyond traditional players such as utilities or independent power producers gaining significant relevance.

A1.13 Competition

The competitive situation for SGRE differs in the three market segments, onshore, offshore and service. SGRE competes with international OEMs (Original equipment manufacturer, a company that produces parts and equipment that may be marketed by another manufacturer), Chinese OEMs and other regional OEMs, with Chinese OEMS and other regional OEMs primarily focused on their local markets. The market for onshore wind turbines is more fragmented although consolidation in the segment has increased concentration of market shares outside China. In the offshore wind energy market there is a lower number of competitors due to the relatively high entry barriers but competition with regard to wind turbine prices is also strong and influenced by the introduction of auction mechanisms. Consolidation is moving forward in both on- and offshore markets and is driven by market players striving for scale to address technological challenges, which increase development costs, and market accessibility challenges.

There are about 30 wind turbine OEMs in the world. In general terms, wind turbine OEMs can be categorized in three groups:

- International players with global reach, e.g., SGRE, Vestas (Denmark), GE Renewable Energy (France/United States) and Nordex (Germany)
- Chinese OEMs, e.g., Goldwind (Xinjiang Goldwind Science & Technology Co., Ltd.) and Envision
- Other regional OEMs (mostly located in India), e.g., Suzlon Energy Ltd. and Inox Wind Ltd. (both, India)

A1.14 Product portfolio

Every wind generation site poses specific challenges which call for the right product choice. Siemens Gamesa offers versatile solutions for onshore and offshore wind farms as well as comprehensive services to meet any project's special needs. The company's wind turbine and service portfolios create value and reduce the Levelized Cost of Energy (LCoE), thus ensuring our customers' long-term returns.

Table 12 - Siemens Gamesa wind turbine platforms

ONSHORE	SG 2.1-114	SG 2.2-122	SG 2.6-114	SG 2.9-129	SG 3.4-132	SG 3.4-145	SG 5.0-132	SG 5.0-145	SG 5.8-155	SG 5.8-170
Platform	2.X	2.X	2.X	2.X	3.X	3.X	4.X	4.X	5.X	5.X
Nominal power (MW)	**2.1**	**2.2**	**2.625**	**2.9**	**3.465**	**3.465**	**5.0**	**5.0**	**5.8**	**5.8**
Technology	Geared	Geared	Geared	Geared	Geared	Geared	Geared	Geared	Geared	Geared
Rotor diameter (m)	114	122	114	129	132	145	132	145	155	170
Swept area (m2)	10,207	11,690	10,207	13,070	13,685	16,513	13,685	16,513	18,868	22,697
Blade length (m)	56	60	56	63.5	64.5	71	64.5	71	-	-
Class IEC	II/IIIA/S	III/S	IA/IIA/S	S	IA/IIA	III/S	IA	IIB	-	-

OFFSHORE	SWT 6.0-154	SWT 7.0-154	SG 8.0-167 DD	(1) SG 11-200 DD	(2) SG 14-222 DD
Nominal power (MW)	**6.0**	**7.0**	**8.0**	**11.0**	**14.0**
Technology	Direct Drive	Direct Drive	Direct Drive	Direct Drive	Direct Drive
Rotor diameter (m)	154	154	167	200	222
Swept area (m2)	18,600	18,600	21,900	31,400	39,000
Blade length (m)	75	75	81.4	97	108
Class IEC	I, S	I, S	I, S	I, S	I, S

(1) The serial production is planned for 2022 || (2) The serial production is planned for 2024

Note: Full detail of Siemens Gamesa's products and services can be found at the company's website.

A1.15 Global footprint: Wind turbines

[102-2] [102-6] Siemens Gamesa embraces technology as the essential core of its activity by 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 constant evolution, incorporating the latest technological advances and growing, not only in terms of power but also in performance. The company has become one of the world's leading technology companies in the multi-megawatt segment with over 107 GW installed in 76 countries and a full range of product platforms.

We offer the best product and service for each project and its varying site conditions through an optimized streamlined portfolio. The company's wind turbine and service portfolios create value and reduce the Levelized Cost of Energy (LCoE), thus ensuring our customers' long-term returns.

Table 13 - Wind turbine installation track record (cumulative MW)

Country/market	FY18	FY19	FY20	Onshore	Offshore
Algeria	10	10	10	10	-
Argentina	82	113	113	113	-
Australia	699	932	932	932	-
Austria	43	43	43	43	-
Azerbaijan	8	8	8	8	-
Belgium	163	195	520	216	304
Bosnia-Herz.	41	87	87	87	-
Brazil	3,156	3,316	3,552	3,552	-
Bulgaria	90	90	90	90	-
Canada	2,804	3,021	3,021	3,021	-
Cape Verde	0.05	0.05	0.05	0.05	-
Chile	452	452	580	580	-
China P.R.	5,099	5,513	5,557	5,509	48
Costa Rica	143	143	143	143	-
Croatia	162	162	162	162	-
Cuba	5	5	5	5	-
Cyprus	20	20	20	20	-
Czech Rep.	14	14	14	14	-
Denmark	2,199	2,199	2,234	1,147	1,087
Dom. Rep.	52	191	191	191	-
Ecuador	2	2	2	2	-
Egypt	986	1,253	1,249	1,249	-
Finland	308	309	308	266	42
France	1,545	1,636	1,865	1,865	-
Germany	6,785	7,510	7,393	2,370	5,023
Greece	563	665	730	730	-
Guatemala	32	32	32	32	-
Honduras	176	176	176	176	-
Hungary	182	182	182	182	-
India	5,613	6,358	6,931	6,931	-
Indonesia	122	151	151	151	-
Ireland	796	870	935	935	-
Iran	61	61	61	61	-
Israel	21	21	21	21	-
Italy	2,199	2,375	2,390	2,390	-
Jamaica	24	24	24	24	-
Japan	386	495	495	495	-
Jordan	166	166	166	166	-

Country/market	FY18	FY19	FY20	Onshore	Offshore
Kenya	14	14	14	14	-
Kuwait	10	10	10	10	-
Latvia	21	21	21	21	-
Lithuania	14	14	14	14	-
Luxemburg	24	24	24	24	-
Macedonia	37	37	37	37	-
Mauritania	30	35	132	132	-
Mauritius	9	9	9	9	-
Mexico	2,380	2,639	3,059	3,059	-
Morocco	856	856	1,062	1,062	-
Netherlands	858	858	1,973	183	1,790
N. Zealand	281	281	316	316	-
Nicaragua	44	44	44	44	-
Norway	662	858	1,670	1,668	2
Pakistan	50	50	52	52	-
Peru	124	124	124	124	-
Poland	1,045	1,053	1,159	1,159	-
Portugal	569	569	569	569	-
Puerto Rico	103	103	103	103	-
Romania	590	590	590	590	-
Russia	-	-	45	45	
Somalia	0.22	0.22	0.22	0.22	-
South Africa	604	660	855	855	-
South Korea	77	138	155	155	-
Spain	13,154	14,184	14,671	14,671	-
Sri Lanka	45	45	56	56	-
Sweden	1,458	1,542	1,873	1,763	110
Switzerland	0.15	0.15	0.15	0.15	-
Taiwan	20	132	164	12	152
Thailand	389	389	659	659	-
Philippines	243	259	259	259	-
Tunisia	242	242	242	242	-
Turkey	814	1,290	1,297	1,297	-
U.Kingdom	9,822	11,700	12,297	4,135	8,162
Uruguay	390	390	390	390	-
U.States	18,795	20,669	23.028	23,016	12
Venezuela	71	71	71	71	-
Vietnam	9	40	61	61	-
SGRE total	**88,840**	**98,735**	**107,502**	**90,769**	**16,733**

A1.16 Global footprint: Service

Siemens Gamesa has a proven track record of excellence in operation and maintenance. By leveraging scale and having a global reach, we offer a flexible service portfolio that can be tailored to our customers' diverse operating models. We also provide advanced diagnostics and digitization capabilities, along with customized offshore services. With nearly 60% of its installed capacity under O&M contracts and extensive operational knowledge of complex locations, the group maintains 74 GW in almost 60 countries. All of this is made possible thanks to a team of highly qualified professionals, a global presence and a focus on health and safety, service excellence and customer satisfaction. The Service unit supports business models by:

- Maximizing the wind farm revenue through efficient maintenance and repair solutions
- Mitigating financial and business risk through our performance and component warranties
- Increasing the energy production and thus the ROI of the wind farm through our performance upgrades and lifetime extensions
- Ensuring accessibility to offshore wind farm through our innovative offshore logistics
- Maximizing customer capabilities to self-perform operations and maintenance through knowledge transfer options

Table 14 - Service track record (MW)

Country/market	FY18	FY19	FY20	Onshore	Offshore
Algeria	11	-	-	-	-
Argentina	-	76	100	100	-
Australia	587	720	1,077	1,077	-
Austria	26	26	26	26	-
Belgium	389	509	498	204	294
Bosnia-Herzg	-	87	36	36	-
Brazil	3,565	3,735	3,193	3,193	-
Bulgaria	90	90	90	90	-
Canada	1,808	1,830	1,986	1,986	-
Chile	452	452	457	457	-
China P.R.	726	512	508	508	-
Costa Rica	130	130	80	80	-
Croatia	172	162	162	162	-
Czech Rep.	14	14	14	14	-
Denmark	626	657	685	657	28
Dom. Rep.	-	137	139	139	-
Egypt	564	834	843	843	-
Finland	280	268	122	122	-
France	1,185	1,280	1,253	1,253	-
Germany	4,750	5,113	14,270	9,560	4,710
Greece	278	372	352	352	-
Guatemala	-	32	32	32	-
Honduras	50	50	50	50	-
Hungary	24	24	24	24	-
India	5,563	6,240	6,835	6,835	-
Indonesia	-	151	153	153	-
Iran	-	61	61	61	-
Ireland	891	963	958	958	-
Israel	21	-	-	-	-
Italy	1,309	1,659	1,675	1,675	-
Japan	131	213	301	301	-
Jordan	166	82	162	162	-

Country/market	FY18	FY19	FY20	Onshore	Offshore
Korea Rep.	49	103	-	-	-
Kuwait	10	10	10	10	-
Lithuania	14	14	-	-	-
Luxemburg	21	-	24	24	-
Macedonia	-	14	37	37	-
Mauritania	30	30	30	30	-
Mauritius	9	9	9	9	-
Mexico	2,040	2,224	2,509	2,509	-
Morocco	638	842	842	842	-
Netherlands	785	804	1,236	60	1,176
New Zealand	60	60	60	60	-
Nicaragua	44	44	-	-	-
Norway	265	209	670	670	-
Pakistan	124	124	50	50	-
Peru	14	14	123	123	-
Philippines	243	243	205	205	-
Poland	915	919	853	853	-
Portugal	402	402	402	402	-
Puerto Rico	101	101	-	-	-
Romania	352	242	148	148	-
South Africa	605	605	499	499	-
South Korea	-	-	122	122	-
Spain	5,914	5,639	6,549	6,549	-
Sri Lanka	-	-	45	45	
Sweden	625	663	947	907	40
Taiwan	8	8	128	-	128
Thailand	355	524	656	656	-
Turkey	849	873	947	947	-
U.Kingdom	8,582	8,688	7,896	2,231	5,665
United States	9,450	9,722	12,634	12,634	-
Uruguay	410	410	410	410	-
Vietnam	8	39	60	60	-
SGRE total	**56,728**	**60,030**	**74,240**	62.199	12.041

A1.17 Legal and administrative proceedings

[L11-SO09] Due to the nature of our business, all commercial transactions with clients are carried out through specific contracts. Therefore, in the case of customer complaints, these are related to such contracts and are dealt with within that framework. In the ordinary course of business, we are involved in out-of-court disputes, litigation and arbitration proceedings as well as administrative proceedings. Frequently encountered situations include claims for alleged breaches of contract (particularly claims brought by or against project partners and customers related to delays, poor performance or a lack thereof), labor disputes, antitrust issues, product liability and warranty claim as well as infringement or the validity of IP rights.

The majority of cases arise from the interpretation of agreements and are resolved through contractual agreements, guarantees and warranty extensions, etc. The cases that remain open this fiscal year include: i) Settlement Agreement ith Areva, ii) Claims connected to a wind power plant project in Germany, iii) Customer claim regarding a commercial dispute relating to project delays and; iv) Disputes or disagreements about IP Rights. The latter involve competitors or other third parties and have to do with the validity of IP rights or infringements. SGRE is a party to several licensing agreements offering it IP rights (patents, trademarks and design rights) that are either necessary or useful for the company's business. In a few cases, disputes or disagreements have arisen concerning the fulfillment of existing agreements, the interpretation of the scope of use of the IP rights granted to SGRE by third parties (including competitors) or alleged IP infringements. The group covers such risks by means of appropriate provisions and guarantees to minimize their materialization.

A1.18 COVID-19: scenario and impact on business

The beginning of 2020 was marked by the COVID-19 coronavirus pandemic. Apart from the extremely high toll in human lives it has claimed, it is also expected to have a significant impact on the global economy, affecting production levels, supply chains and companies' financial stability. The relative lack of information about the virus, the way it spreads, its mortality rates, its seasonality, and the doubts as to whether it can be contained after one or more waves make it extremely difficult to make a reliable estimate of the pandemic's economic impact.

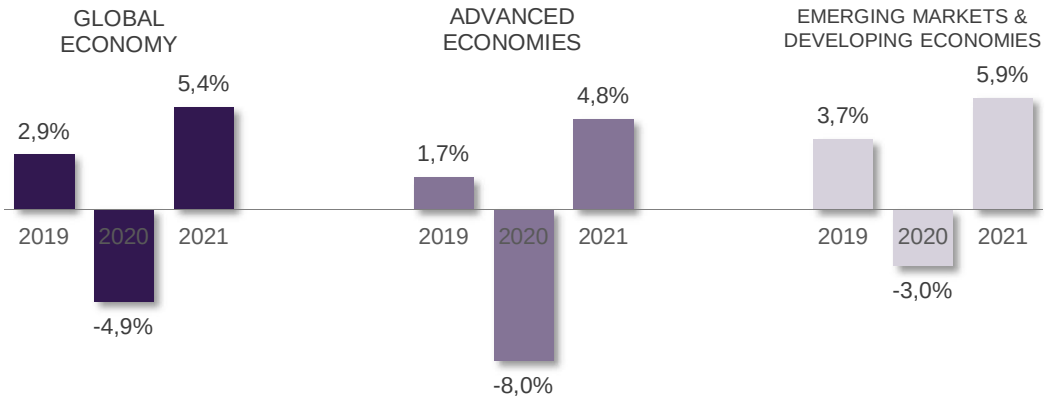
Global effect

Considering that the virus had already reached most countries by the end of March, the International Monetary Fund (IMF) projected, in its June [10] report, that the world economy would undergo a significant downturn of -4.9% in 2020, 1.9 percentage points below the World Economic Outlook (WEO) forecast made in April 2020; in other words, an even more severe setback than in the 2008-2009 financial crisis.

Global growth is projected to amount to 5.4% in 2021. In overall terms, this would leave GDP in 2021 around 6.5 percentage points below the pre-COVID-19 forecasts made in January 2020. The adverse impact on low income households is particularly acute, endangering the significant progress made in reducing extreme poverty around the world since the 1990s. Uncertainty about the pandemic's duration and intensity means that the predominant risk is that the outcome could be even worse.

[10] International Monetary Fund (IMF). World Economic Outlook Update, June 2020. Link: https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020

Figure 3 – World Economic Outlook: Update June 2020. Growth projections



Covid-19 Impact on business activity

Despite the wind industry's resilience, particularly the Offshore division, it is not immune to this situation and the supply chain, manufacturing activity, project execution and commercial activity have all been affected by the pandemic. The second half of fiscal year 2020 saw factories close temporarily in Spain and India, with disruption to the global supply of components and raw materials, continuing restrictions on people's movements, and delays with administrative and financial processes impacting commercial activity. As expected, the pandemic's impact spread to the Offshore and Service markets, although to a much more limited extent. In this context, the company's priority was, and continues to be, to ensure the safety of employees and their families and of the communities where it operates, while minimizing operational disruptions in order to ensure business continuity and meet customer needs.

The impact of COVID-19 was concentrated in the second quarter (Q2 20), causing disruptions to the supply chain located in China. In the third quarter (Q3 20) of the fiscal year, the temporary closures of plants (mainly in Spain and India) and borders had a significant impact on the movement of people and goods. The effect of COVID-19 tailed off in the fourth quarter of the fiscal year (Q4 20) and was felt mainly in Onshore project execution delays, though both the supply chain and manufacturing activity were operating as normal. However, given the uncertainty about how the pandemic will evolve, the company is maintaining the measures designed by the global crisis management task force and implemented in FY20 to ensure both employee safety and business continuity to meet customer needs. These measures include stringent health and safety protocols at offices, factories and wind farms, telework for office staff, inventory management to avoid bottlenecks in component supply chains at risk, and enforcing eligible contract terms favoring customers and vendors, to mention just a few.

A1.19 ESG Rating: Sustainability indexes

Siemens Gamesa's sustainability performance is monitored constantly and has been externally endorsed by the most renowned and relevant sustainability indexes and ratings. These indexes are designed to measure the performance of companies capable of demonstrating strong Environmental, Social and Governance (ESG) practices.

Siemens Gamesa is therefore a constituent member of prestigious international sustainability indexes, such as Dow Jones Sustainability Indices®, FTSE4Good® and Ethibel Sustainability Index®. It is noteworthy that Siemens Gamesa Renewable Energy received an A rating (on a scale of AAA-CCC) in the MSCI ESG ratings assessment made in February 2020, allowing the company to be included in the MSCI indices with an investment grade rating. The MSCI ESG ratings measure companies according to their exposure to industry specific environmental, social and government (ESG) risks and their ability to manage said risks. Siemens Gamesa's upgrade from BB to A (two notches up) reflects a significant improvement in its environmental, social and governance practices and policies.

Furthermore, Vigeo-Eiris ranked the company first in fiscal year 2020 among the 25 companies included in the Electric Components & Equipment sector for its ESG performance. Siemens Gamesa Renewable Energy is currently included in the following indices powered by Vigeo-Eiris: i) Euronext Vigeo Europe 120; ii) Euronext Vigeo Eurozone 120; iii) Euronext Eurozone ESG Large 80 index and iv) Ethibel Sustainability Index-Excellence Europe.

Likewise, ESG Siemens Gamesa's profile assessment was completed by FTSE Russell. The company stands out within the sector with an overall rating of 4.5/5 and is ranked in the 100th percentile in the ICB Supersector Oil & Gas, an extremely prominent position in the Renewable Energy Equipment subsector. Within the ESG dimensions, the company outperforms in the environmental dimension with a score of 5/5. Climate change and the sustainable use of resources underpin the company's responsible management in the eyes of ESG ratings and responsible investors. FTSE Russell's ESG Ratings and data model allows investors to understand a company's exposure to, and management of, ESG issues in multiple dimensions.

Additionally, Siemens Gamesa was included in 2020 Bloomberg Gender-Equality Index (GEI). This index includes 325 companies from 50 industries with a combined market capitalization of $12 trillion USD headquartered in 42 countries and regions. The GEI tracks the financial performance of publicly listed companies committed to supporting gender equality through policy development, representation, and transparency. This reference index measures gender equality across five aspects: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies and pro women brand.

Table 15 - Siemens Gamesa into sustainability indexes

	ESG Index/rating	Rating/status
	Dow Jones Sustainability Index	Siemens Gamesa selected in 2020 and for the 11th time since 2006. Included in Dow Jones Sustainability Index World & Europe.
	Sustainability Yearbook 2020	Siemens Gamesa selected
	MSCI	Siemens Gamesa rated A
	Carbon Disclosure Project -CDP Climate Change	Rated C, equal to renewable energy equipment sector average
	Sustainalytics	Low-Risk ESG rating. Top 2nd percentile in Electrical Equipment industry (3rd out of 166).
	ISS-ESG	Selected with status Prime
	FTSE Russell	ESG Rating: 4.5/5 Percentile Rank: 100 in Alternative Energy - Renewable Energy Equipment sector
	FTSE4Good	Selected and included for 15 years (2005)
	Bloomberg Gender Equality Index	Selected in 2020
	Ethibel Sustainability Index	Selected and included for 14 years (2006)
	Vigeo Eiris	Ranks ESG first among the 25 companies included in the Electric Components & Equipment sector
	Euronext Vigeo®	Selected Euronext Vigeo Europe 120, Euronext Vigeo Eurozone 120, Eurozone ESG Large 80
	Ecovadis	Qualified GOLD in 2019
	ECPI Sense of sustainability	Siemens Gamesa selected in ECPI Global Developed ESG Best in Class
	STOXX	Siemens Gamesa selected in STOXX® Europe Sustainability
	Cleantech Index (CTIUS)	Selected and included for 13 years (2007)

A1.20 Sustainability in financing

Siemens Gamesa's commitment to sustainability extends to all areas of the company, including finance. As a result, its financing is linked to ESG (environment, social and governance) criteria. After completing pioneering deals worth over €7.2 billion having a strong sustainable component, the company has accomplished additional milestones in its finance strategy over the last two years.

- Siemens Gamesa signed a **bank guarantee line for up to €600m** to cover the construction of components for Hornsea 2, the largest offshore wind farm to be announced to date. Located in the North Sea and owned by Danish utility company Ørsted, the farm will be comprised of 165 Siemens Gamesa wind turbines (1.4 GW) that are capable of producing enough clean energy to power 1.3 million UK households. BNP Paribas lead-managed the deal, in which BBVA, Mizuho and Santander also took part. Under this agreement, the company will pay a premium should it fail to achieve the ESG targets set out; otherwise, the premium will be paid by BNP Paribas, together with BBVA and Santander. In either case, the premium set for the deal will be used to fund a cancer research project at the La Paz Institute for Health Research (Madrid, Spain) that seeks to identify the sources of metastasis in breast cancer with a view to preventing tumor cells from spreading.
- Siemens Gamesa **extends its €2.5 billion syndicated financing facility**, that it is linked to ESG criteria. The company has extended the maturity of its syndicated facility to December 2024, securing more flexible conditions thanks to its investment grade credit rating. The operation is now the company's first 'green' financing facility. The operation was highly successful, securing commitments from 22 banks and being more than 50% oversubscribed. Specifically, the company has extended the maturity of its €2.5 billion syndicated facility, arranged in May 2018 with various domestic and international banks. This consists of a €500 million loan and a €2 billion, multi-currency, revolving credit facility, maturing in 2022 and 2024, respectively. The funds will be used to finance recurring activity, which is now covered for the next 5 years. Another novelty in this operation has been the inclusion of environmental, social and corporate governance (ESG) criteria, in line with the company's new green financing strategy. This further underpins our company's commitment to the UN Sustainable Development Goals (SDGs) in relation to 'Affordable and clean energy' and 'Climate action', while also evidencing our commitment to creating a better future for people and planet.
- SGRE reached **€3.9 billion in green guarantee line by September 2020**.The company extended guarantee line granted by Mizuho to €200 million from an initial €140 million and included SDG criteria. Another extension and the same SDG criteria in €150 million of BNP and €150 million of Santander guarantee line. Furthermore, the company included a green condition for €1.000 million existing guarantee line from Caixa Bank. In addition, a deal with three different banks converted a €798 million guarantee line to green. In line with its firm commitment to Sustainability, it has accumulated €3.9 billion (€1.72 billion until end 2019) in green guarantee lines until September 2020. SGRE aims to use this amount to support its onshore and offshore wind turbines manufacturing and sale businesses worldwide, which have an impact on the Sustainable Development Goals related to “Affordable and clean energy” and Climate action”
- Siemens Gamesa has pioneered the **green foreign exchange hedging market**, a significant step in the company’s commitment to sustainable development across all of its activities. In a landmark deal arranged with BNP Paribas, Siemens Gamesa launched a notional total of €174 million in FX hedging contracts for sustainable transactions. These are the first FX hedging deals to be arranged under BNP Paribas's new sustainable derivatives platform linked to the United Nation’s Sustainable Development Goals (SDG). The derivatives are used not only to hedge the FX exposure of selling offshore wind turbines in Taiwan, but they also have an impact on the SDG targets related to ‘Climate Action’, and ‘Affordable and Clean Energy’.

A2. Strategy

[L11-G03] Siemens Gamesa aims to create value by increasing the profitability of onshore activities through a dedicated turn-around effort and attracting the growth potential of the offshore and services sector while maintaining profitability.

A2.1 Business strategy: Capital Markets Day 2020

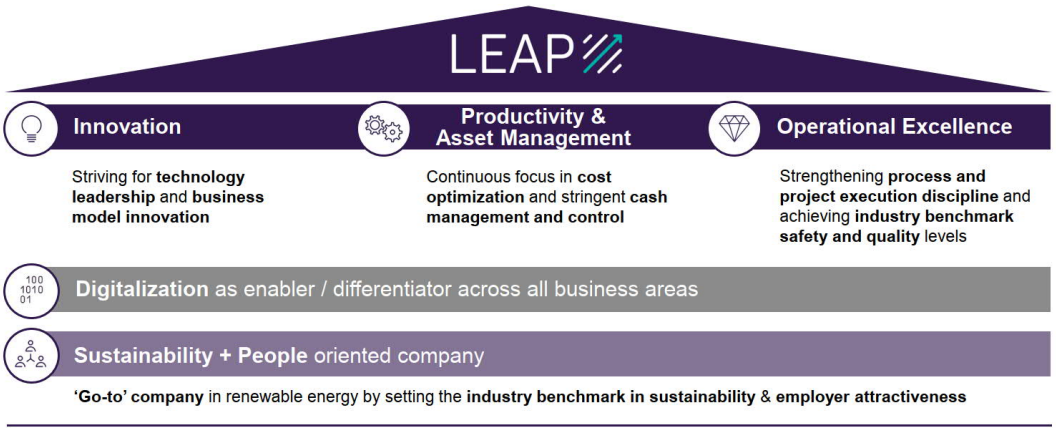
The company has clearly prioritized profits over volume, particularly in the onshore sector, and is strongly focused on cash generation. With the significant progress it has already achieved in recent years, SGRE remains firmly committed to sustainability.

Siemens Gamesa has set clear priority areas through its newly released “LEAP” program, which are as follows:

- **Innovation** – Striving for technology leadership and business model innovation. In the Onshore unit, the recently announced 5.X platform is expected to become the mainstream product platform in 2022/2023. In Offshore, the SG 11.0-200 DD wind turbine, for which several orders were received in 2020, is expected to reach serial production in 2022, and the recently announced SG 14-222 DD wind turbine, which has also been selected for several projects (subject to certain conditions) is expected to reach serial production in 2024.
- **Productivity & Asset Management** – Continued focus on cost out and stringent cash management and control across SGRE to optimize profitability and cash generation. For example, in procurement, a program has been launched aimed to achieve more than 5% productivity increase in third-party spend each fiscal year until 2023 and in manufacturing, to adapt the internal footprint to shifts in demand and supply.
- **Operational Excellence** – Strengthening process and project execution discipline and achieving industry benchmark safety and quality levels. SGRE also plans to reduce risks in its operations, for example by adopting a more selective approach through the sales business approval process (SBA) or reducing its direct exposure to development activities in some countries, e.g., by seeking collaboration with third parties. Furthermore, SGRE plans to strengthen project management quality control and to leverage on cross-business best practices.
- **Sustainability and People** – Becoming the ‘go to’ company in renewable energy by setting the industry benchmark in sustainability and employer attractiveness. Reinforcing social commitment in the communities where we are present.

In addition, SGRE will invest in digitalization, which is believed to be a key enabler for accelerating the achievement of its objectives.

Figure 4 – Siemens Gamesa Corporate strategy. Capital Markets Day 2020 (CMD)



In this context, SGRE's key objectives for the period until 2023 are focused on:

- **Returning Onshore to sustainable profitability** with a turnaround plan focused on the following priorities: (i) focus on profitable volume and de-risking of the business; (ii) introduction of new leading technology; (iii) reduction of supply chain complexity; (iv) reinforcement of project execution capabilities; and (v) reorganization to optimize performance. SGRE strives to complete the operational turnaround of its Onshore business by the end of 2022.
- **Capturing offshore market growth** through profitable leadership position with the following priorities: (i) maintain technological differentiation; (ii) globalization with market expansion and early customer engagement; and (iii) maintaining the focus on execution excellence.
- **Sustainably** growing faster than the market at benchmark profitability in services with the following priorities: (i) continuously develop new business models together with customers; (ii) focus on innovation, productivity and operational excellence; and (iii) capture potential of the profitable multi-brand business.

Following these outlines, SGRE's business mix based on revenue share is expected to shift towards a higher share of Offshore and Service and consequently less Onshore business. In addition, following the energy transition trends, SGRE is also actively exploring adjacent business areas to untap the full potential of its core wind business, such as hybrid solutions, storage, floating or hydrogen.

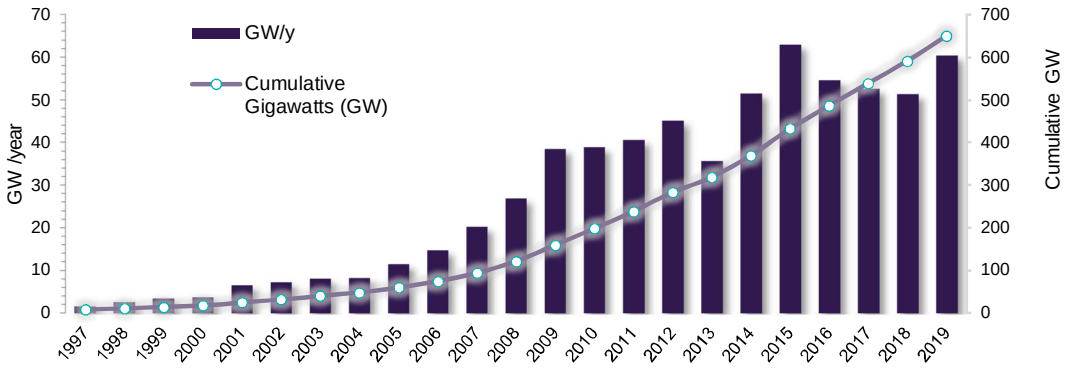
Through the LEAP program as key enabler for value creation, we expect Siemens Gamesa to grow more than the market as a whole by 2023 and to deliver an adjusted EBITDA pre PPA&IR within a range of between 8% to 10% in fiscal year 2023. Furthermore, SGRE aims to maintain on average a book-to-bill ratio above 1.0 between fiscal years 2021 to 2023. SGRE also expects to maintain these levels beyond 2023 as part of its overall financial framework.

A2.2 Key factors that could affect business

[L11-G04] The long-term outlook for wind power has not been affected by the pandemic. In fact, the pandemic has merely highlighted the need to design sustainable models of economic development, in which renewable energies play a central role. In this framework, the world energy market continues its transition towards an affordable, reliable and sustainable model in which renewable energy plays a fundamental part thanks to its growing competitiveness. However, greater effort is required on the part of governments. As indicated in the UN report on the gap between the emission reduction targets and actual achievements to date, if they wish to achieve the committed goals, governments must triple their efforts and introduce new measures on an urgent basis when they review their Nationally Determined Contributions (NDCs), and there are many cost-effective options for cutting emissions quickly.

According to the World Energy Outlook 2019 (WEO 2019), cumulative wind capacity at the end of the period (2040) will amount to 1,850 GW, i.e. 150 GW above the previous report's estimates (with more than 300 GW Offshore). Said cumulative volume involves a sustained level of installation averaging 57 GW per year over 20 years; that is to say almost 15% above the preceding years' average figure.

Figure 5 – Global Wind installations -Source: Global Wind Energy Council (GWEC)



In the case of Offshore, it means reaching more than 20 GW per year by 2030, compared to the 4 GW installed in 2018, the 6 GW installed in 2019, and the 7 GW estimated for 2020. However, this will not be enough to attain the sustainable development goal, which requires more and faster deployment of renewable energies. According to the International Energy Agency (IEA), a scenario compatible with sustainable growth, which includes the commitments to combat climate change, requires that renewables should account for 80% of new installed capacity between now and 2040. According to this projection, the cumulative wind fleet would total almost 3,000 GW in 2040; in other words, 1,000 GW more than in the previous scenario, which would mean an average of 130 GW of installations each year over the next 20 years, of which almost 30 GW will be Offshore turbines in 2030, rising to 40 GW in 2040.

Wind power industry faces structural market changes

Siemens Gamesa is active in the wind power industry, providing products, solutions and services for onshore and offshore wind power plants. Historically, this industry has benefitted from various direct and indirect subsidies aimed at facilitating wind energy production, e.g., economically favorable feed-in tariffs. In recent years, in most of SGRE's markets, governments have already reduced or withdrawn direct subsidies for wind power and in the United States, production tax credits (another form of support) generated by wind energy will be completely phased out for projects commencing construction after 2020. Similar support schemes may continue to be significantly reduced or phased out entirely in other jurisdictions in the future. Further, the expansion of onshore and offshore wind power plants and renewables is also dependent on adequate development in other adjacent areas such as national infrastructure (such as transmission networks). In addition, demand for wind power equipment is affected by the cost of wind-generated electricity compared to the cost of electricity generated from other sources of energy, including not only renewable sources (principally solar and hydroelectric power), but also gas, coal and nuclear-fueled power generation. With a drive in many countries for diversification of energy sources, modern biomass, geothermal, tidal and biofuels, as well as nuclear power, all compete for governmental support and a prioritized focus. Even though the levelized cost of wind generated electricity is decreasing as wind turbine design, production and installation continue to make improvements in cost, efficiency, output and capacity factor (number of full-load hours), the competitiveness of wind power technology as compared to other renewable and conventional power generation technologies competes directly with declining carbon prices and falling fossil fuel commodity prices.

Furthermore, SGRE is undergoing the competitive pressure exerted by other wind turbine manufacturers, which have contributed significantly to a reduction in wind turbine generator prices and may result in additional pricing pressures. Competition in the wind power industry has intensified due to factors such as the rise in the existing number industry players in new markets and increasing pressure from Asian manufacturers, which are striving to improve the quality and reliability of their technologies and expand outwards from their local markets.

Climate change risks

Climate change is leading to warmer weather and more extreme weather conditions. Therefore, climate change could affect our business and have a significant impact on Siemens Gamesa, most likely in the medium- and long-term. Longer and warmer seasons or extreme cold could materially affect the operations of our customers and limit the attractiveness of our products. Severe weather, such as fires, hurricanes, high winds and seas, blizzards and extreme temperatures may cause evacuation of personnel, curtailment of services and suspension of operations, inability to deliver materials to job sites in accordance with contract schedules, loss of or damage to equipment and facilities, supply chain disruption and reduced productivity. For example, Siemens Gamesa had to adjust its profitability target in January 2020 following unforeseen costs in a low triple-digit million-euro amount relating to five onshore projects (1.1 GW) in northern Europe, mainly Norway, caused by adverse road conditions and the unusual early arrival of winter weather, which delayed project execution substantially.

A3. Sustainability

[L11-SO01] Today, there are many factors in the world that represent 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.

At Siemens Gamesa, we believe that sustainable development and commercial success go hand in hand. We strive to drive social and economic progress by being a global force for sustainable development. All our actions must reflect this. Sustainability excellence is a badge of honor, and a mark of operational and management quality. For us, this means being a company that responds to evolving market trends and building a team of engaged, productive and valued employees. Above all, it means being a company that does not just responds to social progress but aligns with and helps to lead it

In addition, we wish to strengthen our social commitment in the communities where we have a presence beyond the business core and that is the reason why we set up the new Social Commitment Department in fiscal year 2020. From there we have designed a medium to long-term strategy linked to the UN's SDGs aimed to fighting poverty, improving the environment and promoting technological education (for further details. see the Social Commitment chapter).

A3.1 Alignment with UN’s Sustainable Development Goals (SDGs)

[102-15] 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 SDGs that universally apply, countries will mobilize efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind.They reflect a new understanding that development everywhere must integrate economic growth, social well-being and environmental protection.

[L11-G01] We as a business, have also a self-interest in driving forward this agenda forward and to contribute to reaching the SDGs related targets. We can find our greatest impact and opportunity in areas that will help drive our own business growth. This creates scalable solutions when our business profits from solving social problems and when we generate profits while simultaneously benefitting society and business performance.

Siemens Gamesa has an impact on most of the SDGs in four important ways: i) through our products and services, ii) by responsibly operating our business, iii) through our expertise and thought leadership, and iv) through our social commitment. Nevertheless, the impact we have on the SDGs varies significantly.

The company has identified and prioritized which of the Global Goals are the most relevant to us, given the countries and sectors in which we operate. This approach provides us with the salient information needed to begin the process of effectively engaging with the SDGs. 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 placed at risk from countries failing to achieve their SDG commitments and the potential opportunities (i.e. where business activities could make a significantly greater contribution) on a country-by-country basis, thereby helping our business to map out and visualize strategic priorities in a more informed way.

Siemens Gamesa had therefore identified high, medium and low-impact SDGs. For the most part, the SDGs that we consider have a higher impact are strongly correlated to our products and services, often in combination with thought leadership initiatives in collaboration with partners around the world. High-impact SDGs also represent the highest Projected Value-At-Risk and the countries where these SDGs pose a higher risk for Siemens Gamesa's operations.

We also identify high impact SDGs linked to responsible business practices, mostly impacted by our social commitment engagement activities.

High impact – UN Sustainable Development Goals linked to regular-core business

Goal 7 – Ensure access to affordable, reliable, sustainable and modern energy for all. Siemens Gamesa Renewable Energy is shaping the renewable energy industry, leading the way forward in the renewable energy sector. The company provides cleaner, more reliable and affordable wind power and is a leading supplier of wind power solutions to customers all around the world. Our scale, global reach and proven track record ensure that we will play a central role in shaping the energy landscape of the future. Our activity embraces the world's need for access to affordable, reliable and sustainable energy, crucial to achieving many of the UN Sustainable Development Goals, ranging from the eradication of poverty through advances in health, education, water supply and industrialization to mitigating climate change.

Goal 13 – Take urgent action to combat climate change and its impacts. Siemens Gamesa has set the target of becoming CO_2-neutral in all its operations by 2025. The company is thus underlining the need for businesses to contribute to decarbonizing the economy. With our products and services, we help to improve energy efficiency and reduce CO_2 emissions with a positive business case.

Goal 5 – Achieve gender equality and empower all women and girls. Our main impact on SDG 5 is by managing our own workforce. Siemens Gamesa recognizes that its employees represent a large variety of cultures, ethnicities, beliefs and languages. This wealth of diversity is what makes the 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.

High impact – UN Sustainable Development Goals linked to our social commitment

Goal 1 – End poverty in all its forms everywhere. We contribute to SDG 1 by supporting people who do not benefit from any kind of social protection, which is critical to help the poorest and the most vulnerable people in the current crisis. Our company implements actions aimed at improving the well-being for people by paying special attention to the most vulnerable groups.

Goal 4 – Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. We contribute to SDG 4 promoting technological education actions and programs and pushing the talent we all need for the future.

Goal 14 – Conserve and sustainably use the oceans, seas and marine resources for sustainable development. Our company seeks to conserve and sustainably use the world's oceans, seas and marine resources. We contribute to SDG 14 by promoting actions and programs in the environmental field aimed at preserving coastal resources and raising awareness among our employees and the communities where we operate, thereby encouraging increased cooperation to protect vulnerable habitats.

Goal 15 – Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss. Siemens Gamesa protects, restores and promotes the sustainable use of terrestrial ecosystems in all the countries where it operates. Additionally, we also contribute to SDG 15 by implementing strategies and cooperative programs which help to incentivize sustainable land use, responsible forest management and environmental stewardship.

A3.2 Relationship with stakeholders

[102-40] The company's relationship with any stakeholder is maintained twofold: from the standpoint of social responsibility, responding to their expectations and needs and, from a reputational perspective, managing the perception these stakeholders have of the company. Siemens Gamesa has a wide variety of stakeholders. They are therefore analyzed according to their relevance to the company's activities and have been grouped together for practical purposes under the following categories:

Figure 6 - Siemens Gamesa's most relevant stakeholders

[102-42] The identification and selection of the group's stakeholders are carried out through internal processes of reflection involving the management team and based on established relationships with key groups to meet both their expectations and the company's needs.

The company consolidates preferential communication channels with these groups to identify the most relevant topics and provide a reasonable response to their expectations, if possible.

These channels have their own specific features as far as format, responsibilities, intensity of the relationship and frequency of use are concerned, ranging from permanently available means of engagement, like mailboxes and portals, a customer portal, a supplier portal and annual or multi-annual means, such as surveys. They also include other non-periodic methods which configure a relationship which the company views as proximity to its stakeholders.

A3.3 Overall Management approach to sustainability

[L11-G06] This document includes Siemens Gamesa's disclosures to explain how we manage the economic, environmental and social impacts related to material topics. It provides narrative information about how we identify, analyze, and respond to our actual and potential impacts. Disclosures also provide context for the information reported using topic-specific Standards according to the Global Reporting Initiative Standards.

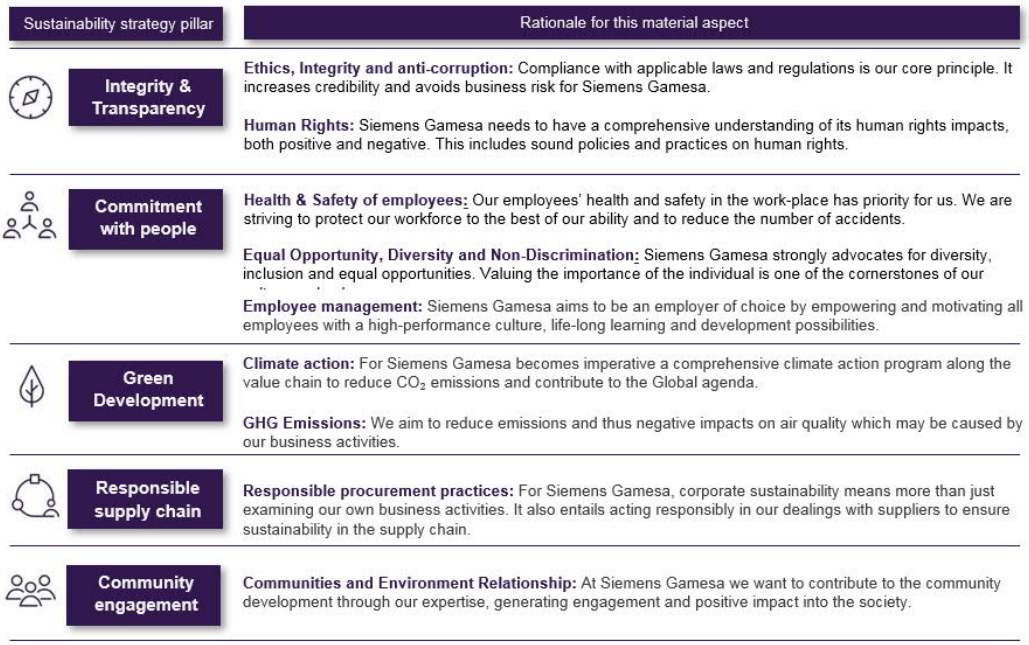
Siemens Gamesa has thus equipped itself with a set of corporate policies that implement the principles reflected in the corporate governance system and contain the guidelines which govern the company's actions and those of the companies belonging to its group, along with the actions of its directors, executives and employees under the framework of the company's strategic plan and vision and values.

Material topics and boundaries

[103-1] Siemens Gamesa has conducted materiality assessments on sustainability issues to help it identify the topics which have the greatest relevance to our company's long-term business success and are of utmost importance for Siemens Gamesa's internal and external stakeholders. The list of material topics and the general process are described in Annex I. For Siemens Gamesa, all material topics are relevant throughout our value chain, unless otherwise indicated.

[102-47] The nature of the expectations that relevant stakeholders have of our organization involves issues such as good governance, respect for human rights, work practices, environmental impacts, our operational practices and the practices of our value chain, as well as the positive and negative impacts that we might have on local communities. Details on the materiality analysis can be viewed in Annex I.

Figure 7 – Material aspects to Siemens Gamesa [11]



Sustainability strategy pillar	Rationale for this material aspect
Integrity & Transparency	**Ethics, Integrity and anti-corruption:** Compliance with applicable laws and regulations is our core principle. It increases credibility and avoids business risk for Siemens Gamesa. **Human Rights:** Siemens Gamesa needs to have a comprehensive understanding of its human rights impacts, both positive and negative. This includes sound policies and practices on human rights.
Commitment with people	**Health & Safety of employees:** Our employees' health and safety in the work-place has priority for us. We are striving to protect our workforce to the best of our ability and to reduce the number of accidents. **Equal Opportunity, Diversity and Non-Discrimination:** Siemens Gamesa strongly advocates for diversity, inclusion and equal opportunities. Valuing the importance of the individual is one of the cornerstones of our **Employee management:** Siemens Gamesa aims to be an employer of choice by empowering and motivating all employees with a high-performance culture, life-long learning and development possibilities.
Green Development	**Climate action:** For Siemens Gamesa becomes imperative a comprehensive climate action program along the value chain to reduce CO_2 emissions and contribute to the Global agenda. **GHG Emissions:** We aim to reduce emissions and thus negative impacts on air quality which may be caused by our business activities.
Responsible supply chain	**Responsible procurement practices:** For Siemens Gamesa, corporate sustainability means more than just examining our own business activities. It also entails acting responsibly in our dealings with suppliers to ensure sustainability in the supply chain.
Community engagement	**Communities and Environment Relationship:** At Siemens Gamesa we want to contribute to the community development through our expertise, generating engagement and positive impact into the society.

Overall Management approach and its components.

[103-2] For Siemens Gamesa, the main purpose of the management approach is to control the major risks and opportunities of all material topics, regardless of whether they are financial or non-financial risks and opportunities.

Global Sustainability Policy

Our vision of sustainability addresses the business' accountability to a wide range of stakeholders, besides shareholders and investors. There are many areas that may impact our business footprint such as the overall environmental protection and the well-being of employees, along with the community and civil society in general, both now and in the future.

Hence, the success of our business is based on a sustainable operating environment, in which access to a skilled workforce, a stable community and healthy environment are ensured on a day-to-day basis.

[102-26] The Board of Directors is acutely aware of the responsibilities of Siemens Gamesa towards society. It is committed to ensuring that its activity is carried out in accordance with a set of values, principles, criteria and attitudes aimed at achieving the sustained creation of value for shareholders, employees, customers and society.

This target is reinforced by the principles contained in Siemens Gamesa's Global Corporate Social Responsibility Policy[12]:

[11] A detailed overview of the materiality analysis methodology can be found in the Annex

[12] See Global Corporate Social Responsibility policy. Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/corporate-policies/global-corporate-social-responsibility-policy.pdf?la=en-bz&hash=83A2288492E0C7460692FDA648C1020EC3B37CA7 . Text approved by resolution of the Board of Directors dated November 4, 2020

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

Related policies and commitments

The company's corporate governance system is comprised of the Articles of Association, its corporate policies, internal rules of corporate governance and the other internal policies, codes and procedures that are described in detail on the group's corporate website [13]. A key group set of policies with detailed information about roles, responsibilities and commitments for the material topics, include:

- Our Mission, Vision and values
- Corporate Group policies: Corporate Social Responsibility, Diversity and Inclusion, Climate change, HSE, Supplier relationship, Human Rights, Social Commitment, etc.
- Business Conduct Guidelines
- Internal policies, procedures and instructions
- Supplier Code of Conduct
- Other sustainability processes and commitments at Siemens Gamesa

In addition, Siemens Gamesa has made certain public commitments which guide the group's actions:

- By endorsing a variety of initiatives connected with its activities in the environmental and social dimensions, most of which are listed throughout the document.
- Through its membership of certain business or social associations, like the ones described in section "Memberships and associations" of this report and identifying itself with their objectives and goals.
- For specific commitments, targets and actions on our material aspects, please see the relevant section in this Consolidated Non-Financial Statement 2020.

[13] Siemens Gamesa Website. Link: https://www.siemensgamesa.com/en-int

Global sustainability commitments

The Group voluntarily endorsed several codes of ethical principles and good practices. [102-12]

- **United Nations Global Compact**: The Group endorsed the principles of the United Nations Global Compact (participant ID 4098) and reaffirms its commitment to and support for the promotion of the ten principles of labor rights, human rights, environmental protection and the fight against corruption on an annual basis. The company publishes a Communication on Progress Report (COP) each year, which reviews compliance with such principles. This document is made publicly available on the United Nations Global Compact website[14].
- **Global Reporting Initiative (GRI)** Since 2004, the company has disclosed sustainability information referencing the evolving guidelines of the Global Reporting Initiative (GRI), a non-governmental organization which aims at creating transparency and comparability of corporate sustainability reporting. Siemens Gamesa has been involved in the GRI community since 2016, first as an organizational stakeholder and currently as a community member and GRI core supporter. Furthermore, the company actively participates in GRI's Corporate Leadership Group on Reporting on the Sustainable Development Goals, putting forward innovative solutions to common challenges and ultimately shape the future of reporting.
- **Paris Pledge for Action:** The Group endorsed the Paris Pledge for Action and welcomed the adoption of a new universal agreement at the COP 21 in Paris and pledged support to ensuring that the aspirations established by the agreement will be attained or surpassed.
- **Caring for Climate:** The business leadership platform "Caring for Climate: The business leadership platform", is an UN Global Compact Initiative. Its goal is to involve businesses and governments in acting on climate change, energy efficiency, reduction of emissions of greenhouse gases (GHGs) and positive collaboration with other public and private institutions. Siemens Gamesa joined voluntarily in June 2007.
- **Women Empowerment Principles**: The "Principles of Empowerment of Women" are promoted by UN Women/UN Global Compact and aim to build stronger economies, establish a more stable and fairer society; achieve compliance development, sustainability and human rights and to improve the quality of life of women, men, families and communities. Siemens Gamesa endorsed the Principle of Empowerment of Women in December 2010.
- **Science Based Targets (SBTi):** Science Based Targets (SBTi), a joint international initiative of the Carbon Disclosure Project, the UN Global Compact, the World Resources Institute, the World-Wide Fund for Nature and the We Mean Business coalition. It aims to reduce carbon emissions in a measurable manner and to an enough level to meet the objective of not exceeding 2 degrees Celsius of global warming established in the Paris Climate Agreement. Siemens Gamesa voluntarily joined this initiative on September 12, 2018 and had its emission reduction strategy verified by the initiative to be aligned with what climate science says is required to meet the 1.5°C trajectory in August 2020.
- **Business Ambition for 1.5C – Our Only Future:** Siemens Gamesa added their pledge for Business to do their part in helping the planet avoid overheating by more than 1.5C in coming years at climate change talks in Madrid (COP-25). The pledge obliges companies to meet objectives evaluated through the UN's Science Based Targets initiative (SBTi) of its emissions, or by setting a public goal to reach net-zero emissions by no later than 2050.

14 See United Nations Global Compact website. Link: https://www.unglobalcompact.org/what-is-gc/participants/4098

Responsibilities

The group's organizational model and responsibilities is structured to the broadest level. Moreover, the responsibilities which the corporate areas or business units have regarding the different aspects dealt with in this document can be summed up as follows:

- Aspects that have to do with corporate governance and those that have a legal scope are the responsibility of the General Counsel's Office and the Board of Directors.
- Aspects connected to Compliance and Ethics and integrity implementation lies with the Chief Compliance Officer, in charge of the Business Conduct Guidelines and related policies, internal rules of conduct regarding the Securities Market and others. The Chief Compliance Officer is under the responsibility of the General Counsel, who is member of the Executive Committee.
- Aspects connected with labor and people related practices, social and community engagement are the responsibility of the Global Human Resources Director, who is member of the extended Executive Committee.
- Aspects related to safety, health and the environment are the responsibility of the Quality management, Safety and Environmental Department, under the responsibility of the Chief Operations Officer, who is member of the Executive Committee.
- Aspects connected with procurement are the responsibility of the Procurement Department, under the responsibility of the Chief Operations Officer, who is member of the Executive Committee.
- Aspects related to communications, public policies, affiliation and memberships to associations are the responsibility of the Global Corporate Affairs Director, who is member of the extended Executive Committee.
- Aspects related to Non-financial reporting, non-financial information, responsible taxation, sustainable finance and sustainability indexes are under the responsibility of Chief Financial Officer, who is member of the Executive Committee.
- Overall implementation of Group policies, codes and other operating procedures is the responsibility of Business Chief Executive Officers (Onshore, Offshore, Service), who are members of the Executive Committee.
- Also, in order to exercise these responsibilities, the Siemens Gamesa model sets forth that such responsibilities must be assumed in a decentralized way by the parent companies of the businesses in each region. These are organized through their respective Boards of Directors, that deal with the effective management of each of the businesses, as well as with their day-to-day management and control.

Objectives, resources and results evaluation

[L11-G07] Siemens Gamesa publicly discloses its medium and long-term objectives periodically, using different ways to do so. Internally, the different business units and corporate functions set their annual targets according to the group's financial and non-financial strategic objectives aimed specifically at the activities under their responsibility. The results obtained in relation to the targets set serve to establish the annual variable remuneration of the company's management team.

In order to attain these targets, Siemens Gamesa is equipped with an annual resource allocation process, which allocates the corresponding budget. The achievements Siemens Gamesa has obtained are reflected in the different quantitative indicators' evolution for the different aspects dealt with in this report.

[103-1] The company identified different strategic lines and actions to work on in the 2018-20 period regarding sustainability, aiming to support the business, strengthen the overall business strategy and to obtain competitive advantages in specific aspects of management that Siemens Gamesa works on in the coming years.

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

Hence, the Sustainability Strategy 2018-20 and its commitments were agreed upon with Siemens Gamesa's top management and with the Audit, Compliance and Related-Party Transactions Committee. The plan set targets under five pillars and focused on the company's positioning in the long term by addressing sustainability aspects that are relevant to stakeholders and included these expectations in the company's decision-making process and the business' day-to-day management.

Siemens Gamesa's Sustainability Strategy 2018-20 consisted of five master lines (corresponding to the five pillars and, additionally, a communication and awareness action), outlining specific actions to be implemented, which involve various corporate areas of the company.

Evaluation of the management approach.

[103-3] Each material topic has a corresponding chapter in this report where we also provide an assessment of the management approach. In addition, the review of the company's Sustainability Strategy becomes instrumental to delivering the key outcomes of the sustainability programs that have been put into place.

Figure 8 - Review of Sustainability Strategy 2018-20

Pillar:	**Integrity and transparency**	Ensuring ethical and business integrity, generating trust to our stakeholders through transparency and honesty

Key Action / Program	UN's Sustainable Development Goals (SDGs)	Target FY20	Status FY20	Comments
• Definition, approval and monitoring of the new Code of Conduct/Business Conduct Guidelines for SGRE		100%	Completed	Business Conduct Guidelines implemented at Group level.
• Establish a framework of policies and procedures within the company to guarantee business integrity		100%	Completed	Framework integrates the bases of the compliance system of the Group.
• Inclusion of compliance criteria in the contract approval process		100%	Completed	Included compliance criteria in its contract approval process (SBA).
• Implementation of an adequate control system for business partners		100%	Completed	Implemented a control system for the company's business partners.
• Design and implement a specific Training Program with regard to ethics and compliance for employees		100%	Completed	Implemented training and communication programs regarding the compliance framework of policies and procedures.
• Approval of the SGRE Global Labor Agreement based on the International Labor Standards of the ILO		100%	Completed	Siemens Gamesa Global Labor Agreement signed with IndustriALL Global Union is renewed in FY20.
• Link the SGRE top management compensation to continued presence of the company on Sustainability Indexes		100%	Completed	Long-Term Incentive Plan for period 2018-2020 and following cycles, is linked to the presence of the company on sustainability indexes.
• Annually report significant key performance indicators to stakeholders which have been verified		100%	Completed	Consolidated Non-Financial Statement (former Sustainability Report) annually released.

Pillar:	**Commitment with people**	Engaging people creating a common culture and values based on safety, diversity and transparency, identifying and retaining talent

Key Action / Program	UN's Sustainable Development Goals (SDGs)	Target FY20	Status FY20	Comments
• Create a common and sustainable culture for SGRE through 'People & Culture' program		100%	Completed	Set of initiatives committed to overcome engagement with its employees.
• Assessment of the SGRE's values of the company based on the employee's perspective		100%	Completed	Mission, vision and values completed.
• Conduct global employee satisfaction survey		100%	Completed	Employee satisfaction and engagement surveys are driven on a regular basis.
• Define and implement an individual performance development plan for all employees		100%	Completed	Implemented to contribute to professional growth to enable development of skills and abilities.
• Homogenize the existing training actions in a single Training Program for SGRE		100%	Completed	Siemens Gamesa Talent and Learning processes implemented. SGRE University is alive.
• Design and implement a 'Diversity & Inclusion Program' for the whole company		100%	Completed	Renewed Diversity & Work-Life Balance Strategy launched FY19 and renewed for FY20-23 period.
• Implement the Health and Safety program within the entire company		TRIR 3.36	Completed	Strategy period closes fiscal year 20 with TRIR at 3.14

Pillar:	**Green development**	Generating sustainable and green development based into innovative circular wind solutions and being an active player in promoting a low carbon economy

Key Action / Program	UN's Sustainable Development Goals (SDGs)	Target FY20	Status FY20	Comments
• Contribute to a reduction of SGRE's customers environmental impact		250 MtCO2	281 MtCO2	By 2020, more than 250 MtCO2 annual savings to SGRE's clients.
• Define and implement a sustainable mobility plan within the company		Target to 2025	Completed	Achieve a carbon-neutral vehicle fleet (vehicles in the sustainable mobility plan) by 2025.
• Contract SGRE's electricity supply 100% from renewable energy-based sources		Target to 2025	Completed 100%	Switch its electricity supply contracts to 99.9% renewable electricity with green certificates.
• Offset part of non-avoided GHG emissions through compensation projects		100%	Completed	SGRE Carbon neutral. Offsetting of 70,699 tCO2 completed by end FY19 and committed for future periods.
• Obtain the Renewable Guarantee of Origin certificate for SGRE's turbines		100%	Completed	100% of life-cycle analysis conducted for all wind turbine products.
• Position SGRE as an advocate for a low carbon economy		100%	Completed	Siemens Gamesa signed set of new pledges for low-carbon economy.
• Publish and verify an annual report on SGRE's GHG emissions		100%	Completed	GHG emissions report publicly available.

Pillar:	**Responsible supply chain**	Sharing the responsibility of making things well and creating a commitment with society alongside the supply chain

Key Action / Program	UN's Sustainable Development Goals (SDGs)	Target FY20	Status FY20	Comments
• Definition and approval of the new SGRE Supplier Relationship Policy		100%	Completed	SGRE Supplier Relationship Policy is publicly available on the Company website.
• Definition and approval of the new SGRE procurement process and suppliers' Code of Conduct		100%	Completed	SGRE Code of Conduct for suppliers and third-party intermediaries is publicly available on the Company website.
• Acceptance of the SGRE suppliers' Code of Conduct by the company's main suppliers		80%	Completed 85%	At the end of fiscal year 20, 85 % of annual purchasing volume (PVO) accepted the SGRE suppliers' Code of Conduct, well above the target for the period.
• Assess and/or audit all high sustainability risk suppliers of the company against the compliance of the SGRE suppliers' Code of Conduct. Expressed as % purchase volume (PVO) assessed in relation to PVO of all high sustainability risk suppliers		90%	77% Partially completed	Siemens Gamesa ensured that 77% of the purchasing volume (PVO) of high sustainability risk suppliers was covered by at least one of the detection modules in fiscal year 2020.

Pillar:	**Community engagement**	Contributing to the community development through our expertise, generating engagement and positive impact into the society

Key Action / Program	UN's Sustainable Development Goals (SDGs)	Target FY20	Status FY20	Comments
• Define and implement a SGRE Group Social Action Policy		100%	Completed	SGRE Social Action Policy is publicly available on the Company's website.
• Implement a SGRE Group standardized system for donations and charitable contributions		100%	Completed	SGRE policies, programs and tools are in place to keep control of donations and philanthropic contributions.
• Implement relevant community engagement projects generating positive impacts		100%	Completed	Recurrent Investments in time and capital in the implementation of relevant community engagement projects. Focus on SGRE Impact program & country-based programs.
• Analyze and calculate the social return on the company's investment for community engagement projects		100%	Completed	Community engagement projects with social return on the company's investment calculated. Average SROI stands at 5.54.
• Engage with and support universities, research centers and start-ups		100%	Completed	Contributions to regional research for the community innovation ecosystem to co-inspire new business ideas and collaborations is ongoing.

A4. Risk Management

[L11-G08] Siemens Gamesa has certain Risk Control and Management Systems that are covered by the rules of Corporate Governance within a flagship internal framework that we call ERM (Enterprise Risk Management). ERM is taken into account at the highest level, based on the guidelines established in the Regulations of the Board of Directors (Arts. 6 and 7) and in the Regulations of the Audit, Compliance and Related Party Transactions Committee (Arts. 5, 9 and 11) and based on internationally recognized methods (COSO 2017 and ISO 31000:2018).

The Risk Control and Management Systems within ERM are promoted by the Board of Directors and Top Management and implemented throughout the organization. Siemens Gamesa has an Enterprise Risk Management (ERM) and Internal Control over Financial Reporting department that reports to the Chief Financial Officer. This function regularly reports to the Audit, Compliance and Related Party Transactions Committee. The company's Risk Control and Management system is managed through a “RIC” tool.

The General Risk Control and Management Policy [15], which establishes the foundations and general context for the key elements of ERM that are summarized below, sets forth the basis for these systems. The general risk management process classifies risks in four categories:

- **Strategic:** Risks that are directly influenced by strategic decisions, arise from long-term strategies or are related to top-level objectives
- **Operational:** Risks resulting from day-to-day activities and relating to the effectiveness and efficiency of the Company’s operations, including performance and return objectives
- **Financial:** Risks resulting from financial transactions and from non-compliance with tax, accounting or reporting requirements
- **Compliance:** Risks resulting from non-compliance with the business conduct guidelines or legal, contractual or regulatory requirements

The ERM process is a continuous cycle intended to proactively manage business risks. It is divided into six phases:

- **Identify:** This phase aims to identify significant risks and opportunities (R/Os) that could adversely or positively impact the achievement of the company’s strategic, operational, financial and compliance objectives. The identification of R/Os is a continuous process for which everyone is responsible in their day-to-day work. It is based on the “Top-down” and “Bottom-up” approaches throughout the organization, represented by corporate, business-unit and regional R/O maps supported by specific risk management systems and the necessary consistency between “micro- and macro-risk”
- **Evaluate:** This phase is geared at evaluating and prioritizing any R/Os identified in order to focus management’s attention and resources on the most important ones. All identified R/Os are evaluated based on their impact on the organization and probability of occurrence, taking into account a three-year time period and different perspectives, including effects on business objectives, reputation, regulation, top management time and financial matters. ERM is based on net risk, taking into account residual risks and opportunities after the implementation of existing control measures

[15] See: General Risk Control and management policy. Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/corporate-policies/general-risk-control-and-management-policy.pdf

- **Respond:** This phase focuses on the definition, agreement on and implementation of response plans to manage the risks identified by selecting one of our general risk response strategies (avoid, transfer, reduce or accept). Our general response strategy in relation to opportunities is to seize or take advantage of the most significant ones
- **Monitor:** This phase deals with appropriate controls and constant supervision to allow for the timely notification of any significant changes in the R/O situation, progress of KRIs and response plans
- **Report and scale:** Focused on the standardized and structured reporting of identified R/Os. This process provides significant risk information to management
- **Continuous improvement:** Risk management in Siemens Gamesa's ERM evolves based on the application of the principle of continuous improvement, audits, self-assessments, benchmarking, etc., and is based on reviews of the efficiency and effectiveness of the ERM process and compliance with legal and regulatory requirements in order to ensure sustainability

As the company's highest decision-making, oversight and control body, the Board of Directors authorizes and approves all relevant transactions. It holds responsibility for setting general policies and strategies, including the company's General Risk Control and Management Policy and tax strategy, as well as for overseeing their implementation and internal reporting and control systems.

A4.1 ERM system

The Company's Risk Control and Management Systems are applied by means of an organization structured into **four levels of defense**:

1. Ownership of risk control

As owner of the top risks, among other aspects, the Executive Committee (ExCo) is responsible for:

- Ensuring and promoting compliance with relevant legal requirements and internal policies.
- Applying the General Risk Control and Management Policy and the R/O management strategy as a basis for the R/O management process.
- Ensuring that risk management and control is integrated into business and decision-making processes.
- Defining and proposing the approval of the specific numerical values for the risk limits listed in the specific policies and/or in the annually established targets.
- Reporting to the Audit, Compliance and Related Party Transactions Committee on all Company-related issues relating to strategy, planning, business development, risk management and compliance.

Business unit directorates: Each business unit, as the owner of the R/Os for its unit, performs a function at this level similar to that of the Executive Committee.

Regional Executive Committees: As owners of the regional R/Os, they perform a function at this level similar to that of the Executive Committee.

Financial Directorate: As established in the Investment and Finance Policy, it centralizes the management of finance-related risks for the entire Siemens Gamesa Group.

Tax Department: Reporting to the Financial Department, it ensures compliance with the tax strategy and policy, reporting to the control and supervisory bodies on the tax standards and policies applied during the fiscal year and on the control of tax risks of the entire Group.

2. Monitoring and compliance

- **Risk Department** (ERM): Integrated within the Financial Department, it participates in defining the risk strategy and in the mitigation of risks, endeavoring to ensure that the executive team evaluates all matters relating to the Company's risks, including operational, technological, financial, legal, social, environmental, political and reputational risks.
- **Governance and Internal Control Department** (GOV/CON): Reporting to the Operations Directorate, it is responsible for the effectiveness of the internal control systems.
- **Ethics and Compliance Directorate**: Directly reporting to the Audit, Compliance and Related Party Transactions Committee of the Board of Directors, the legal counsel and the CEO, it is in charge of applying the Business Conduct Guidelines and the Internal Regulations for Conduct in the Securities Markets, as well as supervising the implementation of and compliance with the Crime Prevention and Anti-Fraud Policy and Handbooks.

3. Independent assurance

The Internal Audit Area reports to the Board of Directors' Audit, Compliance and Related-Party Transactions Committee and to the CEO. It holds responsibility for informing, advising and directly reporting the following and other matters:

- The company's application of generally accepted accounting principles, as well as any significant accounting change in relation therewith.
- Risks associated with the balance sheet and with functional areas of activity, with the existing identification, measurement and control relating thereto.
- The company's transactions with third parties if they involve a conflict of interest or are transactions with related party holding a significant stake in the Company.
- Financial information that is regularly or periodically issued to investors and market agents and to securities market regulatory bodies.
- Adequacy and integration of internal control systems.
- Inform and advise the Committee on audit matters of a technical nature.
- Reporting any incidents that might take place in the drafting of its annual work plan and submitting an activity report at the end of each year.
- Gathering information within the scope of its responsibilities to be included in the Annual Corporate Governance Report prior to said report's approval by the Board of Directors.

4. Supervision

The Audit, Compliance and Related Party Transactions Committee, as a consultative and informational information body, supports the Board of Directors in the supervision of the system and reports thereto regarding the sufficiency thereof.

The Audit, Compliance and Related Party Transactions Committee shall have the following key duties related to internal control and risk management systems:

- Receive regular reports from management on the performance of existing systems and on the conclusions drawn from any tests conducted on them by internal auditors or any other professional specifically engaged for such purpose, along with reports on any significant internal control shortfall or failure detected by the auditor during the course of their statutory auditing work. The Committee may bring recommendations or proposals before the Board of Directors as a result of such oversight.

- Oversee all risk policies on at least an annual basis and put forward amendments for them or recommend the adoption of new policies to the Board of Directors.
- Supervise that policies on the control and management of risks identify or determine at least:
    i. The different types of financial and non-financial risks (including operational, technological, financial, legal, fiscal, reputational, climatic, social, political, environmental or related to corruption) affecting the Company and its Group, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
    ii. The levels of risk that the Company and the Siemens Gamesa Group deem acceptable in accordance with the Corporate Governance Rules.
    iii. The planned measures to mitigate the impact of identified risks, should they materialize.
    iv. The information and internal control systems used to control and manage risks.
- Supervise, at least on an annual basis, the key financial and non-financial risks and the level of tolerance established.
- Supervise that the Risk Department participates in defining the risk strategy, in the correct functioning and effectiveness of the control systems and in mitigating the risks detected.
- Hold, at least on an annual basis, a meeting with the officers heading up business units of the Group in order to explain the business trends and the related risks.
- In general terms, ensure that internal control policies and systems are properly and effectively applied.

The Board of Directors approves the risk levels or the policies from which the risk levels derive that the Siemens Gamesa Group considers acceptable (risk tolerance criteria in accordance with ERM methodology), which are aimed at maximizing and protecting the economic value of Siemens Gamesa within controlled variability.

A4.2 Overview of Risks

Siemens Gamesa faces various risks inherent to the industry and the countries in which it operates when it deploys its strategic and operational planning. These risks can prevent business objectives from being achieved.

Generally speaking, risk is defined as a potential loss caused by an event (or a series of events) that may adversely affect the achievement of the business objectives of a company, for which reason the Risk Control and Management Systems are clearly linked to the strategic planning process and the setting of the Company's objectives.

A brief summary is set out below of the principal risks monitored in 2020 which could affect the achievement of business objectives.

1. Strategic risks

- Industry and Siemens Gamesa operations that may be affected by infectious diseases, health crises, and particularly the recent Covid-19 pandemic, both locally and globally.
- Pressure on contribution margin and on MW volumes, due to factors like changes in governmental political decisions, the cost of wind power compared to other sources of energy, and changes in the business model towards auctions in an increasing number of countries.
- As a result of geographic diversification and the extensive base of customers and suppliers, Siemens Gamesa is exposed to "country risk", which is understood as the environment in which socio-political and security conditions may affect the local interests of Siemens Gamesa, such as the effect on the French, Chinese, Indian, Mexican, Turkish, Egyptian, Tunisian, Mauritanian, Argentine and South African wind markets of the macro political situation in these countries, processes like Brexit in the UK, trade war US-China, and potential risks from doing business in countries under embargoes or sanctions by strategic countries.
- Climate change might generate heavy rains and floods, which potentially could affect certain company´s assets.
- Significant changes in Siemens Gamesa's share ownership which could cause uncertainty in the securities market.

2. Operational risks

- Operational risks relating to the launch of new products, the opening of new production centers and manufacturing management, as well as the quality of products and services.
- Risks relating to the commitments made in certain contracts with customers that could end up affecting cash flow or balance sheet provisions.
- Risk that the cost reduction processes for some products do not occur as quickly as required to offset the pressure on prices.
- Due to the complexity of the projects managed by Siemens Gamesa, with complex deadlines and specifications and sometimes within difficult geographical environments, there is a risk in project execution that could lead to deviations in the margins expected therefrom.
- Cyberattack risks: Like many other multinational companies, Siemens Gamesa is exposed to the growing threat of increasingly professionalized cybercrime, within an environment of continued improvement of information technology systems.
- Supply chain risks, due to the existence of critical components that could cause delays or cost increases in the production of Siemens Gamesa wind turbines or the execution of its construction projects.
- Market price risks: Siemens Gamesa is exposed to risks relating to fluctuations in the prices of raw materials, as well as duties on the import of particular products in some countries that could affect supply chain costs.

3. Financial risks

- Risks connected to the wind market's needs with respect to third-party guarantees.
- Risks that could affect the strength of the balance sheet, the control of working capital and structure, and/or results (including the continuous improvement of costs), including significant strategic and/or operational issues that could entail impairments of assets.
- Exchange rate risk: Siemens Gamesa engages in transactions with international counterparties in the ordinary course of its business that give rise to collections and payments in currencies other than the euro and future cash flows of entities of the Siemens Gamesa Group in currencies other than their functional currency, for which reason it is exposed to risks of changes in exchange rates.
- Interest rate risk: the risk that the fair value or future cash flows of a financial instrument fluctuate as a result of changes in interest rates. The risk occurs each time the interest terms for financial assets and liabilities are different. Siemens Gamesa uses external sources to finance a portion of its operations. Variable rate loans expose the Group to interest rate risks, while fixed rate loans expose the Group to the risk of interest rates at fair value. Variable rates are mainly linked to EURIBOR.
- Tax risks arising from local and/or global requirements and direct or indirect taxation.

4. Compliance risks

- Risk of severe and/or fatal accidents occurring with the additional effects of delays, damage to assets and reputational loss caused by the high-risk profile of some works, potential failures in contractor selection, monitoring and qualification processes, and work in emerging market environments with a less mature safety culture, health and environmental standards, along with other risks.
- Risk of regulatory uncertainty and compliance with applicable legal and contractual requirements (including the data protection act) and compliance with contractual obligations, intellectual property rights, and controlling the risk of crimes being committed, such as fraud and corruption (including bribery, extortion, embezzlement, influence peddling and misappropriation of assets).

The risk factors that have materialized during 2020 in the countries and markets in which Siemens Gamesa has done business have had an adverse impact on the Group's financial results, the most significant being project execution, Covid-19, price pressure and slowdown in the Indian market.

It should be highlighted that activities in 2021 will be subject to these very same risk factors in the wind market. The group also expects to encounter uncertainties arising from the negotiation process of the United Kingdom's exit from the European Union and from the policies adopted by the United States government on tariff policies and the embargoes it has imposed on several countries.

A4.3 Risks tolerance

Top Management establishes the risk strategy and tolerance based on quantitative (indicators) or qualitative variables, allowing it to set the amount of risk that it is prepared to accept to achieve its goals. Siemens Gamesa uses 3 levels of risk tolerance: “risk acceptance”, “risk monitoring” and “risk escalation”. Tolerance is regularly updated at least each time changes are made to the strategy and/or policies.

Our Company essentially has 3 complementary ways of establishing risk tolerance levels:

1. **By means of regularly reviewed specific policies and internal regulations**, particularly including the following:

- General Risk Control and Management Policy
- Corporate Tax Policy
- Investment and Finance Policy (exchange rate, credit and interest rate risks)
- Health, Safety and Environmental Policy (health and safety, respect for the environment, quality and energy efficiency)
- Business Conduct Guidelines
- Crime Prevention and Anti-Fraud Policy
- Cybersecurity Policy

2. **By setting targets on an annual basis** or which are based on strategic regularity for indicators that are used to monitor certain risks. These indicators include:

- EBIT, cash conversion, net financial debt, CAPEX and working capital
- MW sold and new orders
- Sustainability
- Cyberattacks
- Frequency and severity index in relation to Health & Safety

3. A risk is considered to exceed tolerance and to require **mitigation plans** when it is rated as major or high. This assessment is based on the use of various perspectives on impact according to a number of criteria combined with the probability of occurrence.

For a certain risk identified and assessed as major or high and for which a risk policy and/or limit has also been exceeded or breached, or if it is anticipated that it could be exceeded or breached, such mitigation actions must be implemented as necessary to reduce the risk below its tolerance threshold.

Once any risks (including tax-related risks) that threaten the achievement of objectives have been identified, the risk owners or those delegated by them make an assessment of the risks and manage the plans to mitigate them with the support provided by the ERM Department and other support functions.

A4.4 Risks monitoring

The specific response and supervision actions that apply to significant risks (including tax risks) that are regularly reported to the Board of Directors and to the Audit, Compliance and Related Party Transactions Committee (whether or not they have occurred) include:

1. Strategic risks monitoring

- Creation of a multidisciplinary team that establishes health and safety protocols (including protective equipment and testing), analyses and manages the supply chain, project execution and the inclusion of new clauses in contracts that mitigate pandemic risk.
- Development of new business opportunities, entry into new countries, and cost reduction programs at all units to mitigate the risk of pressure on the margin and on volumes.
- The possible effects of specific drops in business due to “country risk” are mitigated with a balanced diversification of sales in other countries/regions, diversification in the supply chain and a Security Model that ensures the continuity and security of the business, of people and of assets in the countries in which the Company does business, using early alerts and contingency and emergency plans.
- Siemens Gamesa is carbon neutral as of 2020, its core business is the renewable energy sector and assets are safeguarded by the Real Estate department
- Creation of a project team in charge of analyzing the implications of a change in share ownership and of implementing the relevant mitigation measures.

2. Operational risks monitoring

- New products and production centers are regularly monitored to ensure that both cost and quality are fulfilled as expected.
- Commitments to customers are regularly monitored, and negotiation and product reassignment alternatives are sought.
- There is an ongoing reduction in costs through specific goal-based programs deployed in all regions and controlled by the corporation, seeking to improve profitability in terms of cost of energy and gross margin.
- A project has been created using a multidisciplinary team to pursue best practices in order to obtain excellence in project implementation. The Company also analyses its project on a recurring basis and has defined controls within the ICFR system to monitor the management thereof.
- Information Security Model led and continuously improved by multidisciplinary Security Committee that is capable of preventing and mitigating the external threats of cyberattacks.
- Supply chain risks are mitigated by implementing a second source supply strategy, as well as the signing of long-term agreements with suppliers of critical components to ensure their availability.
- Market risk relating to the price of raw materials is mitigated in some cases by using derivatives, as well as through negotiations, a search for secondary sources of supply, and even the redesign of some components.

3. Financial risks monitoring

- Risks relating to the needs of the wind market regarding third party guarantees are mitigated by obtaining ratings from rating agencies, as well as through negotiation with customers.
- Balance sheet risks are prevented / mitigated by continuously monitoring cash flows and significant business issues that could lead to impairments of assets. Monitoring includes (among other things) the existence of procedures that specify exactly when a triggering event involving the potential impairment has occurred.
- Various actions are taken to reduce exchange rate risk exposure, including increasing local content, hedging through the use of derivative financial instruments, monitoring exposure to

fluctuations while ensuring compliance with the group's hedging limit, and analyzing currency sensitivity.

- The division of external financing between variable and fixed rates is constantly analyzed in order to optimize exposure to interest rates, and derivative financial instruments are used to reduce interest rate risk.
- Tax risks are controlled by various mechanisms established within the Tax Risk Control and Analysis Framework, including: regularly reporting to the management and supervisory bodies of the Company on compliance with good tax practices; application of the Corporate Tax Policy; and specific monitoring of compliance with legal requirements on tax matters by region.

4. Compliance risks monitoring

- The risk of serious and fatal accidents is mitigated through various actions, including strengthening of the zero-tolerance policy; specific emergency plans for each serious accident; global prevention plans for the regions with the worst results; preventive health & safety actions prior to commencing operations in a new country; and continuous training.
- Siemens Gamesa is equipped with systems for monitoring regulatory changes as well as crime prevention Handbooks in accordance with the legal requirements and risks associated to the Company's activities in the principal regions in which it does business, which include the corresponding specific detection and prevention controls of such risks with special focus on all forms of corruption (including bribery, extortion, embezzlement, influence peddling and misappropriation of assets).

A4.5 Additional controls

Continuous supervision and monitoring processes are also developed to ensure an appropriate response to the principal risks of the Company, including the following:

a) Control by the heads of the business units, the regions and the Executive Committee regarding the evolution of R/O maps and mitigation plans.

b) Reports to the Audit, Compliance and Related Party Transactions Committee of the Board of Directors regarding changes in the R/O maps by the head of ERM, and individually by the R/O owners to deal with significant risks and opportunities

c) Insurance of operational third-party risks, with annual update and review of coverages.

d) External management system certifications pursuant to OHSAS18001, ISO 14001 and ISO9001.

e) Aenor certificate in UNE 19602 standard related to the tax compliance management system.

f) Internal certifications by Management to the effect that the ERM process, as part of the risk and internal control system, is implemented and guarantees that significant risks and opportunities are being properly managed.

g) Evaluations, including independent evaluations, by Management, by the internal audit department and by external audit of the effectiveness of the risk management systems.

h) Regular training sessions for managers and senior managers regarding ERM Policy and Methodology.

i) Internal audits of significant risks by the Internal Audit Department.

B. Social and Human Resources related matters

In this section:

B1. Working at SGRE

B1.1 Management approach

“Empower people to lead the future", this is Siemens Gamesa’s purpose. It goes beyond selling and delivering to our customers. It is what drives the business strategy, the way the company is organized, how decisions are made, who is hired, and how the company and employees grow.

Without trust, we cannot expect people to feel they can design and lead the future. Therefore, Siemens Gamesa needed to create a culture of trust to turn its purpose into reality. The Culture of Trust program was established at the beginning of the merger to ensure and support the development of a shared company culture across the group. Its goal – to establish a culture of trust across Siemens Gamesa – is based on the pillars trust, empowerment, diversity and continuous learning. These four pillars support the activation of our values and the development of a shared culture of trust:

- **Trust**: Employees in high trust organizations are more productive, have more energy at work and collaborate better with their colleagues. By being consistent in transparent and authentic communication we constantly build on the engagement of our employees and establishing our Culture of Trust.
- **Empowerment**: Creating an environment in which people have a mandate to act within their area of responsibility. A non- blaming culture in which self-criticism and failure-culture are care elements and based on what the company can build on its strength and become more flexible and efficient.
- **Continuous learning**: We use knowledge sharing and personal development to drive cultural change to create opportunities for everyone and attract and retain talent. This leads in turn to growth and a more sustainable world. Continuous learning also involves considering mistakes to learn and develop from them and investing the time to do so.
- **Diversity**: Connecting people of different ages, genders, races, religions, sexual orientations, education, and cultures to create an environment in which teams feel comfortable and can deliver the very best of themselves. It is not enough to be a global company with different kinds of employees, instead we need to truly embrace diversity and be inclusive and open-minded in order to unleash all our talent’s potential.

B1.2 Our employment model

[L11-HR10] Siemens Gamesa pursues improvement in people’s quality of life and believes in social and professional development as a core component of our future success. We aim to be an employer of choice by empowering and motivating all employees with a high-performance culture, life-long learning and development possibilities.

Siemens Gamesa’s employment model is based on respect for and compliance with universal standards in both the human rights and labor legislation arenas. These commitments also find expression in work-life balance measures designed and implemented by Siemens Gamesa as a function of the diversity of its workforce and jobs. Notable among these measures are its flexi-time schemes, continuous/shorter working day arrangements, vacation packages and the provision of end-to-end assistance to personnel posted abroad.

We offer professional development opportunities in the form of training and job experience, in a multicultural and multinational environment, which are the cornerstones on which we base our talent

management cycle. The Company also embeds cultural diversity, a commitment to combating discrimination and support for equal opportunities into management of its human capital.

Our labor policies and practices are underpinned by endorsement of the most stringent international labor standards (including the International Labor Organization – ILO - and United Nations conventions) and materialize in the promotion of employee rights, particularly the right to freedom of association and collective bargaining, going beyond local requirements in this respect.

[L11-S23] Due to the very nature of its business, activity needs to be maintained continuously at Siemens Gamesa's production plants, so that certain groups must work in shifts, generally those classified as direct and indirect manpower. This work organization does not prohibit the rotation of such shifts in an effort to facilitate adjusting working hours to the specific needs of workers. In addition, measures aimed at reconciling professional and work life are envisaged at Siemens Gamesa work centers for any positions for which it is possible. Such measures include flexible hours, intensive working days, reduced working hours or adapting work schedules around certain family circumstances.

B1.3 Great place to work

Siemens Gamesa's goal is to become a company where everyone feels a sense of empowerment and ownership. One contributing factor was identified to be implementing innovative, state-of-the-art IT office concepts that would open up a space for creativity, collaboration and personal responsibility.

The FlexAgility program was launched globally in 2008, creating a working environment that is open, flexible and digital. Part of this concept was the work from home policy and a set of state-of-the-art IT tools that enable employees to work wherever and whenever they want.

This way of working is probably the single most appreciated project by our employees, and it has been crucial to ensure business continuity during the lockdown caused by the spread of the coronavirus pandemic.

The new situation we found ourselves in in March 2020 brought new challenges, which mainly had to do with ensuring business continuity while at the same time safeguarding employees' health and safety.

The new way of working that arose from this situation also led to important lessons and insights. Among other things, the surveys conducted on our employees have shown that a large majority of our employees would prefer, if given the choice, to continue working from home 50% or more of the time.

Siemens Gamesa has therefore decided to introduce a new global framework that incorporates these learnings and elevates the FlexAgility concept to the next level – FlexAgility 2.0 – from new ways of working to more ways of working.

FlexAgility is based on the **Smart Working Framework**, which is an innovative method of organizing and carrying out work using information and communication technology that allows employees to perform their duties in an environment other than the official worksite.

The implementation of **Open Office Environment** aims to reflect a company's values and make an important contribution to achieving companies' efficiency targets. The proper configuration of the Open Office landscape and its functional elements results in an attractive working environment, while also ensuring a suitable amount of space for each element.

An outstanding and innovative IT environment is an essential prerequisite for the FlexAbility Concept. Siemens Gamesa provides state-of-the-art communication and collaboration platforms through Office 365, including all aspects of voice, data and video communications.

B1.4 Performance 2020. Our response to COVID-19

The current pandemic has changed the way we work, whether at factories, plants or offices. Driven by the current coronavirus pandemic, the company's staff have taken the leap from voluntary, occasional or regular but small-scale working from home to prolonged and mandatory remote working by the entire workforce.

Protecting employees and their families from the risk of infection is one of SGRE's top priorities. Working from home is one of the most effective ways of reducing the infection risk posed by people gathering in a single place when social distancing is mandated or recommended by government. Working from home can also help to ensure that the essential functions of organizations continue to run smoothly during the pandemic.

Our existing Working from Home (WFH) policy proved helpful to address issues in this first phase, but it is now clear that the new situation is here to stay for some time. As a result, we have adapted our guidelines to take changing circumstances into account and to safeguard the health and well-being of our people.

These additional measures include:

- **Caring for children, elder family members or other dependent family**. Line managers and employees should agree on balancing different needs under the principle of flexibility. As regards work schedules, there is a need to focus on performing business-critical or core tasks while freeing up some of their time for emergency care of children and other dependents.
- **Special leave.** Special leave is granted in situations where the nature of the tasks of employees is not compatible with teleworking. This is reviewed by HR on a case by case basis. In addition, employees with a dependent child with a disability at home, or with a dependent child from 0–3 years of age at home may request special unpaid leave, holidays, or part-time work arrangements according to the existing practices in their countries.
- **Working hours.** It is acceptable that the work schedule is reasonably flexible and can be customized to individual needs. The Company recognizes the employees' right to digital disconnection within the scope of the employment relationship. The Company encourages disconnection through some good practices such as: Avoiding sending work-related emails, calls, or messages outside of normal working hours; Avoiding arranging meetings outside of normal working hours; Avoiding sending any communication during holiday breaks and during weekends.
- **Workplace:** Employees are allowed to work from elsewhere than the usual place of residence, if they comply with HSE's guidelines with regards to physical conditions, ergonomics and safe environment, and with the Information Security Department's guidelines to access internal resources and work with confidential data.
- **Work equipment**. The company has provided the following support:
- **Disabled employees** and any other employees who were using special ergonomic individual equipment at their regular office or workspace under a medical prescription before the lockdown have been allowed to go to the office and bring said equipment home.
- The company offered all other employees some support to obtain the basic equipment needed to work from home, if requested and depending on their needs, and has always prioritized using the equipment available at our offices.

The company is committed to providing flexible support to all employees through family-friendly policies and measures to ensure a healthy work-life balance is struck and their health and safety during the present crisis.

B1.5 Employee Survey

Each year, Siemens Gamesa launches an **Employee Engagement Survey (EES)** to measure and monitor the progress of the change process. In fiscal year 2019, nearly 22,000 employees answered 60 questions, covering 16 categories. With a response rate of 76%, and comparing results with actual industry norms, we learned how participants experience the changes Siemens Gamesa is going through. For the overall employee satisfaction 74% of employees rated us with a favorable score. One of the most positive results showed us that our employees are willing to put a great deal of effort beyond what is normally expected to help our organization succeed. Other results from the survey open opportunities for improvement or accelerate running initiatives suggest providing clarity on organizational structure and ask for more influence on new role descriptions. To address these opportunities, the company launched an action planning process in which management and employees analyze their local results and define improvement measures together.

Again, in fiscal year 2020, an Employee Engagement Survey (EES20) was conducted. 90% of the questions are comparable with the previous survey to ensure a clear picture of the evolution of results in the different categories. This year 82% of our workforce shared their opinion with us about work and leadership in SGRE. Though results are still to be analyzed first high-level results indicate that our “Global Satisfaction” score (68.7%) as improved to above manufacturing norm. Also, our overall employee Net Promoter Score (NPS), recommending our company as a good place to work, made a significant jump forward showing an improvement of more than 10 points.

In general, we also improved scores in areas like “Communication about changes” and in leadership aspects with topics like “involving employees in decisions” and “providing a clear sense of direction”. Additionally, we still scored very high in the “Willingness to put a great deal or effort beyond what is normally expected”. Along fiscal year 2021, the company will analyze results to plan improvement actions in each of our businesses, departments, and teams.

B1.6 Employees worldwide

[L11-HR01] At the end of the reporting period, the total headcount reached 26,114 employees (24,453 in FY19) employees. From a regional standpoint, Europe, the Middle East and Africa was the region having the highest proportion of the workforce (68%), followed by Asia and Australia (19%) and the Americas (13%). The age structure in the fiscal year 2020 was dominated by employees aged 35-44 (37%) and in the under-35 age group (37%), followed by the 45-54 (19%) and 55-60 (5%) with those over 60 accounting for just 2%.

The overall employee turnover rate for the reporting period was 7.04% (7.36% in 2019).

The average age of employees in Europe, the Middle East and Africa was 41 years, 39 years in the Americas and 34 years in Asia and Australia. The overall average age of the group’s employees was 39.2 years at the fiscal year-end.

Headcount structure [16]

Table 16 - Employees breakdown by gender and region

	FY19			FY20		
	Male	Female	Total	Male	Female	Total
Europe, Middle East and Africa	12,926	3,425	16,351	14,065	3,680	17,745
Americas	2,633	684	3,317	2,740	693	3,433
Asia, Australia	4,299	486	4,785	4,410	526	4,936
SGRE Group	**19,858**	**4,595**	**24,453**	**21,215**	**4,899**	**26,114**

Table 17 - Employee breakdown by age structure[17]

	FY19			FY20		
	Male	Female	Total	Male	Female	Total
<35	7,639	1,458	9,097	8,036	1,550	9,586
35-44	7,088	1,900	8,988	7,761	2,009	9,770
45-54	3,631	909	4,540	3,936	1,014	4,950
55-60	1,025	237	1,262	990	223	1,213
>60	368	73	441	492	103	595
Non-classified	-	-	125	-	-	-
SGRE Group	**19,751**	**4,577**	**24,453**	**21,215**	**4,899**	**26,114**

Table 18 - Employee breakdown by professional category

	FY19			FY20		
	Male	Female	Total	Male	Female	Total
Executive level	298	34	332	219	29	248
Management level	2,616	625	3,241	2,791	677	3,468
Non management level	16,944	3,936	20,880	18,205	4,193	22,398
SGRE Group	**19,858**	**4,595**	**24,453**	**21,215**	**4,899**	**26,114**

Table 19 - Overall age

	FY18	FY19	FY20		
			Male	Female	Total
Average age (years)	38	38	39	40	**39**

[16] Additional disclosure can be found in table in Annex II

[17] In FY19 there are 125 employees (0.5% of the total) who do not have age recorded.

Table 20 - Employees breakdown by country or market

Country/market	FY18	FY19	FY20	Country/market	FY18	FY19	FY20
1. Argentina	-	11	13	30. Jordan	1	5	7
2. Australia	58	145	128	31. Korea Rep.	11	17	21
3. Austria	12	16	24	32. Mauretania	4	4	4
4. Belgium	33	30	40	33. Mexico	291	340	398
5. Brazil	549	648	605	34. Morocco	542	666	737
6. Bulgaria	1	1	1	35. Netherlands	126	155	186
7. Canada	121	113	130	36. New Zealand	5	-	-
8. Chile	41	55	75	37. Nicaragua	-	1	-
9. China P.R.	1,309	1,320	1,249	38. Norway	22	37	41
10. Costa Rica	3	2	2	39. Pakistan	-	2	5
11. Croatia	30	28	30	40. Peru	9	9	12
12. Czech Rep.	1	-	-	41. Philippines	30	11	19
13. Denmark	5,283	5,316	5,103	42. Poland	85	88	178
14. Domenican R.	1	2	3	43. Portugal	8	19	689
15. Egypt	18	46	63	44. Romania	14	11	9
16. Finland	26	13	-	45. Russian Fed.	-	-	22
17. France	100	118	304	46. Serbia	-	-	4
18. Germany	2,345	2,334	2,843	47. Singapore	11	3	-
19. Greece	16	21	24	48. South Af.	40	48	51
20. Guatemala	-	-	-	49. Spain	4,534	4,881	4,765
21. Honduras	3	4	7	50. Sri Lanka	9	13	12
22. Hungary	119	117	118	51. Sweden	62	80	98
23. India	2,789	3,235	3,338	52. Taiwan	13	-	114
24. Indonesia	4	9	10	53. Thailand	26	31	38
25. Iran, Islamic R.	9	8	7	54. Turkey	53	97	127
26. Ireland	102	99	96	55. U. Kingdom	1,952	2,012	2,008
27. Israel	1	1	-	56. U. States	1,985	2,093	2,127
28. Italy	91	96	176	57. Uruguay	20	36	38
29. Japan	18	-	-	58. Vietnam	8	6	15
SGRE Group					**23,034**	**24,453**	**26,114**

Contracts

[L11-HR02] [L11-HR03] In so far as contract types are concerned, over 92% (same figure as FY19) of the company's employees had been hired through permanent contracts and nearly 5% had temporary contracts. Such a situation suggests that both parties wish to maintain a fully committed long-term employer/employee relationship. The yearly average number of permanent contracts in the workforce between periods FY20-FY19 is 23,428, and 1,322 in the case of temporary contracts. Likewise, the average headcount between the end of the same periods amounted to 25,283 employees. Hence, the percentage of permanent contracts from the end of fiscal year 2019 to the end of fiscal year 2020 reached 92%, which we view in a positive light, since it is a high percentage that has remained steady.

Table 21 – Breakdown of contract type by gender

	FY19			FY20		
	Permanent	Temporary	Part-time[18]	Permanent	Temporary	Part-time
Male	18,383	1,125	199	19,989	958	268
Female	4,246	293	419	4,239	269	391
SGRE Group	**22,629**	**1,418**	**618**	**24,228**	**1,227**	**659**

Table 22 - Breakdown of contract type by professional category

	[19] FY19			FY20		
	Permanent	Temporary	Part-time	Permanent	Temporary	Part-time
Executive level	316	10	2	241	6	1
Management level	3,059	95	63	3,297	96	75
Non management level	19,254	1,313	553	20,690	1,125	583
SGRE Group	**22,629**	**1,418**	**618**	**24,228**	**1,227**	**659**

Table 23 - Breakdown of contract type by age structure

	FY19			FY20		
	Permanent	Temporary	Part-time	Permanent	Temporary	Part-time
<35	8,067	836	79	8,733	733	120
35-44	8,419	438	350	9,027	392	351
45-54	4,359	120	121	4,741	88	121
55-60	1,232	18	22	1,182	10	21
>60	430	5	45	545	4	46
SGRE Group	**22,507**	**1,417**	**617**	**24,228**	**1,227**	**659**

Hiring [20]

[L11-HR04] [401-1] The number of hires in the reporting period amounted to 4,932 (4,498 in FY19). Europe, the Middle East and Africa was the region which had the highest proportion (71%) of hiring. A total of 3,275 employee left the company (3,145 in FY19) during the same period, 1,759 (54%) of which left voluntarily.

Table 24 - Employees hired

	FY18	FY19	FY20
Europe, Middle East and Africa	1,749	2,775	3,500
Americas	414	775	670
Asia, Australia	303	948	762
SGRE Group	**2,466**	**4,498**	**4,932**

Table 25 - Women hired

(% of new hires)	FY18	FY19	FY20
Europe, Middle East and Africa	20.2	17.2	17.9
Americas	18.1	22.5	16.0
Asia, Australia	21.8	12.1	19.0
SGRE Group	**20.0**	**17.0**	**17.8**

[18] The number of part-time contracts is already included in one of the two previous categories (either permanent or temporary).
[19] 406 employees (1.6% of the total) are not being counted when reporting the number of contracts, as this is not correctly recorded in the database and system.
[20] Additional disclosure can be found in table in Annex II

Exits/Terminations [21]

Table 26 - Employee exits (total)

	FY18	FY19	FY20		
			Male	Female	Total
Voluntary	**2,026**	**1,800**	**1,442**	**317**	**1,759**
Europe, Middle East and Africa	1,203	1,118	807	191	998
Americas	349	314	259	59	318
Asia, Australia	474	368	376	67	443
NON-Voluntary	**2,827**	**1,345**	**1,251**	**265**	**1,516**
Europe, Middle East and Africa	2,037	998	910	192	1,102
Americas	568	181	218	43	261
Asia, Australia	222	166	123	30	153
Total SGRE Exits	**4,853**	**3,145**	**2,693**	**582**	**3,275**
Europe, Middle East and Africa	3,240	2,116	1,717	383	2,100
Americas	917	495	477	102	579
Asia, Australia	696	534	499	97	596

Table 27 - Breakdown of employee Non-voluntary exits

	FY19			FY20		
	Male	Female	Total	Male	Female	Total
Executive level	**9**	**2**	**11**	**11**	**1**	**12**
<35 y	0	0	0	0	0	0
35< y <44	2	1	3	1	0	1
45< y <54	2	1	3	5	1	6
55< y <60	5	0	5	3	0	3
> 60y	0	0	0	2	0	2
Management level	**128**	**23**	**151**	**91**	**15**	**106**
<35 y	12	1	13	9	3	12
35< y <44	54	14	68	37	7	44
45< y <54	41	5	46	28	4	32
55< y <60	14	2	16	14	0	14
> 60y	7	1	8	3	1	4
Non management level	**968**	**215**	**1,183**	**1,149**	**249**	**1,398**
<35 y	411	87	498	437	95	532
35< y <44	320	82	402	369	89	458
45< y <54	157	35	192	216	45	261
55< y <60	48	8	56	80	15	95
> 60y	32	3	35	47	5	52
SGRE Group	**1,105**	**240**	**1,345**	**1,251**	**265**	**1,516**

Table 28 - Overall employee turnover rate

	FY18	FY19	FY20
Turnover rate (%)	**8.80**	**7.36**	**7.04**

Table 29 - Employees on leave of absence

	FY18	FY19	FY20
Europe, Middle East and Africa	639	587	535
Americas	12	29	122
Asia, Australia	2	2	2
SGRE Group	**653**	**618**	**659**

[21] Additional disclosure can be found in table in Annex II

B2. Health & Safety

B2.1 Management approach to Health & Safety

[L11-HR13] Occupational health & safety is a crucial aspect for the company. It is an essential part of risk management and internal controls at Siemens Gamesa, as well as of our Business Code of Conduct. Safeguarding the safety and well-being of our employees is linked to some of the UN's Sustainable Development Goals, namely SDG 03 (Good Health and Well-Being), SDG 08 (Decent Work and Economic Growth) and SDG 16 (Peace and Justice)..

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

B2.2 Policy Framework: Health & Safety Policy

The Siemens Gamesa Policy[22] provides clear direction and specific objectives with regards to Quality, Health, Safety and Environment. It consists of six pillars which form the basis of how the global HSE strategy is defined across the company and it is periodically reviewed and updated accordingly. The policy applies to all Siemens Gamesa activities worldwide - regions and locations - and is mandatory for all employees working for the company, on its behalf or under its authority. Together with our Business Conduct Guidelines[23] the policy indicates a zero-tolerance toward negligent health and safety conduct as well as personal security and a commitment to continuous improvement. The Board of Directors has an active Health & Safety oversight role.

- Regarding health, the policy states: "Siemens Gamesa protects and promotes our health and well-being, guards against the risk of work-related accidents, and offers a wide range of supports to maintain and promote our physical and mental health".
- Regarding safety, the policy states: "Siemens Gamesa provides a safe work environment to ensure employees return home safely at the end of the working day. We ourselves contribute to this".
- Regarding security, the policy states: "Siemens Gamesa is active worldwide, including in areas and situations where the security situation is critical. To protect our employees, the Company, and our business in the best possible way, Siemens Gamesa identifies and analyzes global security risks and assesses their potential impact".

B2.3 Zero harm culture

Safety is the prerequisite for every activity in Siemens Gamesa. It goes further than legislation and market requirements - it is a precondition for all the work we do. We believe that we will only become the global industry leader if we are also the leader in safety.

[22] Siemens Gamesa Policy. Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-policy-august-2017.pdf

[23] Siemens Gamesa Business Conduct Guidelines. Link: https://www.siemensgamesa.com/es-es/-/media/siemensgamesa/downloads/en/sustainability/business-conduct-guidelines/siemens-gamesa-business-conduct-guidelines.pdf

The company works hard to ensure there is a firmly implemented safety and zero-harm culture across the entire business for employees, suppliers and customers alike as well as for society at large. We enforce a zero-tolerance policy towards negligent health and safety behavior by ensuring work is only carried out in appropriately secured situations. Siemens Gamesa has launched several initiatives to foster and promote a zero-harm culture, such as the following:

Safety is my choice

"Safety is my choice" is Siemens Gamesa's umbrella initiative, which was initiated globally in 2018. It aims to bring focus onto individual behaviors by reminding employees of their own role and responsibility in safety as a key for success.

"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."

Siemens Gamesa does everything it in its power to create a zero-harm culture by setting preventative measures, offering training courses and making available a wide range of resources and tools. But safety is ultimately a personal commitment, and it is an individual choice to make use of these resources.

The initiative also seeks to ensure that safety is seen as a positive aspect of working for Siemens Gamesa rather than a hindrance. In this respect, managers have a special role to play in safety awareness and cultural change must be supported by their leadership.

LeadSafe

Siemens Gamesa launched a project called LeadSafe in conjunction with DuPont Sustainable Solutions in November 2019. The project aims to allow the organization to speed up its progress towards zero accidents and injuries. The LeadSafe project has three focus areas:

1. Raising risk awareness throughout the company;
2. Building leadership skills related to safety management;
3. Improving the safety of our engineering processes.

To achieve this, LeadSafe is implementing several actions across the organization's different levels, which are as follows:

- **Top-management:** Leadership workshop focus on alignment and engagement of top-managers as well as coaching sessions;
- **Middle-management:** Leadership workshop focused on visible felt leadership combined with sessions of group coaching;
- **All staff members**: Implementation of The Risk Factor™ throughout the entire organization, having as central goals the increase of overall risk awareness among Siemens Gamesa workforce, whilst inspiring the organization to reduce risk-taking;
- **Engineering Safety Awareness workshop:** targeting the several Engineering groups across Siemens Gamesa and aiming to raise awareness of the topic "Safety in Design" while promoting the sharing of tools and best-practices.

The LeadSafe program started out as a pilot scheme in one business unit and will be broadened to include the entire company over the coming years.

B2.4 External commitments

Siemens Gamesa's commitment to health and safety topics is not only reflected in our internal policies, but also in our involvement in external associations such as WindEurope, the Global Wind Organization (GWO), and the Global Offshore Wind Health and Safety Organization (G+), in which the company's representatives play key roles.

- **Wind Europe** is the voice of the wind industry. It actively promotes wind power in Europe and around the world. With 400 active members in over 35 countries, the association seeks to expedite national and international policies and initiatives which strengthen the development and social acceptance of global wind energy markets, infrastructure and technology. Siemens Gamesa is a Leading Member, or more specifically a "Market Leader", of WindEurope. The company has appointed representatives to several working groups and task forces and, in this capacity, makes contribution to defining the annual work program, regularly takes part in meetings, exchanges information on ongoing projects and contributes to reports, policy documents, position papers, etc. As regards health and safety, noteworthy examples of our participation this fiscal year include acting as a Steering Committee member of the Wind Harmony project[24]. On behalf of the European Commission, the project has analyzed H&S regulations and related standards that have an impact on wind energy (onshore & offshore) across 28 EU countries, along with Iceland, Liechtenstein and Norway. It also assessed and prioritized their potential for harmonization or alignment at a European level.

- **The Global Wind Organization (GWO)** is a non-profit organization founded by wind turbine manufacturers and owners in 2012. GWO members are committed to setting and adopting common international safety training and emergency procedure standards aimed at ensuring an injury-free working environment in the wind turbine industry. Siemens Gamesa has been appointed hold the vice chair role for the last eighteen months and has therefore played a decisive role in shaping GWO's global strategy entitled Safety without Borders 2020-2022. As a leading member, Siemens Gamesa has also appointed representatives to the GWO's General Assembly, Executive Committee and to several of its topic-specific committees, like the Training, Audit & Compliance Committee and a Regional Special Committee.

- **G+** is the **Global Offshore Wind Health and Safety Organization.** It brings together leading operators and owners of offshore wind farms to work towards shared goals and outcomes in four main work areas: incident data reporting, good practice guidance, safe by design workshops and learning from incidents. As an associate member of G+, Siemens Gamesa has appointed a representative to sit on the G+ Board as well as on several focus groups. In this capacity, Siemens Gamesa engages on important industry matters and supports the search for solutions to the safety challenges faced by offshore wind projects.

[24] See information on the Wind Harmony Project at https://www.windharmony.eu/

B2.5 Life-Saving Rules

The “10 Life-Saving Rules” are a minimum expectation that must be fulfilled in all SGRE activities. These cover the most critical life safety hazards that have historically been found to cause loss of life or serious injury in the wind industry. SGRE is determined to avoid these types of incidents, including the adaptation of processes, products, facilities, etc. to ensure safe work conditions, and the organizational measures needed to ensure the commitment with these rules. These rules are created from industry lessons and have been put in place to ensure consistent behaviors are followed to prevent the kind of incidents that could result in a serious injury or a fatality. Implementation of these rules is part of SGRE's commitment for continuous improvement in HSE and has a tangible contribution to strengthening our “Safety is my choice” culture.

The 10 Life Saving Rules have been presented globally through a variety of communication methods and provide a lot of details on each of the topics, including video interviews with senior managers, infographics and short emotional videos.

Table 30 - The 10 Life-Saving Rules

 **Permit to work:** When required, always have a valid work permit.	 **Energy isolation:** Verify Zero Energy state before work begins. Use lockout/ tagout (LOTO) procedures
 **Safety guards:** Do not override or interfere with any safety guards or equipment	 **Working at heights:** Protect yourself when working at height
 **Driving safety:** Wear your seat belt or harness; do not talk on your cell phone or send text messages; do not exceed speed limits.	 **Moving of equipment or vehicles**: Position yourself in a safe zone when equipment or vehicles are being moved or energized equipment is handled.
 **Dropped objects:** Secure all tools and equipment, place barriers and wear head protection where mandated.	 **Alcohol and drugs:** Do not consume alcohol or drugs before and while working or driving.
 **Suspended loads:** Maintain a safe distance from any suspended load and never stand or walk underneath a suspended load.	 **Use PPE and tools:** Use the right personal protective equipment and tools that are required for the task you want to do.

B2.6 Occupational Health & Safety Management System

The Quality Management and Health, Safety and Environment (QM&HSE) function, led by the Global Head of QM&HSE, is responsible for the governance of Siemens Gamesa’s Integrated Management System including all HSE related certifications, policies and procedures.

Siemens Gamesa has an Occupational Health and Safety Management System certified according to the international ISO 45001:2018 standard. The scope of certification covers all functional areas and core processes related to the sale, design and development, procurement and manufacturing of wind turbines as well as other mechanical and electrical components for both wind and non-wind applications. Project development such as execution, construction, installation and service of wind turbines is also covered by the scope of this certification. The certificate is valid from July 2018 to March 2021.

Siemens Gamesa’s Integrated Management System provides a framework for global procedures and tools to handle various HSE topics to monitor, control and improve the company’s HSE

performance. As regards health and safety, the company can demonstrate compliance to our stakeholders, identify potential hazards and implement controls to avoid or reduce occupational accidents and illnesses, as well as to engage employees and motivate contractors to put safety leadership into practice in their daily work. Nonetheless, the management system, which is comprised of a series of documents and tools, would be ineffective without competent employees and a supportive leadership team that can bring it to life. The figure below provides an overview of the global health and safety procedures at Siemens Gamesa.

Figure 9 – Global Health & safety procedures

Examples of some of these key global HSE procedures include:

- **HSE Aspects Identification** procedure, which requires all relevant organizational units to conduct assessments on an annual basis to identify any potential HSE risks or opportunities. Improvement targets and actions are set accordingly for any aspects deemed significant to prevent or mitigate their potential impacts.
- **Risk Assessment** procedure, which provides for a systematic hazard identification and the assessment of any associated risks within a work activity or workplace to subsequently facilitate the implementation reasonable control measures aimed at eliminating or mitigating them. In addition, it makes is easier for SGRE to be in a position to fulfill legal risk assessment obligations.
- **Incident Management,** which supports effective incident reporting and management to strengthen risk management and prevent the recurrence of risks. It is meant to ensure there is a robust framework in place which provides for a systematic approach to incident reporting, management and investigation, thereby enabling effective corrective and preventive actions to be set and any lessons learned to be shared.
- **Emergency Management** sets the SGRE Emergency Management approach, escalating the emergency response through Emergency Management by defining a set of aligned escalation triggers that interface minimum communication levels between affected entities, in addition to the communication and escalation process from emergency to crisis management.
- **Stop Work Process,** which provides a framework for the Technical Safety Committee to ensure that timely effective action can be taken to deal with QHSE incidents when the impact may be felt beyond the incident's initial location. It makes cross-business communication possible on actions that need to be taken to maintain safe working environments or ensure the quality of products and their components.

[403-1] Every Siemens Gamesa organizational unit should be represented by a working environment committee that clearly has a chairman, management-level representatives and employee-level representatives. These committees help to monitor and put forward advise on workforce-specific occupational health and safety topics. They also ensure joint participation in the design of policies and the implementation of control measures aimed at fostering improved working conditions.

B2.7 Health & Safety targets and performance

The Siemens Gamesa corporate HSE strategy is set out in a three-year corporate HSE strategy that is then cascaded across the business. Strategic plans are backed by specific action plans, which are reviewed annually and strive to improve HSE performance in all areas of the company, including at a corporate, business unit and local level. Each organizational unit is required to set improvement actions covering at least one significant health & safety aspect and one significant environmental aspect.

Strategic corporate HSE targets support the strategy on the topics that have been assessed as significant for Siemens Gamesa as a whole, including total recordable injuries, lost-time injuries, energy consumption, waste generation and sustainability score rate. These corporate targets are cascaded across the business and monitored locally, along with any additional targets that may be relevant to each location, site or unit.

At Siemens Gamesa, we have defined clear targets to reduce our Lost Time Frequency Rate (LTFR) from 1.68 in FY18 to 1.00 in FY22 and Total Recordable Injury Rate (TRIR) from 4.95 in FY18 to 3.00 in FY22. This represents our ambition to reduce the frequency rate for both targets by more than 50% in 4 years.

Table 31 - Safety targets roadmap

Core KPI	KPI description	FY20	FY21	FY22
TRIR	Total Recordable Injury Rate	4.00	3.50	3.00
LTIR	Lost Time Injury Rate	1.50	1.20	1.00

Note: Expressed as number of Lost Time / Recordable cases x 1,000.000 hours

Sphera, our internal HSE software tool, is the backbone for handling all safety-related data and provides support for:

- Reporting incidents and safety observations;
- Monitoring health and safety data and visualizing these for better analysis;
- Creating workflows where high-risk reports will initiate an investigation and prompt corrective actions and lessons learned;
- Ensuring transparency and opportunities for the sharing of best practices.

Weekly management reports are submitted, and meetings are held at which selected managers and employees review Siemens Gamesa's safety performance by discussing previous incidents, the lessons learned and corrective actions. Furthermore, remuneration is linked to the company's H&S performance.

B2.8 Health & Safety in times of COVID-19

Protecting the health and safety of our business, people and stakeholders has been Siemens Gamesa's core strategy as far as the COVID-19 response is concerned. At the onset of the COVID-19 outbreak, protocols were drawn up to respond to the pandemic. Ensuring the continuity of operating wind farms has been of utmost importance to ensure affordable clean energy was still being generated for vital services needed by society, while ensuring that our factories continued to run to the extent possible according to local authority regulations. More than half of Siemens Gamesa's employees were able to work from home to minimize the risk of coronavirus exposure as much as possible.

Siemens Gamesa implemented a Prevent, Contain and Sustain methodology.

- In order to **prevent**, Siemens Gamesa has established a continuous monitoring system, reduced business travel, deployed a 100% working from home system and developed preventive protocols for various aspects to prevent the spread of COVID-19.
- In order to **contain**, Siemens Gamesa has designed a testing strategy that includes PCR and antibody testing. Furthermore, Siemens Gamesa has made sure all protocols are updated to adapt to and optimize the evolving situation.
- In order to **sustain**, Siemens Gamesa has developed long-term preventive measures, including office reopening protocols, a surveillance testing strategy and automated risk control systems

Some of the outcomes of the stringent health and safety approach include: office staff working from home without any productivity losses, no COVID-19 transmission in SGRE's operations and permanent support provided to suppliers and subcontractors by sharing prevention protocols and providing testing support. As a result, our O&M activities have continued, manufacturing plants have continued operating and have only been halted by government requirements. However, there were some delays in construction activities.

There can be no doubt whatsoever that Siemens Gamesa had made "Safety my choice" a top priority and has focused on ensuring its business's continuity as a secondary priority.

B2.9 Performance in 2020

[L11-HR14] Incident management is governed by a global procedure and internal controls that set forth standard criteria for classifying, recording, notifying, investigating and analyzing incidents in order to: 1) detect their underlying causes in the prevention system and other factors which may cause or contribute to such incidents happening again; 2) identify the need to implement corrective actions; and 3) detect opportunities for implementing preventive action and continuous improvement.

At the end of fiscal year 20, the number of employee Lost Time incidents (LTI) in Siemens Gamesa amounted to a total of 78 (71 in 2019). As a result, the overall employee Lost Time Frequency Rate (LTFR) reached 1.41 (1.41 in 2019) at the end of the period. This rate (LTFR) is calculated for a 1,000,000-working hour's period and includes all accidents that result at least in one lost day of work, so called lost-time incidents. As regards contractors, LTFR rate was 1.22 (1.30 in 2019). The combined rate for employees and contractors in fiscal year 2020 was 1.36 (1.71 in 2019) at the end of the reporting period, what shows a positive trend in terms of sinistrality rates. The number of Total Recordable Injuries (TRI) amounted to 280 (385 in 2019), meaning a reduction of 27%. Consequently, the overall Total Recordable Injury Rate (TRIR) stood at 3.14 (4.71 in 2019) at the end of the reporting period.

Figure 10 – Track record LTIFR

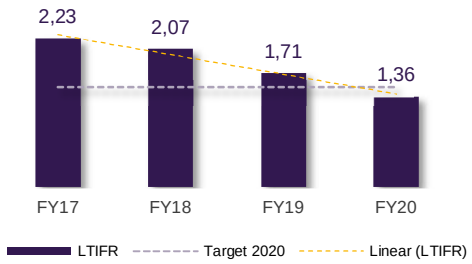


Figure 11 – Track record TRIR

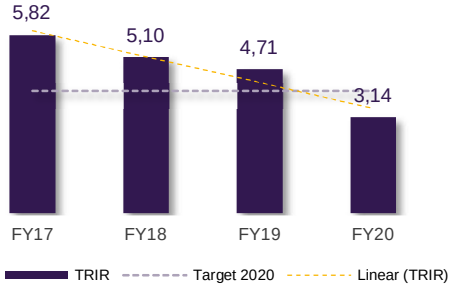


Table 32 - Key safety statistics

	FY18	FY19	FY20
Recordable injuries	**376**	**385**	**280**
o Fatalities	1	0	4
o Lost-time case employees	156	71	78
o Lost-time case contractors		41	43
o Medical treatments	151	150	67
o Restricted works	68	95	88
Lost days per LTC	20	21	22
Working hours	72.7	81.8	89.1
o Working hours employees (x10^6 hours)	47.1	50.3	55.4
o Working hours contractors (x10^6 hours)	25.6	31.4	33.7
SR Severity rate	0.04	0.04	0.05
LTFR SGRE Group	**2.07**	**1.71**	**1.36**
o LTFR employees	2.10	1.41	**1.44**
o LTFR contractors	2.23	1.30	**1.22**
TRIR SGRE Group	**5.10**	**4.71**	**3.14**

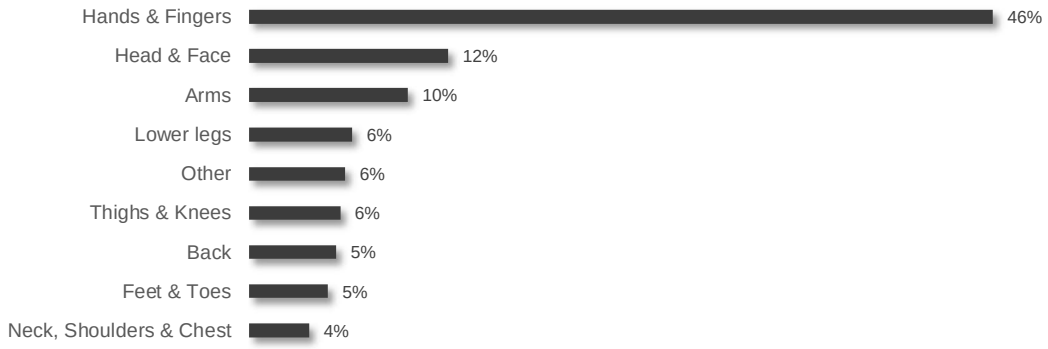
Note: rate per million hours worked

The company has regrettably suffered four fatalities in fiscal year 2020.

- An employee of one of SGRE's subcontractors died on January 19, 2020 while doing preparatory work on the grounds of the Tonstad Wind Farm in Norway.
- A Siemens Gamesa employee died on February 13, 2020 after receiving an electric shock while performing maintenance work on one of the turbines in the Viudo II wind farm in Spain.
- An employee of a SGRE subcontractor died on February 5, 2020 while carrying out lifting operations at the Novas Vilas I wind farm in Brazil.
- An employee of a SGRE subcontractor died on June 20, 2020 after falling off a platform while a concrete tower was being assembled at the Novas Vilas II wind farm in Brazil.

These tragic accidents have shocked and deeply saddened us. We therefore extend our most heartfelt sympathy to the deceased employees' family, friends, colleagues and co-workers on site. An internal taskforce has been put together to ensure that the lessons learned from these tragic events are being implemented prevent them from ever happening again.

Figure 12 – Injuries by body part in FY20



[L11-HR11] In relation to absenteeism days, these reflect only the number of days lost due to accidents, and the closing figure for fiscal year 2020 is 2,641 (2,707 in 2019), equivalent to 21,128 working hours (21,656 in FY19).

Siemens Gamesa strives 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.

B2.10 Safety prevention

Siemens Gamesa pays special attention to all aspects of occupational health and safety. We work tirelessly on establishing the root and contributory causes of these incidents, on investigation processes for all of them and on the education and training processes that work toward their eradication.

The company acts proactively to analyze the root causes of accidents and is equipped with management indicators which show the attainment level of this working philosophy in day-to-day management. This includes, for example, conducting 26,059 safety inspections (15,770 in 2019), making 60,113 safety observations (44,803 in 2019) and conducting 66 health & safety audits (112 in 2019) by the end of the reporting period.

Table 33 - Safety prevention

	FY18	FY19	FY20
Safety inspections	13,566	15,770	26,059
Safety observations	41,288	52,310	60,113
Health & Safety audits	257	112	66

Siemens Gamesa works to create a distinctive and unique prevention culture and ensure expertise in this area extends across the entire company.

B2.11 Occupational illness

The occupational illness frequency rate (OIFR) for employees ended the fiscal year at 0.379 (0.504 in 2019), calculated solely based on cases, totaling 21 in fiscal year 2020 (24 in FY19), of occupational illness recognized by the Employers' Liability Insurance Association.

Table 34 - OIFR employees

(number)	FY18	FY19	FY20
OIFR employees	0.594	0.504	0.379

Note: rate per million hours worked

Siemens Gamesa Renewable Energy conducts preventive employee health screening 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.

B2.12 Healthy workplace

Employee health and well-being is a great priority at Siemens Gamesa, because it is considered a prerequisite for high productivity and innovation. Some examples of what the company offers to employees include:

- Health insurance and additional healthcare benefits
- Flexible work arrangements to ensure work-life balance for employees such as working from home or working flexible or shorter working hours
- Policies and guidelines on pregnancy, adoption and parental leave
- Policies on 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 vaccination against influenza
- Opportunities to donate blood during work hours.

B2.13 Product Health & Safety

[L11-SO08] [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 through design and project management policies. This is achieved by describing Product Safety as an umbrella term for the Quality Management and HSE procedures and processes we have in place to protect customers, employees and members of the public from any risk derived from Siemens Gamesa products or manufacturing, installation, operating and decommissioning activities.

Management procedures are in place to establish responsibilities, workflows and activities to ensure component designs are optimal and to prevent them from generating unnecessary hazards or dangers that could endanger the health and safety of those working directly with that component resulting from a poor conception of safety conditions. For instance, Siemens Gamesa has issued an

instruction that defines the processes for ensuring that the wind turbines and/or related products that we place in the market in the EU or EEA comply with any Directives which apply within the EU and outside it, where said requirements are established by contractual obligations to customers.

The countries in which Siemens Gamesa operates have enacted a great deal of environmental and labor legislation to ensure any risks to people's health and safety are kept within regulated limits. Siemens Gamesa provides the training and information needed to check whether the operating conditions set forth in the regulations and technical specifications concerning equipment construction, operation and maintenance are met.

At the time of preparing this report, no material cases of alleged non-compliance with regulations concerning the health and safety impacts of products/services have been identified.

B2.14 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 Wind Europe, Global Offshore Wind Health & Safety Organization (G+), Global Wind Organization (GWO), governmental bodies etc. as well as competitors to ensure continued improvements.

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 may require additional improvement and/or development programs. The program's mission and goals 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

To pave the way towards zero harm and support the Supplier Quality Management team with regards to HSE awareness, a HSE contractor management procedure laid down for the execution phase is in the process of being implemented across the business to ensure contracted work tasks are executed safely.

B3. Diversity and Equal Opportunity

B3.1 Management approach

[L11-HR21] Siemens Gamesa is a strong advocate for diversity, inclusion and equal opportunities. Valuing the importance of the individual is one of the cornerstones of our culture, and Siemens Gamesa, as a company, is aware that its enriching diversity is what makes our company stand out.

Siemens Gamesa recognizes that its employees come from a wide variety of cultures, ethnicities, beliefs and languages. This wealth of diversity is what makes the Siemens Gamesa Group more innovative, creative, sensitive and committed to society. We firmly believe that diversity and inclusion allow us to better understand and reflect customers' expectations and make us a better partner in the communities we serve. Embracing diversity and inclusion leads us to truly becoming innovative and enables us to find outstanding solutions to the challenges we need to overcome

The company is committed to creating an exceptional workplace characterized by openness, collaboration and trust, in which all workers are treated with respect and where they can give the very best of themselves. We appreciate the creative potential that individuals of different backgrounds and abilities can bring to their work.

The evolution of diversity and inclusion metrics and targets are reviewed by the Management Board and Executive Committee regularly. The Diversity & Inclusion (D&I) Policy is also reviewed on an annual basis to ensure the continuous improvement of the company's D&I initiatives.

The Diversity & Inclusion functional area forms part of the Human Resources Department and is led by a dedicated Chief Diversity & Inclusion Officer. This role holds responsibility for influencing and raising awareness throughout our company, as well as for setting corporate-wide diversity and inclusion policies that are consistent across the globe.

B3.2 Policy framework

[L11-HR24] Siemens Gamesa's Diversity & Inclusion Policy[25] sets the framework and the principles that are common to all the group's companies, in the different countries where the Company operates. The purpose of this policy is to promote equal opportunity, diversity, inclusion, equality and dignity in the Company's culture in general, and in all the Company's policies and practices of selection, hiring, remuneration, training, promotion and termination. The commitment of the Siemens Gamesa Group to diversity and inclusion is based on the following principles:

1. Provide a work environment that promotes dignity and respect for all. No form of intimidation or harassment will be tolerated.
2. Ensure that the policies and practices of selection, hiring, remuneration, training, promotion and termination avoid any discriminatory bias.
3. Foster a motivational and creative working environment, where opportunities for hiring, training, development and promotion are available for all based on the knowledge, attitudes, abilities and skills required for the various positions.
4. Foster understanding of gender identity.
5. Support employees who make use of reconciliation measures, provided they are permitted by the demands of work and applicable law.

[25] See Group policy on Diversity and Inclusion Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/corporate-policies/diversity-and-inclusion-policy.pdf

6. Break down barriers to promote the professional development of women at the highest levels of the company.
7. Cultivate a culture that encourages collaboration, flexibility and fairness so that the whole workforce can contribute with its maximum potential.
8. Provide all reasonable adjustments for persons with disabilities.
9. Promote understanding between cultures and equip our staff with the tools necessary for the development of a global mentality and to work effectively within all cultures, virtually or in person.
10. Offer information and training to the entire workforce so that it has the necessary tools and resources to create an appropriate workplace.
11. Develop a diversity and inclusion plan in order to ensure the implementation of this policy.
12. Ensure that this policy has the full commitment of all levels of the organization, especially the executive team.
13. Review this policy regularly in order to ensure the continuous improvement hereof.

The right to be treated with respect and dignity

Siemens Gamesa is committed to fostering a working environment in which all individuals are treated with respect and dignity. Siemens Gamesa's Protocol of Action in Case of Harassment and Discrimination states that the company's policy of zero tolerance towards any form of violence, harassment, verbal abuse, abuse of authority at work, unlawful discrimination or any other behavior that creates an intimidating environment or is offensive to the rights of employees and sets forth that relationships between people in the workplace should be business-like and free of any kind of bias, prejudice and harassment.

Any type of harassment and unlawful discrimination is unacceptable at the workplace and in any work-related setting outside the workplace, such as during business trips, business meetings and business-related social events. A breach of this protocol is not necessarily a violation of the law. It may, however, result in disciplinary action, including fair dismissal.

The company encourages all employees to report any incidents of discrimination, harassment or retaliation. Individuals who feel they have experienced discrimination or harassment or who have any concerns about these matters should contact their Country Harassment and Discrimination Committee or their Human Resources Representative.

The power of diversity

"The power of diversity" is Siemens Gamesa's Diversity & Inclusion ethos. It aims to bring focus onto the recognition that Siemens Gamesa's rich diversity is what makes us stand out as a company.

Diversity is our true energy, the energy that will enable us to lead the transition to a cleaner and more sustainable world.

Siemens Gamesa is committed to fostering a work environment that promotes equal employment opportunities, dignity and respect for all. A place where employees can be themselves and their differences are recognized and respected.

B3.3 Diversity Initiatives undertaken

The **Women's Empowerment Principles** were endorsed by the company in 2010 and the endorsement has been maintained for the new company. These principles were drawn up by 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.

Additionally, Siemens Gamesa is an official member of the **Spanish Diversity Charter** launched in 2009, an initiative of the European Institute of Diversity Management and the Alares Foundation with the support of the Spanish Ministry of Equality.

Our company was awarded the **Spanish Flexible Company Award**, a recognition of our commitment to work flexibility. The Ministry of Health, Consumption and Welfare highlights the best practices in this field through said award.

Siemens Gamesa was included in **2020 Bloomberg Gender-Equality Index**. The index includes 325 companies from 50 industries with a combined market capitalization of $12 trillion USD, which are headquartered in 42 countries and regions. The GEI tracks the financial performance of listed companies committed to supporting gender equality through policy development, representation and transparency. The reference index measures gender equality across five areas: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies and pro-women brand.

Siemens Gamesa has joined the **Target Gender Equality (TGE)** program promoted by the United Nations Global Compact. This program addresses barriers to gender equality and sets corporate goals for equal representation and leadership for women in business. It was set up from the need to speed up progress on urgent aspects of gender equality. By joining, Siemens Gamesa undertakes to set and meet ambitious goals to increase the leadership of women in line with target 5.5 of the 2030 Agenda.

Siemens Gamesa has signed the **Telework and Flexibility Charter** promoted by Fundación Más Familia. This charter is a letter of commitment that companies sign voluntarily to promote a clear commitment to the culture of labor flexibility and teleworking, respect for the environment, diversity and inclusion, thereby recognizing and raising awareness about the benefits gained from a flexible culture.

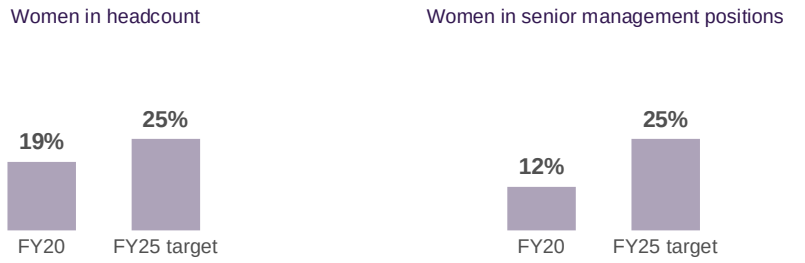
B3.4 Strategy and targets

[L11-HR22] The Diversity & Inclusion Strategy for FY20-FY22 was approved by the Executive Committee in 2020 and is driven by four long-term goals aimed at encouraging diversity and equal opportunities as impactful and competitive advantages:

- Strengthen our D&I employer brand.
- Increase female representation in the company's Board, the overall workforce and senior management positions.
- Create the working environment of the future to attract and retain the best talent by promoting work-life balance measures and improving workforce flexibility.
- Contribute to positive social transformation in our internal culture by encouraging diversity as an impactful and competitive advantage.

The goal of this plan is to design and share a new common concept of diversity and to embrace it truly in the first two years through different specific and global initiatives that are especially focused on gender equality, culture, inclusion and work-life balance.

Figure 13 – Diversity & Inclusion targets to 2025



B3.5 Performance 2020

Gender Equality

[405-1] Our commitment to equality extends beyond gender. But, in this specific aspect, our goal is extremely clear: We need to achieve gender equality within our Company.

Siemens Gamesa is one of the 140 companies that are signatories of the initiative "**Mas mujeres, mejores empresas**" (More Women, Better Companies) initiative promoted by the Spanish Government's Ministry of Equality [26] . The company has stated through this initiative its commitment to foster equal participation of women and men on the company's Board of Directors and to adopt measures aimed at increasing female representation in leadership positions and on executive committees within four years.

As far as gender diversity on the Board of Directors' composition is concerned, three of the Board's ten members were women on September 30, 2020, namely 30% of its members, thereby fulfilling "Director Selection Policy" [27]. The overall share of female employees amounted to 19% (18.76%) of the entire workforce. By regions, women accounted for 21% of the workforce in Europe, the Middle East and Africa, 20% in the Americas and 10% in Asia, Australia.

Table 35 - Proportion of women in Headcount

(% of total employees in the region)	FY18	FY19	FY20
Europe, Middle East and Africa	21.08	20.95	20.74
Americas	20.23	20.62	20.19
Asia, Australia	10.20	10.16	10.66
SGRE Group	**18.90**	**18.79**	**18.76**

Gender equality in an essential prerequisite for creating a diverse and inclusive working environment and, thus, the company fosters diverse recruitment and equal opportunities for all.

[26] See: Ministerio de Igualdad de España. Link: https://www.igualdadenlaempresa.es/redEmpresas/compromIgualdad/docs/2_PROTOCOLOS.pdf

[27] See: Director Selection Policy. Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/corporate-policies/director-selection-policy.pdf?la=en-bz&hash=695666CBAAA0719446F58B3C7F64B0CBA66A880E

Siemens Gamesa had 248 employees holding senior management positions at the end of the reporting period, 11.7% of whom were women (10.24% in FY19). This proportion is expected to grow in accordance with the application of best working practices. Moreover, 19.54% of the Company's management positions are held by women (19.28% in FY19).

If we consider STEM job families, 23.20% of the Company's information technology (IT) job family workforce are women and 11.59% of the Company's engineering job family workforce are women.

Table 36 - Employees in management positions

	FY18	FY19	FY20		
			Male	Female	Total
Europe, Middle East and Africa	227	267	187	24	211
Americas	33	37	20	2	22
Asia, Australia	18	28	12	3	15
SGRE Group	**278**	**332**	219	29	**248**

Communities for women

The Global Women@SGRE Network has over 350 members and groups together several SGRE initiatives for women set up in eight chapters around the world in Brazil, the United States, the United Kingdom, Spain, Denmark, Germany, India and Morocco. It is an inclusive group of people from all backgrounds who support the empowerment of women and it encourages networking, training, leadership and community building opportunities.

Inclusive culture

Our workforce is comprised of over 109 different nationalities. The company recognizes and values the creative potential that individuals of different backgrounds and abilities can bring to their work. Our priority is to ensure there is understanding and respect across all the ethnicities, races, languages and cultures of all the individuals who work at Siemens Gamesa.

At Siemens Gamesa we make sure that all individuals are valued and appreciated in an inclusive working environment and that this will always be the case.

Siemens Gamesa conducts an employee engagement survey on regular basis. Its results are assessed by gender, seniority, collective and job families. Diversity is on the top 4 categories with the highest total favorable scores. This category is rated with 77% of satisfaction. In particular, the question “I can be myself at this company without worrying about how I will be accepted” scored 79%, 5 points above the industry norm.

For inclusion to become a real value, there must be a constant commitment to it, something that everyone practices, and which leadership promotes and takes into consideration in every business decision. That is why senior managers were invited to attend an unconscious bias training session at the last Management Summit to raise awareness about their own unconscious biases and to provide them will the tools and strategies needed to narrow the gap between what they as leaders communicate and what is perceived and experienced by employees.

Siemens Gamesa fosters inclusion through access to equal parental benefits that recognize the full spectrum of family diversity of our employees around the world. These benefits include: paid and unpaid parental leave for primary and secondary care-givers who have recently had a child through birth, adoption, surrogacy, foster care or legal guardianship, access to on-site breast-feeding rooms, time off for adoption assistance, child care services, along with a broad range of health services, including company health insurance. Some of our local health insurances also provides partial coverage for fertility and contraception services.

[L11-HR09] We are committed to accelerating equality for all and to creating an inclusive, accessible workplace, providing all reasonable adjustments for persons with disabilities. The average number of people employed by the Siemens Gamesa Group during 2020 with a disability greater than or equal to 33% is 127 (32 in FY 2019). By countries, Siemens Gamesa registers 41 persons with disabilities in Germany, 35 in United Kingdom, 28 in Spain, 16 in Brazil, 3 in the United States, 3 in India and 1 in México. In China and Denmark, we cannot register disabled people in the workforce due to legal requirements. These countries account for 86% of the total workforce in fiscal year 2020.

[L11-HR20] [L11-HR23] As far as site accessibility for people suffering from disabilities is concerned, Siemens Gamesa does not have a global standard in place to ensure accessibility for disabled people at its offices and other sites. The company does, however, comply with all relevant local regulations and building codes in the countries where Siemens Gamesa operates. In countries where very specific regulations have been laid down, such as Canada, the company has established internal access control procedures for disabled people. The Accessibility for Ontarians with Disabilities Act of 2005 has therefore been transposed into SGRE internal procedure PRO-46806 in Canada.

Creating the work environment of the future

[L11-HR08] The COVID-19 pandemic has had a deep impact on how we work in 2020 and may have changed the workplace forever. The new way of working that arose from this unfortunate situation also brought significant lessons and insights. The surveys conducted on our employees have revealed that a large majority of employees would, if given the chance, prefer to continue working from home 50% or more of the time.

Siemens Gamesa has therefore decided to introduce a new global framework that incorporates these lessons and brings the FlexAgility concept up to the next level known as FlexAgility 2.0, which includes new ways of working and more ways of doing so.

[L11-HR12] FlexAgility is a business philosophy and a commitment to openness, collaboration and trust. It is our starting point for a state-of-the art leadership that is aligned with market demands, seeking modernity and the benefits provided by a work/life balance. FlexAgility sets out flexible options to adapt the working environment to the needs of our employees. FlexAgility is based on the **Smart Working Framework**, which is an innovative method for organizing and carrying out work using information and communication technology, which allows employees to perform their duties in environments other than their official worksites. Smart Working allows employees to work from home, on the road or from a satellite site for all or part of their working week. Any employee may request Smart Working arrangements, provided they meet its eligibility criteria.

Smart Working is a viable, flexible work option when both the employee and the job are suited to such an arrangement. Thus, this program may be appropriate for some employees and jobs but not for others. Positions requiring on-site performance of duties may not be candidates for Smart Working. As of September 2020, there are 17,973 employees potentially eligible to Smart Working, provided they want to request this program and meet the eligibility criteria, representing 69% of the total workforce.

Due to the evolution of the COVID-19 pandemic, most of SGRE's offices remain closed or partially shut down with only a skeleton workforce to perform essential work. In the 40th week of the year in September 2020, the facilities reported a partial reopening of some offices, allowing 1,752 employees to return to their offices. Approximately 62% of the total workforce are therefore still working from home on permanent or semi-permanent basis.

While there are benefits to be gained this flexible approach to work, the risk exists of blurring the boundaries between working time and private time. The company therefore encourages disconnection through the **Siemens Gamesa Right to Disconnect Global Guidelines.** The right to disconnect refers to the right of employees to disconnect from their work and feel as though they do not have to answer any work-related emails, calls or messages outside normal working hours. These guidelines set out some best practices in four areas, namely: effective email management, disconnecting intentionally and regularly, being inclusive and being respectful with other people's time.

We are of course very aware that the pandemic is still affecting us, and it is important to note that the implementation of the Smart Working framework will take place on a country-by-country basis depending on the assessment of the pandemic and when Health & Safety protocols allow us to return to the office normally.

Celebrating Diversity & Inclusion

At Siemens Gamesa we have set aside six United Nations International Days in our calendar to promote our diverse and inclusive culture through awareness raising and actions.

- International Day of Women and Girls in Science
- Zero Discrimination Day
- International Women's Day
- LGBTQ + Pride
- International Day of persons with disabilities
- International Day for Tolerance

The company prepares special communication campaigns and shares specific resources with employees during these days. They are a good chance to remind ourselves that Siemens Gamesa embraces diversity, inclusion and equal opportunities in each business decision, and to celebrate and reinforce our achievements on the path towards creating an engaging, inclusive and respectful working environment.

The Americas Region held its second annual Diversity Week in August 2020, which included a totally virtual comprehensive agenda. A total of twelve countries were involved in the SGRE Americas Diversity Week. More than twenty moderated discussion panels took place and over 1,000 employees took part over the course of the week, accounting for 30% of the region's employees

Commitment to equal pay

[405-2] Siemens Gamesa is committed to achieving pay parity across the globe as a way of fostering an inclusive culture that rewards fairly and recognizes the contributions made by all our employees. We firmly believe the topic of pay equity should be made transparent and clear for all employees.

Attention to pay equity at Siemens Gamesa is not a one-time fix, but rather requires constant attention. The HR C&B department applies best practices that include among other matters: salary benchmarking to exercise better control over our hiring practices to ensure equality; setting salary bands to strive for consistency and equality; leadership reviews to proactively identify and address potential disparities; analysis of all decisions concerning rewards before they are made final; conducting comprehensive compensation analyses; and releasing quantitative global gender pay gap metrics.

As set forth 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 solely based on merit and the skills required in each specific 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.

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.

Siemens Gamesa current gender pay ratio, which is calculated by dividing women's wages by men's wages, amounted 1.13. When it is expressed in percent terms, this figure amounted 113%. In other words, a woman makes about 1 euro and 13 cents for every euro a man earns.

Our inclusive compensation practices promote the effective application of the principle of equal wages for work of equal value and analyze whether there is any possible gender discrimination-based salary pay gaps. More information in Table 41 - Pay gap by gender (page 96)

B4. Labor Relations

B4.1 Management approach

[L11-HR15] [L11-S12] The Siemens Gamesa Group aims to foster relationships with labor representatives that are based on trust, transparency reporting and negotiations in good faith by sharing the knowledge, experience and needs that generate a good corporate climate that favors understanding.

Labor relations are grounded on three basic areas:

- The legal regulations of each of the country where we have a presence. We fulfill labor regulations scrupulously and company-employee relations are developed within the regulatory framework which applies to each of these countries.
- European Committee. Siemens Gamesa is member of the Siemens AG European Committee and actively participates in it. It takes part in the annual meeting and takes the floor, reporting on all points subject to consultation and information in accordance with said Committee's regulations.
- Internal working group. This working group is comprised of workers' representatives from the most relevant European countries. The purpose of this group is to share and assess all matters of general interest to Siemens Gamesa as a whole.

B4.2 Operating framework

[L11-HR16] [102-41] The 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 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%.

The outlook therefore remains diverse and depends on each country's laws and legal practices. The company operates in countries where union representation is extensive (Denmark, Spain, Germany, France, Brazil and the UK), but also in other countries where, without having internal union representation, we are in contact with local and national unions to fulfill and abide any local or national collective agreements (China).

Regarding collective agreements, there is a wide variety of situations, collective agreements with a limited scope to a specific workplace, local agreements with province or region scope, country agreements that can be both internal or externally negotiated. Examples include:

- In Spain, there is an extensive overall collective agreement signed with our internal Unions covering all employees working at headquarters and many other specific local agreements signed by regional/national unions depending on where the sites are located.
- In Denmark, all our employees are covered by enterprise agreements with national unions, as we are a member of Confederation of Danish Industry.
- In China, employees at our Lingang plant are covered by a collective employment agreement signed with a local trade union, while in the rest of the country they are covered under statutory law.

At an international level and due to its European footprint, Siemens Gamesa forms part of the Siemens AG European Works Council (SEC), where it is playing an active role in providing employees with information and consultation rights. Within that framework, it has reached an agreement with its workers' representatives to set up a specific working group to establish more flexible forum to discuss labor relations of greater proximity.

[L11-S13] Furthermore, the company has replaced the Global Framework Agreement[28] (GFA) on social, labor and environmental matters that was reached prior to the merger by legacy Gamesa with IndustriALL Global Union (with the involvement of the main Spanish unions) with a completely renewed and upgraded GFA between SGRE and IndustriALL Global Union – still being the only global agreement to guarantee labor rights by a company in the renewable energy sector.

[L11-HR17] [L11-S14] This Global Framework Agreement strengthens social, labor and environmental rights already contained in the Business Conduct Guidelines; makes health and safety at work, working conditions and equal opportunities key issues for company action; guarantees implementation and promotes the conditions for a social dialogue at the international level. As stated in the Business Conduct Guidelines, Siemens Gamesa is a member of the UN global Compact. Its ten Principles, and the Global Industrial Union Framework Agreement are binding for the company. That means than 100% of the Siemens Gamesa employees are actively covered by a legally binding, and freely negotiated collective agreement [102-41]

[402-1] Concerning the minimum prior notice period for operational changes, the Group fulfills, at minimum, the notice periods set forth in each country's specific legislation, as well as in the European Union regulation. However, if there are no regulatory requirements, Siemens Gamesa ensures that its employees will be suitably informed of any significant operational changes affecting them in accordance with the Company's standards.

Proof of that can be seen in the global restructuring process in 2018, in which a global information campaign was put into effect. It first involved the SEC and its Siemens Gamesa working group and then reached every single country concerned. Specific lay-off plans have always been designed and implemented within the framework of the agreements reached with the relevant employees' representatives (where they exist).

B4.3 Performance 2020

Siemens Gamesa constantly needs to adapt to the challenging wind industry market, which is characterized by stiff competition and significant pricing pressures that have eroded wind turbine manufacturers' margins. To succeed in this environment and boost the competitiveness of its onshore business, the company will focus on large next-generation turbines with rotors of up to 170 meters. These models already account for almost half of current demand and are crucial to increase the company's profitability and bring down the cost of clean energy even further.

To drive that strategy forward successfully, Siemens Gamesa has taken the decision to shut down its Aoiz blade factory in Spain, which is no longer competitive in such a competitive market environment to produce blades for large turbine models. The Navarre plant manufactures SG 3.4-132 turbines for projects which are primarily located in Spain. Its higher costs and geographical location, more than 200 km away from the nearest port, make it uncompetitive for global markets.

[28] See Siemens Gamesa Global Framework Agreement (GFA). Link: http://www.industriall-union.org/industriall-renews-global-agreement-with-siemens-gamesa

The company initiated a collective dismissal procedure covering a maximum of 239 employees in July 2020. In August 2020, a majority of the Siemens Gamesa Aoiz workforce voted in favor of approving the layoff plan submitted by the company for the plant's closure, which included measures that make it possible to limit the closure's impact. The agreement includes an early retirement plan for employees who are 55 years of age or more and a severance payment of 45 days per year worked (above the 20 days set forth by law). A minimum compensation payment of €30,000 euros has also been agreed. In addition, the company submitted an outplacement plan offering 88 jobs. Hence, if all the vacancies are covered, the total number of employees affected by the dismissal procedure would be reduced to 150 from the initial 239 workers affected by it. Siemens Gamesa has also engaged an external outplacement company that has already detected job vacancies at other companies which Aoiz employees can apply for.

The company considers that the closure of Aoiz plant is an essential part of the measures it needs to ensure the company's sustainability in the long term and the jobs of it 25,000 employees around the world, including over 5,000 in Spain, 1,500 of which are in Navarra, where Siemens Gamesa has its largest R&D center employing than 360 people.

As part of the process of seeking to improve the Onshore business's competitiveness, decision have also been taken in this fiscal year to shut down other more production plants, like the one that took place in Denmark at the beginning of the fiscal year to shut down both the Brande and Aalborg Onshore plants. Said process was carried out by means of a collective dismissal that affected around 600 employees. The Ford Madison plant in the USA has also been recently affected by a reduction of its workforce amounting to 130 employees.

B5. Talent and Leadership management

[L11-S15] [404-2] As part of the integration process in SGRE, our employees build our new culture, known as Culture of Trust, that is based on pillars: continuous learning, empowerment and diversity. To support the continuous learning pillar SGRE is in the journey to create global frameworks, processes and tools available for all employees across SGRE, creating a unique Employee Experience.

SGRE has developed an Employee Experience based on building blocks that together put employees at the very heart of their own career development by means of a strong performance cycle (FLOW), a consistent talent development path (LEAD), a meaningful learning experience and a set of global tools which are available to all employees. In addition, our leadership community plays an essential role in turning this Employee Experience into a reality by providing support throughout the path as part of their leadership roles. At the same time, SGRE also provides a leadership ecosystem to make sure we employ the very best leaders to ensure our strategy's success.

Figure 14 – Siemens Gamesa Employee experience process

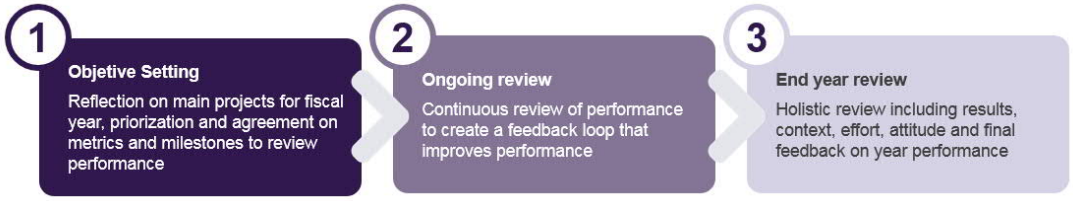
Lastly, the Culture of Trust's other two areas supplement the Talent & Leadership strategy by granting each employee ownership over his/her career. The Human Resources & Leadership community is ready to support and foster growth opportunities, but it is up to the employee to drive and steer his/her own career. We expect employees to reflect on their career ambitions and understand the development opportunities needed to reach their development goals. Diversity then gives each of the building block the richness and depth needed to put together the very best team in the renewable energy industry.

B5.1 Performance Philosophy (FLOW)

SGRE's performance appraisal cycle creates an adaptable framework In line with our Culture of Trust to deal with dynamic market conditions. We trust our people and empower them to lead the company to becoming a market leader in an ever-changing world. Performance aims to improve both the company and individual performance. This process ensures that all employees are clear about what is expected from them and that they receive constant feedback about how they are performing. Performance management is part of the managerial toolkit needed to lead teams. The performance management cycle allows managers to:

- Improve employee and company performance by continuously monitoring performance, adjusting to environment and creating action plans
- Motivate employees: by recognizing good performance and their achievements and identifying actions to improve performance
- Differentiate between the different levels of contribution within the team

Figure 15 – Performance Philosophy scheme



B5.2 Talent Management (LEAD)

The purpose of Talent LEAD is to create a culture focused on personal and professional development. It aims to get managers involved in the growth of their teams and to improve the visibility of SGRE's talent pipeline. It also creates a talent management experience that brings us one step closer towards becoming a talent-driven organization.

Talent LEAD includes several interconnected talent-related processes which, together with our LEAP Business program, places the right kind of talent in the right positions:

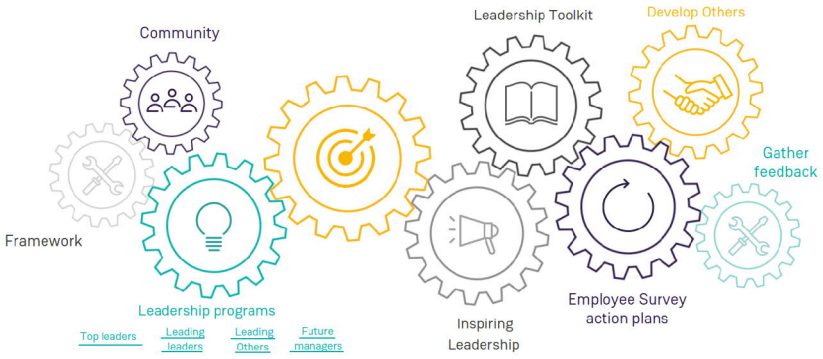
- Employee reflection on career ambitions
- Creation of Individual Development Plans
- Top Talent identification (Explorers & Navigators)
- Leadership Competency Assessment
- Succession Planning

B5.3 Leadership Ecosystem

Leaders play a role in cascading the company program (LEAP) across the organization and implementing the company's culture (Culture of Trust) to turn it into a reality. Leadership development is therefore a priority. In order to provide a framework for the leadership community's growth, we have created the Leadership Ecosystem, which connects all the different initiatives together and offers each manager a personalized path.

The Leadership Ecosystem is based on a modular approach, in which different elements can be used by leaders depending on their needs. The ecosystem's different elements are illustrated below:

Figure 16 – SGRE Leadership Ecosystem



- **Framework**: a unique place where all the foundational elements can be easily found by managers including: i) Mission, vision and values, ii) LEAP, iii) Culture of Trust, iv) Leadership Booklet and v) Leadership Competency model
- **Leadership programs**: we have partnered with INSEAD business school to create 4 programs adapted to the different needs of the leaders: i) Leading at the Peak (LatP), ii) Amplifying Organizational Impact (AOI), iii) Maximizing your Leadership Potential (MyLP) and iv) Emerging Leaders (EL)
- **Leadership Community**: enhancing the spaces where leaders can exchange and learn together at the same levels and also interact with senior levels of the organization and experts. Community must be sustainable and therefore is owned by the leadership community with facilitation and support from HR and Communication.
- **Individual Development Plans:** as part of the Talent LEAD experience, managers need to focus their IDPs in leadership growth. In the IDP, the leader creates the map using the elements of the ecosystem, based on strengths and weaknesses, to reach the required leadership development.
- **Inspiring Leadership:** a library in our Talent & Leadership intranet site that contains different topics related to leadership and communication plan with bi weekly communications to all managers with inspirational materials.
- **Leadership toolkits:** to provide adaptable framework to managers to create experiences in their teams in an easy way. It helps us create one identity across the organization, making sure all leaders understand key and strategic initiatives and can cascade down to all the organization (Foundations, Culture, Innovation, Calibration, On the job development opportunities etc).
- **Employee Engagement Action Plans:** once leaders received the feedback from their employees through the Engagement Survey, it is time to design the future of the company and create an even better place to work. Sharing with their teams the results of the survey is a great opportunity to bring SGRE values into life. The manager starts a dialogue around the main topics and creates a shared action plan for the team.
- **Develop others:** we expect our leaders to participate in development opportunities for other employees. Leaders are key make the development framework sustainable, and therefore the company encourages for example to become available for mentorship relations in the company, identify shadowing or job rotation opportunities, or make available projects for intra company development and talent exchange.
- **Gather feedback:** in addition to the Employee Engagement Survey, we have implemented two other ways of gathering feedback for the leaders. Feedback is the cornerstone of our development framework and we want to make sure it is available for leaders. The 360º tool is available at any time of the year and is included in other elements of the ecosystem like the leadership programs. We also have developed an upward feedback program internally, where teams can have a feedback session with their manager that is facilitated by HR business partners.

B5.4 Global Tools

In order to set up a consistent Employee Experience across Siemens Gamesa, we have created a set of global tools that are available to all employees across the globe. SGRE ensures access to these global tools by providing transparent global processes designed at a corporate level and further developed by the Human Resources Community, which implements the different tools locally by incorporating the necessary cultural adjustments.

Mentoring Program

SGRE offers a mentoring program to foster career development and at the same time an opportunity for leadership development. Mentoring was launched in September 2019. We differentiate 3 scenarios:

- Participants in Leadership Programs: are encouraged to select a mentor as part of the development journey offered by the program. All employees attending to the programs receive all the information about the program and get support to find a relevant and meaningful mentor.
- Ad hoc mentoring programs: Human resources decides to create a mentoring program for a defined community (top talent, high performers, new employees, key experts) where there are defined nomination criteria both for mentors and mentees and a matching process.
- Mentoring Public Marketplace: any employee in SGRE can decide to include a mentoring relationship in his Individual Development Plan (IDP). Workday provides full transparency of the available mentors through different filters so that any employee can find a relevant mentor (by location, by job position, by business unit, by gender etc.).

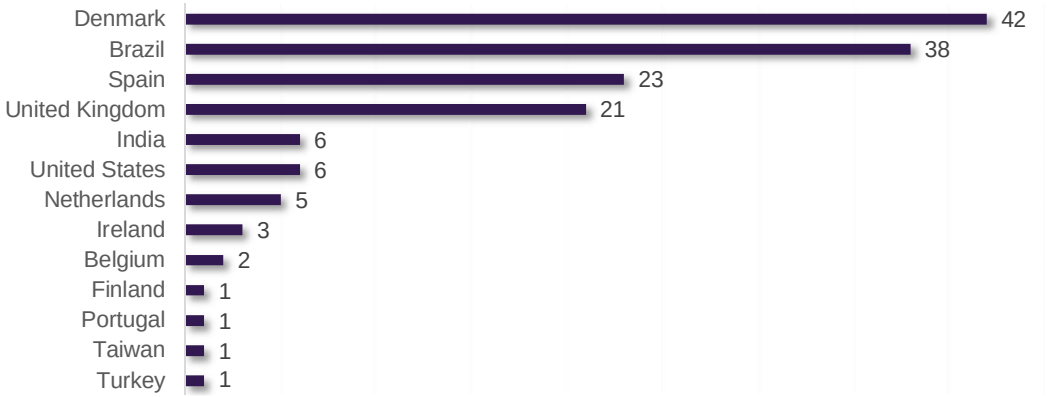
The number of active mentors at the end of fiscal year 2020 totaled 317.

360º Feedback

This is a development enabling system that gathers feedback on an individual from several sources, usually managers, colleagues and direct reports. In addition, there are other group which can be used to include internal or external customers or any other group that is relevant to understanding he employee's strengths & development areas. The tool was launched on November 27, 2019 and 150 employees around the world have used it.

The employee is at the very center of the process and decides whether to apply for it together with the manager, who approves the request. The employee decides who will be invited to take part as raters in each group. Once all the raters have responded, the report drawn up is sent directly to the employee. It is the employee who decides (as we recommend) whether to share the report with his/her manager. Lastly, we have trained 50 HR Business Partners across the globe to conduct feedback sessions with any employees who request to get a better understanding of the report's results.

Figure 17 – 360º Feedback evaluations in FY 20



Upward Feedback

SGRE wants to create high-performing teams that resolve conflicts easily, are aligned and in full cooperation mode. The objectives of the Upward Feedback are enhancing team feedback for managers creating an action plan for team growth. In Upward Feedback sessions, the whole team with the facilitation of an HR Business Partner reflects on strengths and areas of development of the manager, and shares with him in order to create an action plan for the whole team that improves efficiency and performance.

The Upward Feedback was launched in June 2020, and 72 HR Business Partners have been trained around the global to facilitate Upward Feedback sessions.

B6. Learning and training

[L11-HR18] Learning initiatives are used to support the company's vision by enhancing the skills of employees, thereby developing competencies to boost on-the-job performance. Our mission is to support short-term performance and build up long-term capabilities.

Wind University's learning services underpin the entire organization. Learning is everywhere and forms part of SGRE's values. Wind University provides support through consultancy services, tools and the delivery of a variety of activities across the business.

B6.1 Learning Drivers

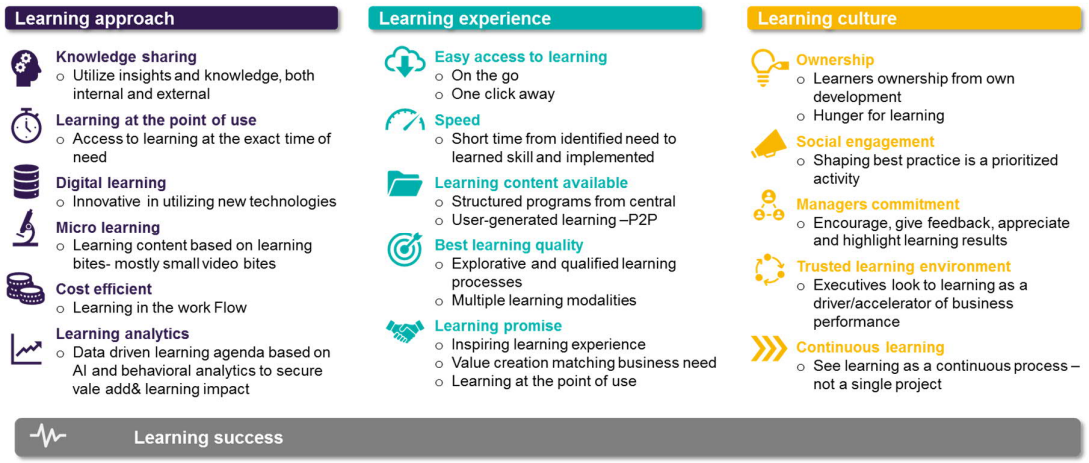
Today's competitive and fast changing business environment, along with increasingly complex labor market conditions have made SGRE´s ability to develop employees and speed up the way we build new business-critical skills more crucial than ever. The COVID-19 pandemic has shown us that we can move away from a controlled traditional learning setup and use digitally based learning that can be delivered on demand when necessary without any kind of predefined schedule.

B6.2 SGRE Learning ambition

In order to attain a successful employee experience and enhance output, it is important understand what drives modern professionals. Today's professionals learn continuously on the job. They want immediate access to solutions that can resolve their problems and are happy to share what they know. They rely on a trusted network of colleagues and like to learn with them and from others to keep up to date with their industry and profession. Last but not least, modern professionals thrive on autonomy

We have set out our SGRE learning ambitions to support us in along the path to learning and have based a strategic learning transformation program that we have initiated based on these principles.

Figure 18 – SGRE learning ambitions



B6.3 SGRE learning principles

We have defined a set of principles that applies before commencing any learning activity. These are as follows:

- **Principle 1: Training is agreed upon with line manager.** The purpose of any training or learning activity is to secure measurable business success for the company. You and your line manager must consider and align upon how the training or learning activity will increase measurable performance, leading to an increase in efficiency, sales or decrease in costs.
- **Principle 2: Ownership culture.** Training your skills and providing time and space for your continuous learning is an asset for the company. You and your line manager share the responsibility of optimizing your capabilities, which will make you perform as best as possible in your work.
- **Principle 3: Easy access to learning and training.** The company is committed to providing the easiest possible access for you to learning resources, inspiration and training, with means focusing on your convenience. User experience and interfaces are the heart and soul of our approach to give you the most efficient access to answers and new skills.
- **Principle 4: Impactful leadership & Valuing people.** The company recognizes you and your line manager's decisions regarding training and learning needs, if they honor principle 1.
- **Principle 5: Planning and booking.** You plan and book training and learning activities in agreement with your line managers.
- **Principle 6: SGRE Booking channels.** SGRE offers an internal online platform where you can book training and learning activities within the product, process and business learning areas. External training that is not offered via internal sites must only be booked under agreement with line manager and in line with budget.

B6.4 SGRE Learning Landscape

Certain job roles have required legal, country and business critical qualifications that need to be covered. When a job role has been assigned it is the managers responsibility to make sure that any mandatory trainings are completed within a reasonable/defined timeframe. At SGRE we have defined the following learning landscape and overall guiding principles for each area.

SGRE Product Learning

SGRE specific learning on process, tools and products to ensure operational excellence. This enable the business to remain compliant with mandatory requirements. Qualification frameworks are built as an integrated part of the Product Learning and secures license to operate via ISO standards. SGRE Product learning refers to training related to the SGRE products.

The model includes:

- **Internal training & Qualification Management**: Core knowledge on process, tools and products and is developed internally in SGRE.
- **Customized training:** Buy best market offerings and customize it to SGRE standards, vision and mission.

Training in this category is mainly offered through SG Training Web and registered in the company LQMS.

For all Internal training within this category it applies that it is mainly offered by internal experts. The whole end to end process for this is covered in detail by PRO-26552 Learning Management to ensure a uniform approach to training across the company.

Customized training is used either when new knowledge is to be added to the organization, where no internal resources are available or when certifications are required. Providers are to be selected on market performance and their ability to live up to the learning objectives set for the specific topic.

Qualification Management is a specific methodology used when training requirements are not to be defined and tracked on an individual level and it allows responsible functions to define and track the requirements set in a standardized way thereby living up to ISO-standards.

Standard Learning

Standard learning refers to generally available training and is bought from the best options the market has to offer, both globally and locally. We have initiated a global project aimed at partnering with the best vendors in the market which collaborate with the Siemens group to offer our employees a single global employee experience.

B6.5 Performance 2020 and roadmap to 2023. Strategic learning initiatives

SGRE Learning 2.0 is our strategic learning initiatives/ program to support us in reaching our strategic goals. SGRE Learning 2.0 aspires to make learning a competitive advantage by putting the learners in the driver's seat and providing them with a user-centric learning universe, which enables them to acquire new skills with speed and ease. In fact, continuous learning is an integral part of the SGRE Strategy.

SGRE Learning 2.0 will leverage both digital learning, more traditional training delivery methods, learning analytics, social learning and apply enhanced learning technologies. To create continues and highly engaging learning experiences, which enable learners to build new skills in the flow of work and to gain fast and easy access to learning.

One important step on this journey will be to continue to develop and support our learning culture, in which we utilize our strong internal trainers community with more than 500 internal trainers that on top of their normal job take on the trainer job to roll out our internal programs, that the learners take ownership of their own development and that leaders prioritize learning and knowledge sharing. Another important step is to have a global digital standard learning catalogue to support the learner in their development.

SGRE Learning 2.0 also sets some clear guidelines for governance and resources. To ensure efficient, cost-effective and strategically aligned learning practices across the entire SGRE organization, Wind University have established a global network for learning professionals in SGRE.

Focus on digitalization

The focus on digitalization is driven by four main leavers: 1) market trends and expectations; 2) timely delivery; 3) cost; and 4) the COVID-19 pandemic. Some of these leavers are quite straightforward and generally recognized in the L&D Business. Learners in the 21st century have certain expectations that must be combined with proven learning delivery methods. Moreover, at SGRE these are in turn combined with the company's reporting, compliance and cost-efficiency needs. This was catalyzed by the global COVID-19 pandemic, which highlighted the importance of digital training and its impact on cost reduction..

To achieve digitalization in learning SGRE have run several strategic initiatives in 2020 that can be clustered as follows:

- **Testing and application of new digital platforms for delivery of SGRE Product Learning.** In 2020 SGRE have tested a number of digital learning solutions for delivery of learning like Adobe Connect, for promoting social learning like FUSE and for using AI to customize learning offerings like Filtered/magpie. Whilst some are still testing the FUSE platform is being deployed for a large SAP project and Adobe Connect as a tool for internal trainers to deliver training remotely when classroom training was no longer a possibility.
- **Upskilling of internal trainers.** Internal Wind University trainers have in general a large number of ways to achieve upskilling to secure a better transfer of knowledge. SGRE runs a global trainer program to upgrade skills, introduce new methods and trends as well as share knowledge but also to generally recognize the effort done by the internal trainers. This year the focus has been especially on digital delivery of training and through this effort we have managed to increase the number of instructors led trainings delivered online by 134% compared to 2019. This success was achieved by both providing the tools but also upskilling trainers to use them afterwards.
- **Initiating a project to find a global digital standard learning provider.** Traditionally standard learning has been delivered as face to face training or as local digital solutions. SGRE are currently working on securing contracts with one or more suppliers of digital standard learning platforms to be able to roll out a global solution in early 2021.
- **More focus on VR for new releases.** Currently SGRE are running a big VR project connected with the release of a new turbine platform (5X). The idea is to support the upskilling of the entire value chain to this new platform by deploying an affordable and flexible concept for the use of VR.
- **Embarking on the journey towards a digital learning eco-system.** All the above initiatives are combined into a digital eco-system acting as the blueprint for future initiatives on digital training in SGRE.

Targeted Learning / Global Learning Frameworks

The Global Programs aims to support a business area directly with learning for specific roles and capabilities. Through Global Programs have SGRE been able to strategically deploy global learning framework for groups of employees. We have established Global Learning Board that is set and drive the strategic direction for learning within their organizational area. This is done by agreeing targets with the various business functions and then planning and supporting the delivery of the needed learning activity as well as deploying new methods and tools – also partially described above. Among the highlights:

- **Sales Program:** This year the sales program added new training and began using the Qualification Management Product to get a better focus on the detection of training gaps.
- **Technology Program:** This program was highly focused on digitization even before the pandemic in an effort to make delivery more flexible and cut down on costs.
- **Trainer Program**: New methods and testing the FUSE social learning tool
- **Training within industry (TWI):** Roll-out of the TWI method in India, though it has been halted temporarily due to the COVID-19 pandemic.
- **Project Management**: Qualification Management began to be used to track PM certifications in the organization, along with a more tailored internal training program for PM roles

Global e-learning campaigns to ensure compliance and global mindset

In fiscal year 2020 SGRE rolled out four major mandatory e-learning campaigns to all employees. Both to ensure compliance but also promote the right mindset for instance on HSE topics.

- Cyber security eLearning – Booked for 22,500 employees. Goal reached of 80% participation
- Export Control and Customs Awareness – Booked for 24,000 employees. Completion 12,769 (67%)
- Business Conduct Guidelines – Booked for 24.148 employees. Completion 7,971/ 42%
- HSE-1000 Global Health, Safety and Environment Awareness – Booked for 24,179 employees. Completion 13,007 (68,5%)

These marks the first global campaigns in SGRE to truly promote ONE mindset for the entire company on topics like HSE, Cyber Security, Customs but also how to act in daily business living up to the company values and standards. In the coming year we are working on tools to secure a leaner roll-out of these campaigns as well as improved reporting.

Global Qualification Management

The continued deployment of Qualification Management to track mandatory training requirements both on site and at production facilities has taken place in 2020. Consequently, the backgrounds of the employees present on any construction or service site anywhere in the world are available. Group Account stores over 100,000 certificates and provides a standardized safety overview of the qualifications held by both internal and external employees. Work is currently being done to upgrade the reports and enhance the use of functionalities to allow for employee development tracking as well.

Learning in numbers

[L11-HR19] [404-1] During the reporting period our company registers a cumulative number of training hours of 839,950 (904,529 hours in FY19). The training hours rate per employee in fiscal year 2020 stood at 32 and the average training hours per training session is 4.2.

Table 37 - Training hours of employees

	FY18	FY19	FY20
Europe, Middle East and Africa	504,284	682,082	**637,005**
Americas	49,387	105,442	**91,058**
Asia, Australia	65,586	117,005	111,886
SGRE Group	**619,257**	**904,529**	**839,950**

The group employed 634 graduates (615 in FY19) - including Interns, apprentices and students - at the end of the reporting period, of which 510 (80%) were internal so they were paid to work while pursuing a course of study.

Table 38 - Graduates

	FY18	FY19	FY20
Internal	421	496	510
External	86	119	124
SGRE Group	**507**	**615**	**634**

B7. Compensation & Benefits

Benefit Programs

B7.1 Management approach

[401-2] [401-3] The SGRE Global Benefits Policy is aimed at supporting Siemens Gamesa's purpose of empowering people to lead the future. It considers Diversity, Empowerment and Continuous Learning as the three dimensions that comprise the Siemens Gamesa Culture of Trust. Furthermore, the Global Benefits Policy is aligned with the company's Values, fostering the creation of the Trust: Results Orientation, Customer Focus and Innovativeness, Attitude of Ownership and Valuing People.

Siemens Gamesa ensures that all countries have an individual benefit offering which is in line with local market conditions. The benefits offered include insurable benefits, pensions and fringe benefits. Insurable benefits are managed through a global external vendor to ensure we remain aligned with the market median, are properly governed and achieve competitive rates. To attract and retain our talent, benefits are regularly reviewed to move with market trends.

B7.2 Policy framework

[201-3] Benefits complete an individuals' compensation in an effort to offer an attractive and competitive compensation and benefits package in the market:

- Offer global consistency with local relevance and local implementation responsibility: Benefits are local and are dependent on the country regulations and general market practice
- Benefits ensure employer attractiveness
- On the jobs benefits can increase the level of dedication and enthusiasm
- Benefits comply the 'Duty of Protection': Protecting employees against the consequences of an eventually event causing any economic impairment to them or their dependents
- Benefits are aligned with company Culture

Benefits are indirect and non-cash compensation offered to employees. All benefits are set according to mandatory local market regulations or median market practices. The scope of the benefits we offer varies across countries and strongly depends on local social security and tax regulations. They may include: i) post-employment benefits; ii) life and disability benefits; iii) accident benefits; iv) health insurance; or v) business travel assistance insurance. Other benefits include transport allowances, time off/vacation, work/life balance benefits, awards, perquisites and social security.

B7.3 Strategy and targets

The benefits policy ensures Siemens Gamesa employees are protected against the risks associated with their health, death in service and planning for their retirement. The benefits package contributes to the overall Total Remuneration (TR) package. All Benefits are defined according to mandatory local market regulations or to median market practice. The scope of the benefits we offer varies across countries and strongly depends on local social security and tax regulations.

B7.4 Performance in 2020

Defined Contribution (DC) schemes are becoming increasingly prevalent at Siemens Gamesa. The design of DC pension schemes should provide suitable tools for employees to manage risks appropriately and provide them with a capital sum that can be turned into an acceptable, affordable and relatively stable level of income during their retirement. The annual contribution of Siemens Gamesa is around 55 € million being 32.6€ million in Denmark, 8.5€ million in UK, 9.2 € million in the US, and 0.02€ million in Germany.

We are currently offering 22 defined benefit plans for approximately 6,000 participants having an overall obligation in the following countries: Austria, Belgium, Croatia, Czech Republic, Egypt, France, Germany, Greece, Hungary, India, Iran, Italy, Philippines, Poland, Thailand, Turkey, USA.

Compensation

B7.5 Management approach

A fair and competitive compensation and benefits package is offered to attract and retain the workforce of SGRE so it can shape the renewable energy industry through its commitment to diversity, inclusion and employee well-being. Employees are our most valuable asset. We operate under the principal of equal opportunities by avoiding any kind of discrimination and ensuring fulfillment of the labor legislation which applies to all countries where the company has a presence.

B7.6 Policy framework

Cash compensation is one of four central elements of the Total Rewards Framework of SGRE. The cash component consists of base salary and variable pay. Base salary and Variable Pay together are defined as Total Target Cash. The Total Target Cash can be subject to the annual salary increase procedure, namely Compensation review process. This procedure is intended to address:

- regular salary increases for performance meeting expectations
- extraordinary merit salary increases for outstanding performance
- market and equity adjustments.

Salary bands per grade profile are set for each country. These bands include base salary and country target percentages per grade profile. Said target percentages are mandatorily applied to all new hires. Additionally, said percentages have to be harmonized over time for existing employees with the help of the yearly merit increases or when they change positions.

- **Base salary** is defined according to local market practices. We target a base salary around the market median. Base pay is considered to cover your family spending, normal living standards. Based on market practice additional allowance can be paid.
- **Variable Pay** is defined as a target percentage of base salary. This percentage of base salary is paid out as annual incentive, if the company and individual targets are reached. The targets are set in a yearly guideline that is globally mandatory applicable to all eligible.

B7.7 Strategy & targets

At Siemens Gamesa we pay for performance. The compensation package is 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. The salary bands offer enough flexibility to account for the candidates' different levels of expertise and effectiveness.

B7.8 Performance 2020

Variable Pay: SGMBO

The Siemens Gamesa Management by Objectives (SGMBO) is the procedure to set targets for employees. It is designed to reward company and individual performance based on the variable portion of the compensation package and is being paid as an annual incentive. The eligibility depends on local market practice. SGMBO target structure includes Company Targets as well as Individual Targets, therefore the payout amount depends on the respective achievements. Individual Targets are set between manager and employee as part of the SGRE performance process. In general, the final target achievements apply on the individually agreed SGMBO target percentage, which is paid according to local rules. Apart from the fix remuneration, we define a globally applicable short-term incentive program for about 44% of the employee population (43.5% in FY19). To support the integration process, the globally applicable target structure for the short-term incentive is composed of 70% overall Siemens Gamesa key performance Indicators and 30% individual targets.

Table 39 - Individual Performance Appraisal

	FY18	FY19	FY20
Employee coverage of individual performance appraisals	35.8	43.5	44.4

Long-term Incentive

SGRE Long-term Incentive (LTI) aims at boosting the motivation of SGRE's management, attracting and retaining talents and fostering ownership culture aligned to Compensation and Benefits Value Proposition, while enhancing the long-term business performance. The SGRE LTI is a performance-oriented stock awards plan. In a yearly allocation process, CEO decides on the eligible senior managers for the yearly cycle. SGRE LTI is in line with the market and its major objective is enhancing business outcomes. Therefore, it reflects external market developments and strategic company priorities by considering determined performance indicators.

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." [29]

[29] 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: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/general-shareholders-meetings/2018/documentation-with-supplement/informe-ilp-2018-agm.pdf

Salary gap by gender

[L11-HR05] [405-2] [L11-HR06] To analyze average remuneration, we classified employees into four levels following both Korn Ferry and IBEX35 trends. These levels are: Executive, Management, Professional and Operational staff. These four (4) professional levels include several GRIP levels. The GRIP[30] leveling system analyzes every position evaluating main factors to identify the right level: impact on the organization, key responsibilities, experience and knowledge required, impact on other employees, responsibility over other employees, educational requirements, and problem solving and critical thinking required. We split the levels this way because one single pay gap per country would not be showing the real situation. On the opposite, it is not possible to add more granularity to these four levels as we do not have female population in a significant combination of country+ job level + job family. Also, we include gender distribution per job level and country. This is also following the Korn Ferry approach. This analysis helps us to gain an understanding of the pay gap and enables us to address it.

Table 40 - Pay gap by gender

	FY19						FY20					
Category	Fenale universe	Male universe	Average TTC (euro) Female	Average TTC (euro) Male	Average TTC (euro)	Salary Gap	Female universe	Male universe	Average TTC (euro) Female	Average TTC (euro) Male	Average TTC (euro)	Salary Gap
<35 y	**1,249**	**6,502**	**42,069**	**28,256**	**30,482**	**149%**	**1,241**	**6,306**	**44,448**	**29,883**	**32,278**	**149%**
Executive	2	2	115,355	92,323	103,839	125%	1	1	129,847	175,500	152,674	74%
Management	114	279	80,877	80,763	80,796	100%	108	262	89,684	77,341	80,944	116%
Professional	860	3,430	42,990	32,531	34,628	132%	929	3,229	43,195	33,809	35,906	128%
Operational	273	2,791	22,424	17,707	18,128	127%	203	2,814	25,700	20,909	21,231	123%
35 < y < 44	**1,696**	**5,985**	**55,415**	**49,738**	**50,991**	**111%**	**1,761**	**6,629**	**56,669**	**50,973**	**52,169**	**111%**
Executive	18	90	150,837	184,947	179,262	82%	14	85	174,476	185,470	183,916	94%
Management	348	1,251	86,380	86,122	86,178	100%	418	1,354	88,206	88,541	88,462	100%
Professional	1,039	3,047	50,490	43,892	45,570	115%	1,063	3,281	49,139	44,901	45,938	109%
Operational	291	1,597	30,067	24,770	25,586	121%	266	1,909	31,000	28,775	29,047	108%
45 < y < 54	**812**	**2,922**	**63,207**	**69,438**	**68,083**	**91%**	**902**	**3,395**	**64,843**	**69,104**	**68,210**	**94%**
Executive	12	115	210,585	237,150	234,640	89%	13	118	210,296	228,340	226,550	92%
Management	191	915	97,483	96,376	96,567	101%	237	1,002	95,869	97,411	97,116	98%
Professional	426	1,244	55,601	53,129	53,760	105%	448	1,359	56,517	55,212	55,536	102%
Operational	183	648	35,473	32,945	33,502	108%	204	916	37,813	38,238	38,160	99%
55 < y < 60	**203**	**743**	**60,323**	**81,855**	**77,235**	**74%**	**199**	**866**	**65,365**	**81,670**	**78,623**	**80%**
Executive	3	39	233,737	279,231	275,982	84%	6	40	224,143	313,886	302,181	71%
Management	35	248	100,811	110,770	109,538	91%	38	264	98,938	111,892	110,262	88%
Professional	87	264	59,402	57,838	58,226	103%	87	272	61,348	60,492	60,700	101%
Operational	78	192	36,512	37,439	37,171	98%	68	290	37,735	41,991	41,182	90%
> 60 y	**61**	**249**	**73,738**	**95,936**	**91,568**	**77%**	**99**	**466**	**63,777**	**73,353**	**71,675**	**87%**
Executive	0	6	0	349,073	349,073	0%	-	8	-	245,979	245,979	0%
Management	14	91	115,384	115,918	115,847	100%	20	132	107,185	114,430	113,477	94%
Professional	30	82	64,999	84,701	79,424	77%	51	146	60,737	65,326	64,138	93%
Operational	17	70	54,863	61,424	60,142	89%	28	180	38,309	42,068	41,562	91%
SGRE Group	**4,021**	**16,401**	**53,369**	**46,888**	**48,164**	**114%**	**4,202**	**17,662**	**55,394**	**49,024**	**50,248**	**113%**

Considerations for this salary GAP report:

- Headcount as of September 30 (end of fiscal year)
- From total headcount, population in the report has been reduced, eliminating information being either not accurate or missing. Population of 21,864 employees (20,422 in FY19) were considered for calculations.
- Formula for salary GAP is: Average Female / Average Male, stated as percentage.
- TTC = Total Target Cash. This includes Base Salary + Variable Salary.
- All salaries contained are gross annual amounts in EUR.

[30] GRIP: Global reward Infrastructure program

C. Environmental matters

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In this section:

C1. Environmental management system

[L11-M01] Climate change and resource scarcity are some of the greatest global challenges facing society today. Siemens Gamesa's business model is based on the development of sustainable solutions, products and services. Therefore, the company focused in recent years on energy efficiency, the systematic reduction of CO2 emissions associated with our processes, and the reduction of the environmental impact of the life cycle of our products and services. Given that any industrial activity has significant impact on the environment where it takes place, the company adheres to the principle of precaution, especially when managing environmental, climate and water risks in an integrated manner, reducing and offsetting emissions, promoting the circular economy, and conserving biodiversity.

Environmental protection is set out in the Business Conduct Guidelines and is developed by means of three action policies that cover the main environmental risks in operations: Global Corporate Social Responsibility Policy, HSE Policy and Climate Change Policy. Moreover, 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 combat against climate change by reducing the environmental impact of our company's activities.

As envisaged in the Sustainability Master Plan, the integration of climate change and the application of environmental policies and principles in Siemens Gamesa's business operations is guaranteed through strategies and programs submitted to the Executive Committee.

The company has specifically qualified personnel in all functional and geographical areas. This allows us to provide the highest quality and experience at all times when developing our activities based on the strictest environmental standards. 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 therefore seek, lead and support environmental improvements throughout our product value chain to ensure appropriate improvements are realized in all lifecycle stages of our products and services.

C1.1 Environmental Policy

[L11-M05] The Siemens Gamesa Policy[31] provides clear direction and specific objectives with regards to Health, Safety and Environment. It is divided into six pillars (below) which form the basis of our combined strategy and activities for HSE in Siemens Gamesa. Further, it applies globally to all Siemens Gamesa activities, regions and locations and is mandatory for all employees working for Siemens Gamesa, on its behalf or under its authority. The policy forms the basic framework for how we aim to achieve our Company DNA. The following quote, taken from our policy, clearly articulates our core philosophy:

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

[31] See: Siemens Gamesa Policy. Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-policy-august-2017.pdf

C1.2 Environmental Framework

[L11-M04] [102-11] Siemens Gamesa has incorporated the precautionary principle regarding environmental protection in accordance with the provisions of Article 15 of the Rio Principles. This principle has been widely accepted in laws and regulations aimed at protecting the environment.

[L11-M02] The global Head of Quality Management and Health, Safety and Environment (QM&HSE) is responsible for the governance of Siemens Gamesa's Integrated Management System including all HSE related certifications, policies and procedures. Siemens Gamesa has an Environmental Management System certified according to the ISO 14001:2015 standard, which covered 110 locations in 2020 but is subject to change in the next months due to the closure and addition of some locations. The scope of certification covers all functional areas and core processes related to the sale, design and development, procurement and manufacturing of wind turbines as well as other mechanical and electrical components for both wind and non-wind applications. Project development such as execution, construction, installation and service of wind turbines is also covered by the scope of this certification. The certificate is valid from July 2018 to July 2021.

[L11-M03] Siemens Gamesa's Integrated Management System provides a framework of global procedures and tools around various HSE topics to monitor, control and improve the company's HSE performance. For environment, the company can demonstrate compliance to our stakeholders, identify potential aspects and implement controls to avoid or reduce potential environmental impacts as well as engage employees and motivate suppliers to improve the environmental performance when planning and carrying out activities related to our operations, products and services. However, the management system, which is composed of a series of documents and tools, is otherwise ineffective without competent employees and a supportive leadership team bringing it to life. Figure19 provides an overview of the global procedures for environmental protection at Siemens Gamesa.

The global HSE processes are governed by the corporate HSE functional area. They are developed and continuously improved on a joint basis by HSE specialists across Siemens Gamesa to ensure they reflect the different parts of the business. As such, they also apply to all of Siemens Gamesa, including both corporate functional areas and business units.

Figure 19 - Global procedures for environmental protection

C1.3 Environmental targets

The company has established a broad range of targets geared at ensuring its commitment to fight against climate change and protect the environment. Due to the company's firm commitment to the environmental matters, some of these have been attained earlier than originally planned.

Table 41 - Environmental key targets to 2023

Core KPI	KPI description	FY21	FY22	FY23
Carbon intensity	**Carbon intensity reduction (Scope 1+2)** *tCO2 eq / MW installed*	5.8	4.90	4.0
Energy intensity	**Energy intensity reduction** *GJ/MW installed*	126	121	116
Green electricity	**Achieve a share of minimum 95%** electricity supply from renewable sources	80	90	95
Waste intensity	**Reduce waste generation to achieve 6.0 t/MW waste generation rate**	6.15	6.10	6.00

Monitoring and analyzing the environmental performance of our production facilities and project sites on a regular basis is essential to attain these goals. Since 2019, Siemens Gamesa implemented Sphera, our internal HSE software tool that allows for data collection and analysis. Further, it becomes instrumental to:

- Reporting environmental incidents
- Monitoring environmental data and visualizing these for better analysis
- Creating transparency and opportunities for best practice sharing.

C1.4 Expenditure and investment for environmental impact management

Table 42 - Breakdown of key environmental expenses

(€ thousand)	FY20
Energy consumption	17,802
Waste management	7,776

C1.5 Environmental successes in fiscal year 2020

At Siemens Gamesa, we are committed to society and the environment. We pride ourselves on our consistent efforts to promote a shared health culture and motivate our employees to consider wellbeing in and out of the office. In addition, we encourage our employees to participate in global initiatives related to health, wellbeing and environment such as the “Virgin Pulse Global Challenge” mentioned above and the World Cleanup Day. These are voluntarily initiatives where employees can register either as individual or a team.

The World Clean-up Day is a civic movement that unites 180 countries and millions of people across the world to clean up the planet in one day. Volunteers and partners worldwide come together to clean up waste from beaches, rivers, forests, and streets. Due to COVID-19, Siemens Gamesa could not arrange teams this year. We, however, encourage all employees around the world to go out into their local nature or social environments and collect trash.

Moreover, Siemens Gamesa invite employees to the Digital Clean Up Day as an alternative option to the World Clean-up Day since the COVID-19 situation made it difficult to carry out activities in person. The Digital Clean Up Day consist on delete all unnecessary files, emails, apps, photos and videos from the smartphones, tablets, laptops, PCs and servers. By doing this, employees are not just extending the life of their gadgets, but also saving a huge amount of CO_2. The carbon footprint of the internet and the systems supporting it account to about 3.7% of global greenhouse emissions, which is similar to the amount produced globally by the airline industry and is predicted to increase to 20% in 10 years if we do not act. Therefore, we are giving employees the opportunity to help make sure this doesn't happen. In the first edition of the Digital Clean Up Day, 102 employees participated around the globe, saving around 390 tons of CO_2 in total.

Siemens Gamesa fosters a culture where all employees have the chance to identify problems and submit innovative solutions to reduce and improve the company’s processes. The Siemens Gamesa action plan tool serves to openly share cost-efficient ideas and discover “greener” opportunities across the business in order to facilitate cross-site learning and the sharing of ideas and knowledge. Employees are requested to submit their team’s innovative project initiatives that can also inspire others. By means of this centralized tool, we track our HSE improvements and categorize them in relation to the six areas of our HSE Policy and our HSE processes. HSE improvements can be categorized as actual environmental savings e.g. absolute reduction, substitution or efficiency measures or other initiatives such as campaigns, investigations or mappings, trainings, etc.

Improvements can be found across Siemens Gamesa. For instance, the nacelle factory in Brande is already running entirely on renewable electricity. Moreover, in December 2019, the plant exchanged ten diesel-powered forklift trucks used in daily operations at its warehouse with electric-powered vehicles as part of a plan to make the factory even smarter and greener. The idea had great potential to both help the environment and save on company resources. The introduction of ten new electric forklift trucks has diminished CO_2 emissions by 297.5 tons. The material handling equipment (MHE) exchange project is now being rolled out globally and it is expected to generate CO_2 savings of 1,800t CO_2 per year and make significant progress over the next two years as a support measure for Siemens Gamesa's efforts to reduce its CO_2 emissions in line with its science-based targets.

Another good example is the Aalborg Plant, which took on the mission of reducing waste as a way to become greener and more cost-effective. The plant sold any items that were no longer needed instead of scrapping them. The plant made 225 sales cases from April to June 2020, thereby saving around 115 tons of CO_2 and avoiding the waste volumes amounting to 60 tons of metal, 0.3 tons of plastic and 1.2 tons of waste destined for incineration. This successful initiative has made a huge difference for the factory’s environmental footprint and will be continued to support Siemens Gamesa to accomplish its waste reduction target and decarbonization targets by reducing CO_2 emissions, increasing the value of redundant stock and continuing to foster a great change of behavior at factories.

The SEA (South Europe and Africa) Construction team is also taking decisions along the same lines to reduce Siemens Gamesa's carbon footprint. SEA initiative was focused on replacing its traditional portable lighting system required on construction sites during night shifts with a lighting tower equipped with a smaller generator set. The new lighting tower has a smaller 25-liter diesel tank as compared to the conventional towers' 80-liter tank. The new towers are more versatile and lighter than the original ones. Additionally, both the power and investment cost required are much lower when compared to conventional towers costs. The initiative not only helps the team to cut down on CO_2 emissions by more than half when compared to traditional towers, it also reduces a great deal of investment costs. The initiative kicked off in July 2020 with two towers sited on two construction sites and it is expected to progress significantly over the next year.

Furthermore, Siemens Gamesa is engaging its supply chain towards a complete decarbonization in line with the 1.5-degree Celsius global warming trajectory. In 2019, Onshore Tower Operations team together with the Procurement team developed the 'Supply Chain Decarbonization Program' that aims at reducing the CO_2 emissions that are emitted during the manufacturing of our towers and which leads the way to a more sustainable supply chain. The results of the program so far are promising: three suppliers have already agreed to switch to renewable energy sources, which will reduce the relative global average carbon intensity of tower manufacturing by 25% and an absolute reduction of about 20,000 tons of CO_2 emissions annually. The team now has full transparency of where CO_2 emissions are taking place and how they can be reduced. Siemens Gamesa is currently expanding this for tower procurement globally to then expand its scope gradually.

C1.6 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 2020, 8.7 GW of wind energy was installed helping our customers further reduce their emissions by 23 million tons of CO_2. On a cumulative basis, more than 107 GW of wind energy from Siemens Gamesa wind turbines have been installed since 1998. This allows our customers to mitigate their carbon footprint by more than 281 million tons of CO_2 per year.

Table 43 - Environmental benefits (cumulative at fiscal year-end)

	FY18	FY19	FY20
MW installed (annual)	6,234	9,895	8,767
GW installed (cumulative)	88.8	98.7	107.5
TWh/year (cumulative)	272	303	332
NOx prevented (cumulative million tons)	1.9	2.1	2.3
SO_2 prevented (cumulative million tons)	1.0	1.2	1.3
toe prevented (cumulative million tons)	23.4	26.0	28.5
CO_2 emissions prevented (cumulative million tons)	231	257	281

Note on the conversion factors used. Emission factor world fossil: 849grCO_2/kWh; Conversion toe/MWh (1toe=11.63 MWh): 0,0859 toe/MWh; Conversion tSO_2 avoided per MWh generated: 0,0038 t/MWh; Conversion t NOx avoided per MWh generated: 0,006875 t/MWh. Hours equivalent a year group average: 3066.

C1.7 Product stewardship

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 meantime between service visits.

C1.8 Life Cycle Assessments

Siemens Gamesa quantifies and documents the significant life cycle impacts of our products and operations (manufacturing, installations, services) by performing Life Cycle Assessments (LCAs) in accordance to the ISO 14040 series of standards and applicable Product Category Rules (PCRs). This methodology analyzes the environmental impacts across the entire life cycle of the product and the processes associated to each life cycle stage. We use LCA findings as a basis to:

- Communicate our environmental performance to our internal and external stakeholders in the form of Type II and III Environmental Product Declarations (EPDs).
- Identify opportunities to improve our environmental performance in future designs.

By continuously increasing the number of LCAs and EPDs, we are developing a comprehensive knowledge base about the environmental footprint of our products and operations.

At the same time, we use the insight gained from the LCAs to improve not only product-related but also operation-related aspects. Take for example our offshore platform upgrade strategy where current turbine models are not only outperforming former models in terms of LCoE but also in environmental impacts such as energy payback time and $CO_{2\text{-eq}}$ emissions per kWh to grid.

Table 44 - Lifecycle assessments (LCA) and environmental product declarations (EPD)

	FY18	FY19	FY20
# LCAs	16	20	23
# EPDs	14	17	20

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 III Environmental Product Declaration for SG 5.0 132
- Type III Environmental Product Declaration for SG 5.0 145

C1.9 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.

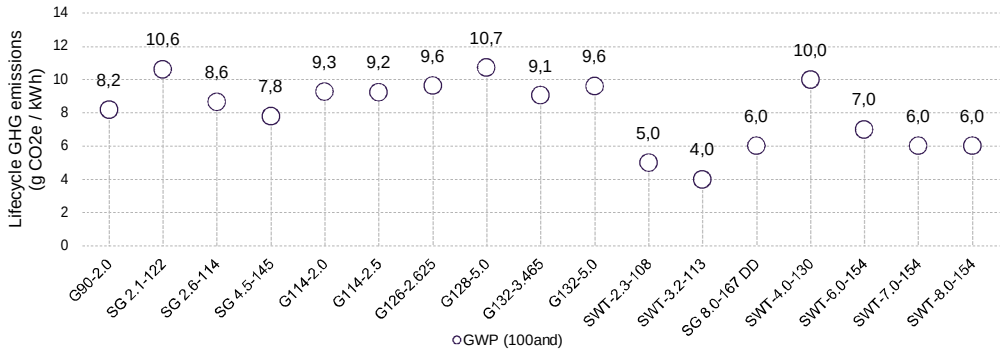
Operational procedures and controls are also set to assess and improve environmental aspects linked to manufacturing, assembly and construction, such as developing action plans and improvement measures for the materials and substances used, the waste generated, the energy consumed, or the volatile organic compounds (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 packaging or on introducing more recyclable packaging 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, along with 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 and 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.

Figure 20 - Global warming potential [32] (GWP-100y) during the lifecycle of Siemens Gamesa wind turbines



[32] The Global Warming Potential (GWP) was developed to allow comparisons of the global warming impacts of different gases. Specifically, it is a measure of how much energy the emissions of 1 ton of a gas will absorb over a given period of time, relative to the emissions of 1 ton of carbon dioxide (CO2). The larger the GWP, the more that a given gas warms the Earth compared to CO2 over that time period. The time period usually used for GWPs is 100 years. GWPs provide a common unit of measure, which allows analysts to add up emissions estimates of different gases and allows policymakers to compare emissions reduction opportunities across sectors and gases. (Source: EPA.gov)

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.

C1.10 Environmental requirements in our Supplier Code of Conduct

We require our suppliers and contractors share with us the common goal of behaving in an ethical, law-abiding manner at all times. Our global Code of Conduct for Suppliers and Third-Party Intermediaries establishes standards to ensure that working conditions in our supply chain are safe, that workers are treated with respect and dignity, and that business operations with suppliers are ethically, socially and environmentally responsible.

The Code of Conduct applies globally to all of Siemens Gamesa's suppliers and third-party intermediaries.

We engage our suppliers to join our journey towards greening operations and reduce our carbon footprint. In this way, a 'Sustainability/GHG' category is now incorporated into the yearly supplier evaluation process as a result of the Supply Chain Decarbonization Program that was launched in early 2019. This new category gives Siemens Gamesa's suppliers an opportunity to present their environmental efforts translated in CO_2 reductions. Siemens Gamesa is on the way to implement a sustainable procurement approach, to focus not only on a cost-benefit analysis, but also on how to maximize the net benefits for both the company and society.

C2. Climate change

[L11-M14] Siemens Gamesa recognizes that climate change is a global issue requiring urgent and collective action by governments, businesses and citizens alike. As a provider of clean affordable energy, our scale and global reach reinforces the central role we have in shaping the future's energy landscape. We are a member of multiple global communities who share our commitment to climate protection and decarbonization. For example, the Paris Pledge for Action, Caring for Climate and The Science Based Targets Initiative.

Siemens Gamesa climate change strategy covers the full scope of Siemens Gamesa's operations e.g. design and manufacture, pre-assembly and commissioning, operation and maintenance. We are committed to action and we 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.

C2.1 Climate Change Policy

Aware that climate change is a fundamental threat to markets and sustainable development, the Group has adopted a Climate Change Policy [33], which applies company wide.

The policy enforces Siemens Gamesa's intent to continue developing renewable energy technologies and promoting their uptake to achieve a global low-carbon energy generation model that not only reduces environmental impacts but also ensures a sustainable future for generations to come.

This policy was drawn up to contribute to Principle 4 of the Corporate Social Responsibility Policy:

"Contribute to sustainable development by reducing the environmental impact of Siemens Gamesa's activities and generating new solutions through innovation."

As far as climate change is concerned, Siemens Gamesa is committed to nine principles:

1. Support the global greenhouse gas emission reduction goals established in the Paris Climate Agreement and any international agreements that replaces it.
2. Support the United Nations Sustainable Development Goals (SDGs) to take urgent action to combat climate change and its impacts.
3. Foster and implement management systems that make it possible to fight climate change.
4. Pursue innovative advances in product design that help provide sustainable solutions to current climate challenges and achieve the gradual greenhouse gas emission reduction goals.
5. Advocate a global emissions market that makes it possible to generate the resources needed to finance clean energy projects, both in industrialized countries and in other emerging and developing economies.
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.

[33] See; Climate change policy. Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/corporate-policies/climate-change-policy.pdf

8. Transparently report significant results and activities with respect to the fight against climate change.
9. Promote industry alliances and partnerships with multiple interested parties to take advantage of the resources of the Siemens Gamesa Group, with a view to solving climate problems and generating social value.

This policy was revised and endorsed by the Board of Directors on September 25, 2019.

The company has made undertakings to several business initiatives aimed at assessing its climate related risks and opportunities, mapping and reducing the impacts associated to its emission sources, and voluntarily committing to climate protection and decarbonization initiatives such as the **Science Based Targets Initiative** [34] , **American Business Act on Climate Pledge**[35] or the **Paris Pledge for Action**[36]. Furthermore, the Company has announced that it became carbon neutral in late 2019, which is a major step closer towards the long-term target of net-zero CO_2 emissions by 2050.

C2.2 Risks and opportunities: Task force on climate-related financial disclosures

Siemens Gamesa, as any other company, is exposed to risks and opportunities related to climate change. We assess risks and opportunities based on their impact and likelihood over a time horizon of three years. The potential impact of a risk or opportunity can be assessed from a quantitative or qualitative perspective. Regular risk reporting takes place at the end of the quarterly update and review process. Each organizational unit reports its updated risk register to the next higher organizational level for further evaluation and analysis. Climate change is integrated into this process to the extent that it influences our business in relation to either our strategy or operations

The Taskforce on Climate-related Financial Disclosures (TCFD) recommendations are voluntary principles on integrating short to long-term climate risks & opportunities in risk management frameworks based on scenarios that anticipate physical and transitional changes due to climate change. This framework allows for a better understanding of business risks and opportunities that are derived from climate change impacts and greater transparency in companies' climate governance, strategy and performance in mainstream financial reporting.

Siemens Gamesa re-assessed its climate-related risks and opportunities in 2020. A materiality assessment was performed for five key geographic areas to identify specific physical and transitional risks and opportunities. After prioritizing a selected number of risks and opportunities, a scenario analysis was conducted using two climate change scenarios (see figure below): a "rapid low-carbon transition" scenario where strict control over GHG emissions and a rapid transition towards cleaner energy limits average warming by end-century to below 2°C, and also a 'high physical impact' scenario where GHG emissions continue to rise and we see on average 4°C of warming by the end of the century. Where the scenarios revealed a potentially significant risk and/or opportunity to the business, a financial impact assessment was conducted to get a better understanding of what the scale of the impact to SGRE could be.

[34] See: See: Science Based Targets Initiative. Link: https://sciencebasedtargets.org/
[35] See: American Business Act on Climate Pledge. Link: https://obamawhitehouse.archives.gov/the-press-office/2015/12/01/white-house-announces-additional-commitments-american-business-act
[36] See: Paris Pledge for Action. Link: http://www.parispledgeforaction.org/whos-joined/

Figure 21 – Climate scenarios assessed

High physical impact (4° warming)

- **Overview:** GHG emissions continue to rise at current rates, leading to significant physical climate change impacts (rising temperatures, changing precipitation, extreme weather events)
- **Example risks/opportunities:** Increased frequency of extreme weather events (wind patterns, floods, tropical cyclones, heat waves) causing prolonged periods of outage, frequent supply chain disruption or even rising premiums

Rapid transition (below 2C° warming)

- **Overview:** Aggressive climate policies from governments and action led by businesses and individuals leads to drastic cuts in global GHG emissions (halving by 2050), helping to limit physical climate change impacts
- **Example opportunities/risks:** Policy incentives for the renewable energy sector and higher carbon prices could lead to a significantly higher demand for renewable energy incl. wind power

Figure 22 – Scenario 1: Potential risks and opportunities within "Rapid low-carbon transition"

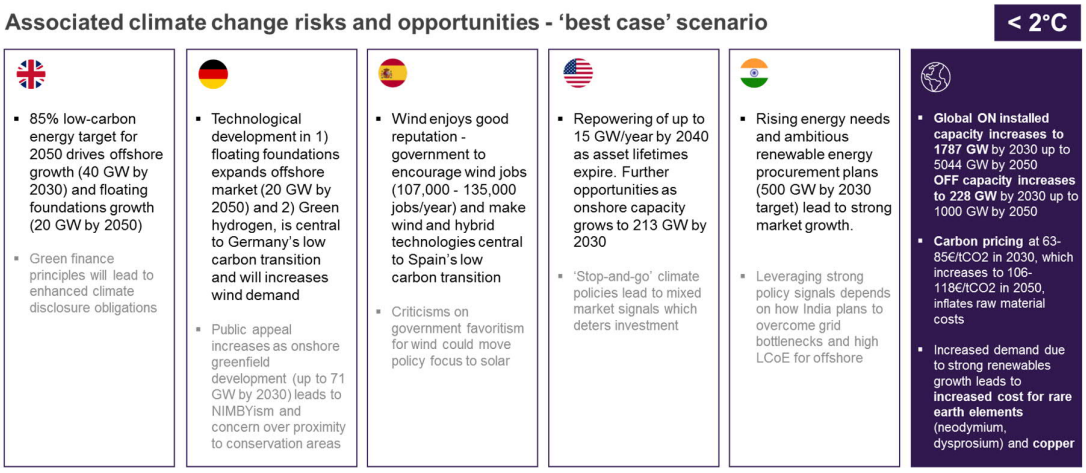
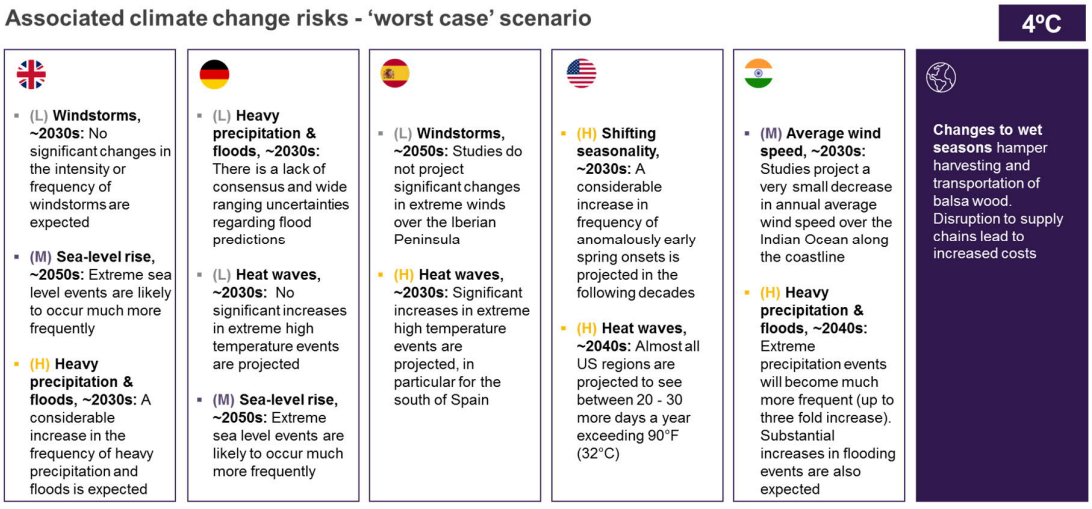


Figure 23 – Scenario 2: Potential risks and opportunities within "High physical impacts"



The **'rapid low carbon transition' below 2°C scenario** offers significant opportunities to Siemens Gamesa in relation to the expansion of onshore and offshore wind markets globally, as well as for the development and expansion of clean technologies such as green hydrogen and floating offshore wind. In addition, this scenario suggests various policy and social benefits from Siemens Gamesa's ability to encourage policymakers and other public authorities to adopt more ambitious targets and regulatory frameworks to support the expansion of renewable capacities and employment opportunities around the world. However, the below 2°C scenario also suggests that there are some important risks for Siemens Gamesa regarding the demand for raw materials, such as concrete, steel and rare earth elements and its supplier's ability to keep pace with technological developments in a sustainable way. Furthermore, carbon pricing of key raw materials, an increased risk of 'NIMBYism' with larger turbines and greenfield expansion and competition with the maritime industries (fisheries and O&G sectors) are other identified risks.

The **'high physical impact' 4°C scenario** mainly suggest risks to Siemens Gamesa such as acute and chronic weather conditions – particularly changes in wind speeds or patterns–, extreme temperatures, large seasonal differences and variations in precipitation that cause floods or droughts. The physical risks thus identified tend to be high impact but low likelihood events which result in comparatively low annualized risk levels affecting specific sites (factories or wind farm assets) and/or operations.

The risks and opportunities thus identified are assessed in accordance with TCFD guidelines. Siemens Gamesa is on the path towards integrating the risks and opportunities identified into its business strategies and risk management processes. By fully adopting the TCFD framework, the company will enhance its governance over existing commitments like the SBTi and also mitigate climate-related risks and exploit climate-related opportunities, which will consequently strengthen confidence among its shareholders and customers.

C2.3 Net-zero carbon emissions strategy

[L11-M15] In 2018 Siemens Gamesa pledged to becoming carbon neutral by 2025. Several motivating factors encouraged this decision such as the need to adapt to changing market landscapes and to leverage new opportunities, the growing climate awareness by our management and employees as well as the anticipation of future climate regulations and carbon prices. Carbon neutrality in Siemens Gamesa has to date, included measuring, reducing and/or offsetting the CO_2 generated directly or indirectly by the company.

Siemens Gamesa became carbon neutral at the end of 2019, five years ahead of schedule. This accomplishment is a major milestone and was attained by a combination of reducing and/or offsetting the CO_2 generated directly or indirectly by the company. In this fiscal year 2020, Siemens Gamesa widened its ambitions and incorporated a **long-term target of achieving net-zero emissions by 2050**. Net-zero means zero absolute emissions without the use of any kind of offsetting. Another new strategic focus was established for our Scope 3 emissions, which were previously excluded from the original carbon neutral strategy. Scope 3 emissions are indirect emissions generated by our value chain, so Siemens Gamesa will engage further with our key suppliers to encourage them to reduce their Scope 1 and Scope 2 emissions that the products and services they supply to us.

The global roadmap for meeting this commitment now involves six emission reduction levers which are shown below.

Table 45 - Siemens Gamesa's global roadmap to Net-zero carbon emissions

Energy reduction 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. We are currently investigating total costing methods (CAPEX and OPEX) related to energy efficiency in new factories. For more detailed information around energy reductions refer to the Environmental successes in fiscal year 2020 and Energy use section.

Electricity supply from renewable energy-based sources
Siemens Gamesa continues to transition its electricity supply towards renewable sources. Previously, 62% of our energy was renewable in countries where the company has a strong manufacturing footprint – mainly Spain, Denmark, Germany and the United Kingdom. We increased this share to 100% (99.9%) in this fiscal year. This was achieved by purchasing green renewable certificates that guarantee that the electricity has been generated from a renewable energy source. We continue to assess the cost and feasibility of implementing additional renewable energy generating technologies directly at our own facilities.

Green mobility plan to reduce fleet emissions
Siemens Gamesa has implemented an Employee Mobility & Transport Benefits Policy. Its purpose is to establish a framework for all Siemens Gamesa entities worldwide to govern the implementation of local country specific mobility and transportation policies. The policy sets requirements for management benefit cars, including a decreasing set of CO_2 limits over the next three years, a ban on certain vehicle types and explicit preference to the use of electric vehicles as the preferred option for internal transportation. The policy also addresses how employees can reduce their CO_2 footprint, either using greener vehicles or alternative transport and work modes e.g. car sharing, cycling, public transit, home office, work/commute times. The company is currently implementing this policy, which will support in reducing the Company's Scope 3 (Indirect) GHG emissions. Combined with this, Siemens Gamesa is starting the transition of its existing operational fleet which includes material handling vehicles and service vehicles. Transitioning to these low-carbon alternatives will support in reducing the company's Scope 1 (Direct) GHG emissions.

Offset of non-avoided emissions through compensation projects
Where we cannot reduce or transition our energy, Siemens Gamesa will compensate for the non-avoided emissions by investing in environmental projects which aim to reduce future emissions to balance our carbon footprint. We are currently investigating in Clean Development Mechanism (CDM) projects and sink projects involving reforestation actions that could contribute to offsetting our greenhouse gas emissions. The wind power project Bii Nee Stipa[37] in Oaxaca, Mexico, was registered as a Clean Development Mechanism (CDM) under the United Nations Framework Convention for Climate Change (UNFCCC). This project generates Certified Emission Reductions (CER) for Siemens Gamesa that are used to offset GHG emissions. In fiscal year 2020, Siemens Gamesa voluntarily cancelled 27,910 CERs[38] where Siemens Gamesa did not yet eliminate emissions.

37 UNFCCC CDM: Project 0107: BII NEE STIPA. Link: https://cdm.unfccc.int/Projects/DB/AENOR1129213791.04/view
38 See Voluntary cancellation certificate at: https://cdm.unfccc.int/Projects/DB/AENOR1129213791.04/iProcess/RWTUV1412839682.5/Forwarding/Anonymous1604333906.49/viewAttestationLetter

Employee awareness campaigns and idea management

Siemens Gamesa launched several communication campaigns to share best practices across the organization and to encourage employees to make additional environmental improvements in both their private and work lives. Most notably, the company organized a challenge in the first quarter which all Siemens Gamesa employees could take part in and compete on who could save the most CO_2 during a 10-day period. The 462 participants who took part managed to record actions that saved a total of 19 tons of CO_{2eq}, diverted 920 kg of waste and saved 164,000 liters of water during the challenge. To acknowledge the efforts made by all the challenge's participants, Siemens Gamesa donated a CO_2-offset equivalent to the ~19,000kg of CO_2 avoided during the challenge. Siemens Gamesa will continue to engage with its employees in awareness-raising campaigns and look into other ideas for further CO_2 reduction initiatives.

Engagement across the value chain

Since over 80% of the carbon footprint of Siemens Gamesa's wind turbines takes place in its supply chain, the company acknowledges its responsibility in promoting a green transition across the value chain beyond its direct control by encouraging Scope 3 emissions reductions. The first steps have already been taken to strengthen collaboration with suppliers to achieve these targets, including the launch of a supply chain development program in early 2019 aimed at increasing collaboration with Siemens Gamesa's tower suppliers and motivating any suppliers which might not have progressed as much in their decarbonization efforts as others, thereby finally reducing these suppliers' environmental impact.

C2.4 Science Based Targets Initiative (SBTi)

[L11-M16] The Science Based Targets Initiative (SBTi) is an initiative between the Carbon Disclosure Project, the United Nations Global Compact, World Resources Institute, the World Wildlife Fund for Nature and the We Mean Business Coalition. The SBTi encourages companies to set carbon emissions reduction targets at a level necessary to meet the 1.5/2°C compared with preindustrial temperatures set in the Paris Climate Agreement. Siemens Gamesa committed to the SBTi as the first renewable energy manufacturer in September 2018 [39] and reaffirmed its commitment to the initiative by becoming a signatory of the United Nation's Business Ambition for 1.5°C campaign in the lead up to COP26 in December 2019[40] .

Ten months after becoming carbon neutral, the SBTi verified that Siemens Gamesa's emission reduction strategy is aligned with what climate science estimates necessary to meet the 1.5°C trajectory[41]. The company joins a group of 430 other global organizations who have had their targets approved by the SBTi, where only about 150 have targets consistent with meeting the most ambitious 1.5°C scenario.

39 See: Siemens Gamesa announces formal commitment to SBTi. Link: https://www.siemensgamesa.com/en-int/newsroom/2018/09/20180917-commitment-to-science-based-targets-initiative

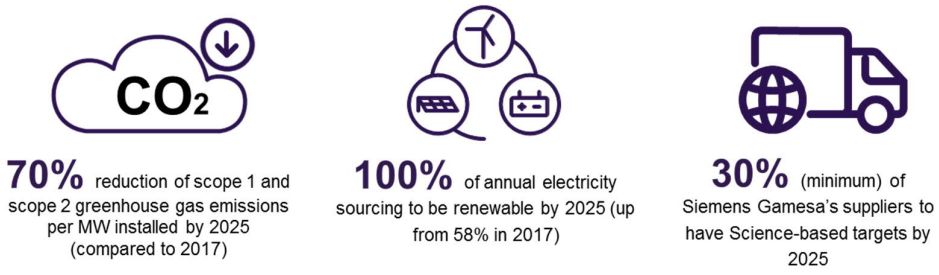
40 See: Siemens Gamesa reaffirms pledge to meet UN's climate targets for Industry COP25. Link: https://www.siemensgamesa.com/en-int/explore/journal/2019/12/siemens-gamesa-cop25-pledge-compromise

41 See: Reaffirming its commitment to a zero emissions future: Siemens Gamesa's climate targets verified by SBTi. Link: https://www.siemensgamesa.com/en-int/explore/journal/2019/12/siemens-gamesa-cop25-pledge-compromise

Siemens Gamesa has set targets for the next five years until 2025 in an effort to meet its net-zero goal by 2050, which include:

- Reducing scope 1 and scope 2 greenhouse gas emissions by 70% per MW installed (compared to 2017)
- Increasing the annual sourcing of renewable electricity to 100% (up from 58% in 2017)
- 30% of Siemens Gamesa's suppliers by spend covering purchased goods and services and transportation and distribution will have science-based targets by 2025

Figure 24 – Siemens Gamesa approved SBTi targets to 2025

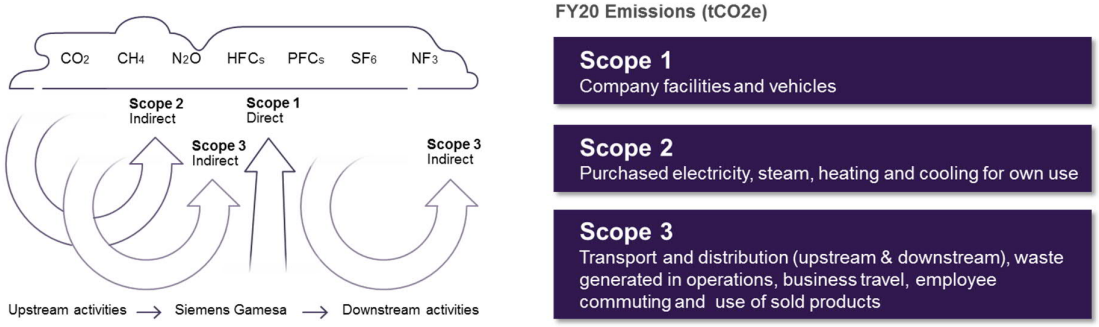


The Science Based Targets initiative has verified that our emission reduction targets are meeting the most ambitious 1.5°C scenario:

C2.5 Verified GHG emissions report

Since Siemens Gamesa is committed to transparent science-based communication, we monitor and report our progress along the path to carbon neutrality and net-zero carbon emissions by issuing an annual GHG emissions report in accordance with the GHG Protocol and the requirements set by the ISO 14064-1 standard. In addition, our GHG emissions report is verified by an independent third party according to the ISO 14064-3 standard with a limited assurance scope pursuant to the ISAE 3410 standard.

Figure 25 – Siemens Gamesa's Greenhouse gas emissions inventory



C3. Sustainable use of resources

Siemens Gamesa's environmental management model is based on the principles of improving environmental performance and establishes a common framework for action that facilitates the coordination of the various environmental management systems of each of the business units and in all geographic areas. This model addresses the determination of environmental aspects from a lifecycle perspective and the identification of risks and opportunities as a way to accomplish improvement.

The company's environmental management systems identify, assess and minimize any possible negative impacts of the company's carbon and other atmospheric emissions, in addition to their noise and light impact, raw material consumption, waste, water usage and spillage, and chemical product management, while at the same time maximizing their positive impacts.

Siemens Gamesa's environmental management systems are verified and certified by independent entities accredited according to the international ISO 14001 standard.

C3.1 Use of materials

[L11M11] [301-1] The company’s procurement of raw materials in 2020 stood at 1,424 thousand tons, mostly including core, resin and process materials, bearings and lubricants. Other relevant materials include tower production, hydraulics, castings and other materials.

Table 46 – Top key commodities & materials used by weight

FY19	tons	FY20	tons
C-parts	386,237	Core, Resin & Process Materials	380,086
Towers - Conversion	156,212	Bearings & Lubrication	361,236
Blades - Resin & Structural Adhesive	153,940	Tower Production	156,212
Blades - Paint & Adhesive	143,678	BUY & BtP Blades	63,019
Blades - Composites	91,404	Hydraulics & Cooling	54,603
Castings	53,639	Castings	54,496
Blades - Core Material Balsa	53,052	Glass Fabrics & Carbon Materials	51,146
Blades - BUY	39,596	C-parts	44,092
Blades-Plastic,Metal parts & Lightning	34,964	Large Steel Fabrications	43,889
Electricals	33,764	Fasteners	41,095
Blades - Material Filters & Flow Kits	32,187	Generators & Segments	27,895
Bearings	27,134	Small Steel parts	25,336
Blades - BTP	23,422	Internals	15,458
Large Steel Fabrication	22,033	Transport & Lifting Equipment	15,260
Small Steel parts	19,417	Gearbox	14,437

C3.2 Energy Use

[L11M12] [302-1] 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 purchased from third parties

Energy consumption monitoring is set out in our internal procedure on environmental monitoring and applies to all of Siemens Gamesa. The procedure defines the criteria to ensure the monitoring of all significant locations and units, as well as the cut-off criteria that have been set. Hence, monitoring scope includes 95% of total energy consumption at minimum. There is a clear overview of the locations as regards the scope of monitoring and each data type is defined in detail to ensure the data is recorded consistently across all countries and locations. Energy consumption data is recorded in Sphera on a monthly basis after its acceptance by several input units. All records are then converted to GJ, which is the company's standard value.

Total internal energy consumption amounted to 1,201,637 gigajoules (4% lower than in 2019) in the reporting period. Hence, the figure for energy consumption per employee and year could be estimated to 46 GJ/employee in FY20. Natural gas is the most relevant primary energy source, representing 60 % of the total primary energy demand.

[L11M13] Total electricity consumption for the reporting period amounted to 655,497 GJ, of which the share of renewable electricity amounted to 99.9%. Siemens Gamesa's electricity consumption is now covered by Energy Attribute Certificate (EACs), which ensures that the origin of the electricity is from renewable sources. Additional to that, Siemens Gamesa owns wind and solar assets, that generated more than 390,000MWh of electricity in fiscal year 2020, which is more than double our in-house consumption making Siemens Gamesa a net-producer of renewable electricity. Said assets are located in Spain, Denmark, India and United States.

Table 47 - Energy use (absolute figures)

(Gigajoules-GJ)	FY18	FY19	FY20
Primary energy	**386,459**	**454,549**	**471,800**
Natural gas + Bio natural gas	243, 458	233,694	283,089
Heating Fuel	85,029	5,046	3,845
Gasoline/Diesel	39,579	188,457	159,383
Liquefied petroleum gas	18,213	27,352	25,484
Secondary energy	**663,138**	**801,386**	**729,838**
Electricity from standard fuel combustion sources	160,829	271,933	587
Electricity from renewable sources	402,986	434,958	654,910
District heating	99,323	94,495	74,341
Total Energy use	**1,049,597**	**1,255,935**	**1,201,637**

Table 48 - Energy intensity

	FY18	FY19	FY20
Total energy intensity (GJ/MW installed)	**168**	**127**	**137**
Primary Energy intensity (GJ/MW installed)	62	46	**54**
Secondary Energy intensity (GJ/MW installed)	106	81	**83**

Figure 26 – Energy use (TJ) absolute

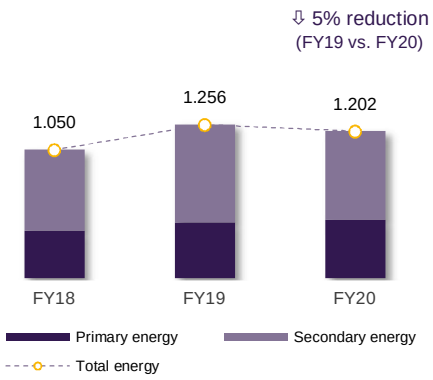
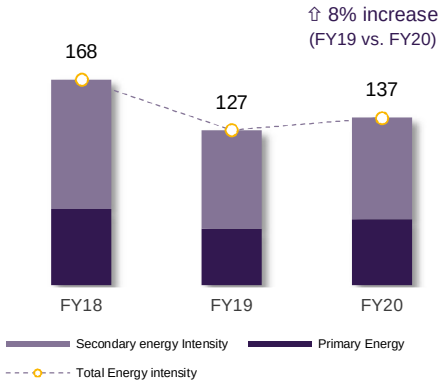


Figure 27 – Energy intensity (GJ/MW)



C3.3 Greenhouse gas emissions (GHG)

[L11-M06] Siemens Gamesa measures its direct and indirect emissions on an annual basis according to the requirements set forth in ISO 14064-1. The GHG emissions inventory is then published in our GHG emissions report, which is verified by a third party and made externally available. The Company's total emissions of $CO_{2\text{-eq}}$ under Scope 1 and Scope 2 amounted to 27,910 tons CO2-eq (70,698 in FY19) during the reporting period.

Table 49 - Total GHG emissions

(t CO2-eq)	FY18	FY19[42]	FY20
GHG emissions scope 1	22,865	26,437	26,053
GHG emissions scope 2	38,502	44,261	1,857
Total GHG emissions	**61,367**	**70,698**	**27,910**

Table 50 - GHG emissions intensity

	FY18	FY19	FY20
Emissions intensity (tCO_2/MW installed)	**9.8**	**7.1**	**3.2**
Scope 1 intensity (tCO_2/MW installed)	3.7	2.7	**3.0**
Scope 2 intensity (tCO_2/MW installed)	6.2	4.5	**0.2**

[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, the most representative is the number of installed megawatts. For the reporting period, the combined intensity ratio for direct (Scope 1) and indirect (Scope 2) GHG emissions was 3.2 $tCO_{2\text{-eq}}$ /MW.

[42] This information has been updated with respect to the information previously disclosed due to the preparation process of this Consolidated Non-Financial Information Statement of 2020 and its certification.

Figure 28 – Total CO_2 absolute emissions

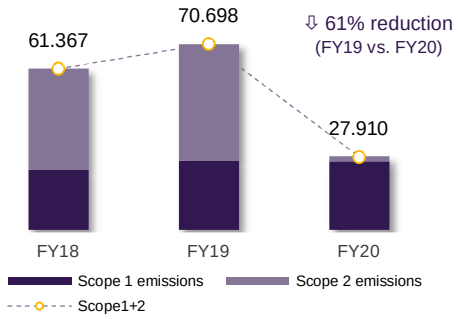
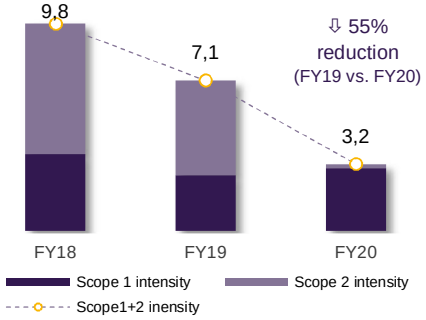


Figure 29 – Emissions intensity (tCO_2/MW)



Scope 1 (direct) emissions

[305-1] Direct greenhouse gas emissions (Scope 1) arise from sources in the company's ownership or under its control. It includes emissions generated by the combustion of materials to generate heat. In addition, chlorofluorocarbon substances (CFCs) and halons, traditionally used as coolants and propellants, affect the ozone layer if they are released into the atmosphere. The presence of these substances at Siemens Gamesa is marginal and found mainly in fire extinguishing equipment and cooling systems. Maintenance of this equipment, which works in closed circuits, is done in accordance with prevailing legislation. During the reporting period, Scope 1 emissions amounted to 26,053 tCO_{2eq}. (26,437 tCO_{2eq} in FY19, representing a 2% reduction year on year).

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 preferentially used. If said data is unavailable, country-specific conversion factors are used. During the reporting period, Scope 2 emissions amounted to 1,857 tCO_{2eq} (44,261 tCO_{2eq} in FY19, which represents a 96% reduction). Electricity supply at locations having a strong manufacturing footprint, such as Spain, Denmark, Germany and the United Kingdom, led the way and had gone green. Siemens Gamesa's renewable electricity ratio has been steadily rising from 58% in fiscal year 2017, 61% in fiscal year 2018 and 62% in fiscal year 2019 to reach almost 100% in fiscal year 2020. The conversion of our annual electricity consumption amounted to almost 650 Gigajoules, all of which was generated by renewable sources. Siemens Gamesa avoided emissions of approximately 42,000 tCO_2 and reduced its carbon footprint on an annual basis accordingly.

Scope 3 (other) emissions

Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the company, including both upstream and downstream emissions. This calculation includes transportation and distribution (marine diesel oil for vessels), disposal of waste generated in operations, use of sold products, business travel (air travel, rail travel) and employee commuting. During the reporting period, Scope 3 emission amounted to 516,853 tCO2-eq (71,824 tCO2-eq in FY19). Increase between FY19 and FY20 is due to the addition of jet fuel from Offshore and the addition of information from the Onshore business. More specifically, information from FY19 includes Offshore marine a diesel use, while FY20 data includes Offshore and Onshore including marine fuel, Offshore jet fuel and Onshore road fuel.

Table 51 - Scope 3 emissions

(t CO2-eq)	FY18	FY19	FY20
GHG emissions Business Travel	n.a.	9,739	5,101
GHG emissions Disposal of waste	n.a.	3,061	10,666
GHG emissions Employee commuting	n.a.	4,841	3,041
GHG emissions Marine operations	n.a.	54,183	498,045
GHG emissions Use of sold products	n.a.	0	0
SGRE GHG scope 3 emissions total	n.a.	**71,824**	**516,853**

C3.4 Other atmospheric 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. These organic compounds are used by Siemens Gamesa as solvents in paints and adhesives, in impregnation processes and for surface cleaning. The monitoring of VOC emissions is defined by local authorities and can be done either via measures in the exhaust systems or via mass balances calculating the air emission based on the actual consumption and the amounts disposed of as waste. Both methods are accepted in our internal procedure for air emissions management because local legislation are fulfilled. Quantitative measurements are conducted at each air emission source by an authorized third party, where required by the authorities.

We also monitor the use of ozone-depleting substances (ODS) and comply with the Montreal Protocol, the international convention on the protection of the ozone layer, as well as with country-specific legislation.

Table 52 - Atmospheric pollutant emissions

(t)	FY18	FY19	FY20
Volatile organic compounds (VOC)	254	278	231
Ozone depleting substances (ODS)	0	2.4 E-4	1.1 E-5

C3.5 Noise management and control

[L11-M08] The company has implemented operating procedures (PRO-30836) to control the release of air pollutants and ensure legal obligations are met. Documentation is recorded and filed properly. These processes set minimum requirements for the management and control of external noise.

In order to ensure that a local production facility is abiding by the local noise limit as set forth in the environmental permit, the noise level of a specific process or equipment is measured. Maintenance or technical departments must be aware of local legal requirements on noise and react if any equipment or vehicles exceed permitted noise levels. This also applies to external suppliers. When purchasing new equipment (ventilation systems, forklift trucks, production equipment, etc.), noise level specifications are considered along with other technical specifications. The HSE functional areas assess noise by measuring the overall noise level in order to ensure compliance with the legal requirements set forth the environmental permit. When designing new processes or changing existing processes, noise level specifications are considered and the local HSE functional area makes consultations to ensure the change is allowed under the environmental permit.

C3.6 Waste management

Environmental impacts from Siemens Gamesa's waste depend on the waste types generated and the waste treatment methods chosen. Our waste performance indicators address absolute reductions in waste and waste treatment improvements according to the waste hierarchy.

Waste generation and management are governed by our internal waste management procedure, which applies globally across Siemens Gamesa. The procedure differentiates hazardous and non-hazardous waste, provided it is generated by our production facilities and project sites. Waste generation is recorded from all significant locations on a monthly basis.

Waste records are additionally divided into recyclable waste, which in turn is divided into waste for reuse, waste for recycling and waste for recovery, including energy recovery, along with waste for disposal or landfill.

In addition to stating the way for properly recording of all different kinds of waste, the procedure also sets requirements for local waste management plans and for waste segregation, labelling and storage to ensure there is no contamination from potential spills, while the same time ensuring proper waste disposal.

The total volume of waste amounted to 68,311 t in the reporting period (58,506 in FY19). The ratio of hazardous waste generation to non-hazardous waste generation is set up at 1:6, and the waste overall recycling rate was 72%.

Table 53 - Waste production

(metric tons)	FY18	FY19	FY20
Hazardous waste | Recyclable	1,892	4,413	4,215
Hazardous waste | Non recyclable	2,112	3,686	5,839
Non-Hazardous waste | Recyclable	31,006	40,605	44,686
Non-Hazardous waste | Non-recyclable	12,795	9,802	13,571
SGRE Group Total waste	**47,805**	**58,506**	**68,311**

Waste intensity (t/installed Mw)	FY18	FY19	FY20
SGRE Group Waste intensity	7.7	5.9	7.8

Figure 30 – Total waste (t) and type

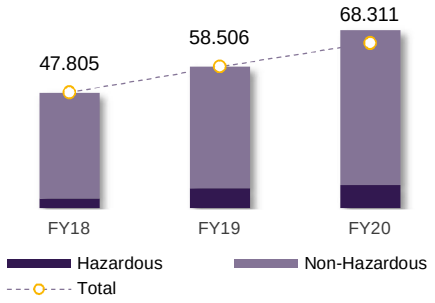


Figure 31 – Total waste intensity (t/Mw)

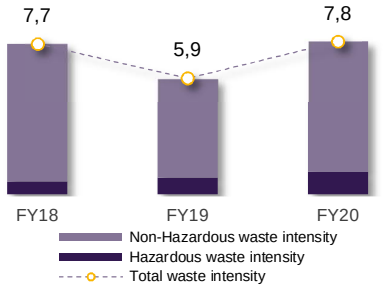


Figure 32 – Total waste (t) by nature

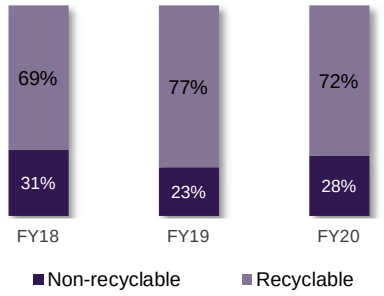
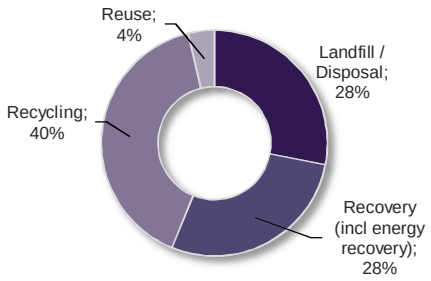


Figure 33 – Waste destination in fiscal year 20



C3.7 Water management

[L11M10] [303-1] Water consumption at Siemens Gamesa is mainly produced at manufacturing centers, where the best practices available are used to reduce water withdrawal and consumption and to include reused water in production processes. Work is also being done on lowering environment impact by avoiding water withdrawal in water-stressed areas. Moreover, the company is focusing on making efficient and responsible use of sanitary water at offices and buildings.

Water usage is governed by an internal procedure for water & soil protection that sets the requirements to monthly recording of the usage of different water types as well as to recording of wastewater and the destination of the wastewater. The procedure also has detailed recommendation for using spill kits on each location.

Total water consumption in the period amounts to 522,530 cubic meters (22% less than in FY19). During fiscal year 2020, a total of 19,740 m3 of recycled water was used. This includes a total of 16,945 cubic meters (9,854 m3 in FY19) of recycled water treated internally.

Table 54 - Water consumption

(cubic meters)	FY18	FY19	FY20
Fresh water	428,835	449,550	453,608
Underground water	6,673	89,693	40,984
Ground and surface water for cooling purposes (*)	10,130	127,115	25,142
Recycled water from external sources	n.a.	394	2,795
SGRE Group (**)	**445,638**	**666,753**	**522,530**

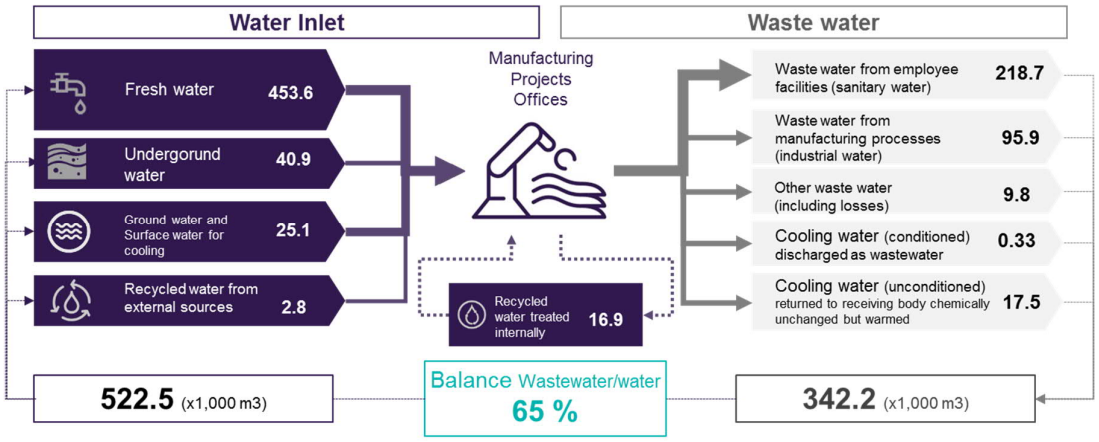
(*) returned to receiving water body chemically unchanged, but warmed.
(**) Excluding recyled water treated internally

There are no records of any water sources being significantly affected by water withdrawals made by Siemens Gamesa in the reporting period. In other words, no water sources were recorded to have been significantly affected by:

- withdrawals which amounted to more than 5% of the total annual average of any water mass
- withdrawals from water masses recognized by experts as being especially sensitive due to their relative size, function or unique nature, or otherwise, a threatened or endangered system that shelters protected plants or animals

- withdrawals from Ramsar wetlands or from any other local or international protected area. All withdrawals of water are strictly regulated by public administrations, which grant permits and set the maximum withdrawal volumes allowed to ensure no significant impacts occur.

Figure 34 – Water balance FY 2020



The volume discharged at the end of the reporting period amounted to 342,227 m^3. Most of effluents discharged are linked to the use on manufacturing processes.

Table 55 - Wastewater produced

(cubic meters)	FY18	FY19	FY20
Wastewater from employee facilities	139,011	121,080	218,691
Wastewater form manufacturing processes	220,819	164,640	95,933
Other wastewater (incl.losses)	81,216	0	9,778
Cooling water (unconditioned) discharged as wastewater	0	7,592	17,497
Cooling water (conditioned) returned to receiving water body chemically unchanged, but warmed	10,130	35,245	328
SGRE Group Total waste water	**451,176**	**328,556**	**342,227**

C3.8 Substances

Siemens Gamesa has implemented a global substance management process to ensure the chemical products involved in our activities are used in a safe and environmentally sustainable way. The process is set out in our internal substance management procedure. The procedure applies to wind turbine design and development, procurement, materials handling, transport and component imports/exports. It also applies when chemical product or component waste is handled during wind turbine manufacturing, assembly, installation and servicing. Furthermore, the procedure establishes requirements for the chemical products used in the work performed by third parties under Siemens Gamesa's responsibility.

The procedure (PRO-18811) sets forth an assessment process which covers all requests made for the usage of new chemical products at Siemens Gamesa. The assessment process is conducted by several internally trained employees who assess the request against Siemens Gamesa's approved List of Prohibited Products and its approved List of Restricted Products. Prohibition or restriction criteria are defined based on the chemical products' hazard classification. Existing products are assessed on an annual basis and phase-out plans are implemented for existing products when they meet prohibition criteria.

C3.9 Environmental incidents

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 1,042 spills were recorded in 2020, of which 535 were contained and another 507 affected either water or soil to some degree. None of these spills required any exceptional corrective measures.

Other environmental incidents

In addition to spills, we registered other 3,072 minor environmental-related incidents in relation to:

- Biodiversity impact (153)
- Environmental non-conformance (368)
- Fire, smoke, explosion (114)
- Another environmental incident (1,551)
- Stakeholder complaint (noise, smell, dust) (362)
- Weather or natural disaster (flood, winds...) (524)

Fines and non-monetary sanctions

There were no significant non-conformances or stakeholder complaints in 2020 involving reports made to the authorities which were related to the environment. Likewise, Siemens Gamesa did not pay any significant fines or penalties for environmental or ecological issues. Significant fines or penalties are defined as those exceeding $10,000 USD (or its equivalent when converted from a local currency).

C3.10 Product recycling

[L11-M07] Siemens Gamesa works continuously on improving the end-of-life phase. For example, we offer extended lifetimes regarding both design and the lifetime extension programs. Alternative materials such as recyclable resins are also being investigated to improve the recyclability of 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 the reuse of value-added products. The project is based on the conducting three macro-use case studies, which are to be 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.

As a member of the European Technology and Innovation Platform on Wind Energy (ETIPWind) Siemens Gamesa contributed to the publication 'How Wind is Going Circular'[43] which emphasizes how the EU must prioritize R&I funding to diversify and scale up recycling technologies as part of the next R&I framework program, Horizon Europe. This is critical to Europe's technology leadership as we embark on a global sustainable energy transition.

Siemens Gamesa has likewise been participating in WindEurope's Working Group for Sustainability since its inauguration in 2016. Composite blade wastes have been a recurring topic and the members have been jointly looking into potential solutions. WindEurope's members (including Siemens Gamesa), the European Chemical Industry Council (Cefic) and the European Composites Industry Association (EuCIA) submitted their recommendations for the recycling of wind turbine blades in the report entitled "Accelerating Wind Turbine Blade Circularity"[44] in fiscal year 2020.

Siemens Gamesa has also an appointed representative in the WindEurope Task Force on Dismantling and Decommissioning. The Task Force is currently preparing the submission of practical recommendations to the International Electrotechnical Commission (IEC) to define global standards for wind turbine recycling. Harmonizing national standards that apply to the decommissioning of wind turbines will be key to ensuring cost and resource-efficient processes.

Siemens Gamesa is continuously assessing its participation in similar projects, research consortia and networks because it directly supports our HSE strategy, particularly in relation to waste and resource efficiency. Increasing the recyclability of turbine components is high on our agenda and we continuously take part in projects to support the development of a circular economy. Siemens Gamesa advocates for industry-wide international standards on product decommissioning and recycling instead of specific national regulations.

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.

The wind industry is still relatively young and is aware of its responsibility of finding a sustainable way to deal with wind turbine components at the end of their lifecycle. Most of wind turbine components can already be recycled (85-90% of total mass). We do, however, acknowledge that wind turbine blades pose a special challenge due to the materials they use and their complex composition. Blade recycling is being approached from an industry perspective. Several industries, including the wind, chemical and composites industries, have joined forces to conduct research on and come up with possible solutions to this issue.

The industry is committed to waste management in line with the waste hierarchy. The first step is prevention of blade waste through reduction and substitution efforts in design. Some examples are: mass reduction, decrease failure rate and lifetime design extension, and design for easy upgrade of existing blade to new versions (segmented / modular blades).

[43] See: How Wind is Going Circular. Link: https://etipwind.eu/files/reports/ETIPWind-How-wind-is-going-circular-blade-recycling.pdf

[44] See: Accelerating Wind Turbine Blade Circularity. Link: https://windeurope.org/newsroom/press-releases/cross-sector-industry-platform-outlines-best-strategies-for-the-recycling-of-wind-turbine-blades/

The industry has identified two alternative ways of processing wind turbine rotor blades that are decommissioned:

- Reuse or repurposing: if applicable, wind turbine blades that are decommissioned are refurbished and sold for re-installation elsewhere. If that is not possible, the blades can also be used as spare parts for similar turbines or else used for alternative purposes such as building structures, where an existing part of a blade is reused for a different application i.e. street furniture, walkways, bike shelters, playground, architectonic use, etc.
- Recycling:
    - Mechanical recycling involves milling, shredding, crushing, grinding and/or separating fiber and resin fractions. The recovered fibers can be used as fillers or in the production of other fibrous products.
    - Thermal recycling involves the application of high temperatures to separate resin from fibers:
    - Incineration (combustion) is a thermal process where the energy content from the resins is used to produce energy (electricity and heat) and the remaining residue (ash/slag) is sent for further waste handling.
    - Pyrolysis and gasification are thermal processes where high temperatures permit the preservation of the fiber materials, which can be used in secondary applications.
    - Chemical recycling such as solvolysis involves solvents and thermal processes to dissolve resin from fibers and permits the preservation of the fiber materials, which can be used in suitable secondary applications.

Siemens Gamesa is continuously assessing its participation in similar projects, research consortia and networks because it directly supports our HSE strategy, particularly in relation to waste and resource efficiency. Increasing the recyclability of turbine components is high on our agenda and we continuously take part in projects to support the development of a circular economy.

Some of our facilities are fully or partially dedicated to repairing components and putting them back into operation (gearboxes, generators, electrical boards and even blades) to foster progress towards a circular economy with the final aim of achieving cradle to-cradle solutions.

C3.11 Biodiversity

[L11-M17] [L11-M18] 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. Potential impacts to biodiversity can include, for example:

- Potential land use changes by using vehicles and machinery to open paths and remove vegetation
- Prolonged human presence which temporarily affects the behavior of species of fauna in a generally reversible way
- Potential specifies mortality due to collisions with our customers' wind turbines

Despite these potential impacts on biodiversity, Siemens Gamesa wind projects are constructed in a sustainable way that allows for a balanced coexistence, thus conserving and protecting natural assets, i.e. biodiversity and climate. This respect for biodiversity and ecosystems plays a leading role in the company's business strategy. There are different regulatory and voluntary instruments to achieve a positive net balance in relation to biodiversity and the environment, including:

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

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

D. Fight agaist corruption and bribery. Respect for Human Rights

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In this section:

D1. Ethics, Integrity and anti-corruption

D1.1 Management approach to this material aspect

[103-1], [102-17] Compliance provides the foundation for all our decisions and activities and is the key component of our business integrity. Compliance is not a program; it is the way we conduct business. Hence, preventing corruption, violations of fair competition and other improper business activities take the highest priority at Siemens Gamesa. Our main principle is: “Clean business at the core of clean energy”.

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, hence, is a behavioral framework for all managers, employees, and Managing Board members worldwide.

The company developed unambiguous and binding principles of conduct that guide all our employees and managers worldwide and in their day-to-day activities. These principles are under the three cornerstones: "prevent – detect – respond".

The Siemens Gamesa Compliance Organization holds responsibility for the global governance and implementation of the Siemens Gamesa Compliance System in all areas within (a) Compliance, which covers anti-corruption, antitrust, anti-money laundering, and human rights; (b) Data Protection; and (c) Export Control and Customs.

The Compliance Investigations & Regulatory team is responsible for handling, managing and reporting all compliance allegations and any possible cases involving Siemens Gamesa units and third parties. Furthermore, Siemens Gamesa Renewable Energy offers people the chance of reporting specific information about suspected compliance violations through the Integrity Hotline[45] communication channel. An independent company, Business Keeper AG, is responsible for maintaining and technically administering the Integrity Hotline application, which is stored on secure servers in Germany. The hotline’s contents can solely be examined by Siemens Gamesa Renewable Energy.

The Siemens Gamesa Compliance Organization prioritizes the following topics for FY20 and FY21

- **Prevention**: Raising employee’s awareness of compliance, data protection, export control and customs-related topics through training and communication efforts (such as mandatory training, communication activities, *Tone from the Top* and others).
- **Digitalization** of workstreams to increase efficiency and accuracy (for example, in the area of Compliance Controls, due diligence process, case handling, among others).

D1.2 Compliance system

The company has developed and implemented a robust compliance system to provide the foundation for all our decisions and activities by strictly complying with all laws and internal regulations, as well as ethical business conduct principles. The compliance organization also operates systematic processes and tools to support the effective mitigation of compliance risks. The compliance system is systematically reviewed and evaluated for its effectiveness and is adapted accordingly to changing requirements in regulatory environment and business needs.

[45] See Integrity Hotline. Link: https://www.bkms-system.net/bkwebanon/report/clientInfo?cin=23wd4&language=eng

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.

D1.3 Compliance organization

Compliance starts off at the very top. The management of Siemens Gamesa units and its affiliated companies must emphasize the importance of ethical conduct and compliance, enforce it as a regular topic of everyday business and promote it through personal leadership and training.

Management: Overall responsibility for compliance lies with the Management of Siemens Gamesa and the Managing Directors/Heads of the individual Siemens Gamesa units. They remain responsible, even if they delegate tasks. They act as role models in matters of compliance and integrity and ensure that all employees act in accordance with the law and with Siemens Gamesa regulations. All Compliance Officers are requested to provide appropriate guidance for managers to fulfil their duties in accordance with local law.

Board of Directors: The Board of Directors, as Siemens Gamesa's highest decision-making body, is ultimately responsible for compliance in the company.

Audit, Compliance and Related Party Transactions Committee (ACRPTC): The Committee is an internal body of the Board of Directors which is characterized by its permanent, informative and consultative nature. It holds reporting, counselling and proposal powers.

Compliance Organization: The compliance organization holds responsibility for the global governance and implementation of the company's compliance system in all areas within (a) compliance, which covers anti-corruption, antitrust, anti-money laundering and human rights; (b) data protection; and (c) export control and customs.

Chief Compliance Officer: The Chief Compliance Officer is an internal position of an independent and permanent nature. The person who holds the position heads the Siemens Gamesa 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 assesses the effectiveness of the Compliance System and determinates the resources and budget of the Siemens Gamesa Compliance Organization subject to the Audit, Compliance and Related-Party Transactions Committee and Board of Directors' approval.

Compliance advisory team: The Compliance Advisory team defines and implements the framework of compliance rules, policies, and procedures based on laws and regulations. Said framework determines the overall direction and performance of the business. The Compliance Advisory team is made up of Compliance Experts and Regional Compliance Officers.

Compliance Investigations & Regulatory: The Compliance Investigations & Regulatory team is responsible for handling, managing and reporting all Compliance allegations and any possible cases involving Siemens Gamesa units and third parties.

Compliance Ambassadors: These ambassadors are a voluntary support function as "local first-line contact" between Compliance Officers and local employees to facilitate a successful and sustainable business. Compliance Ambassadors should be role models for Siemens Gamesa's values and integrity and make an important contribution to our compliance system.

Data Protection: The Data Protection Department holds responsibility for Siemens Gamesa's Data Protection strategy, worldwide implementation of the Binding Corporate Rules ("BCR"), as well as for advising on, clarifying and the further handling of data protection incidents and requests connected with the handling of personal data. The Data Protection team has implemented the necessary policies and procedures in order to implement the processes and tools required to comply with the EU General Data Protection Regulation ("GDPR")[46] and other local data protection local laws.

This includes the implementation of different measures to achieve compliance. The Data Protection Department is supported by the Data Protection Network consisting of Data Protection Officers, Data Protection Managers and Privacy Champions. The main focus is to comply on (1) records (completion and updating the descriptions of all processes/tools involving personal data for all SGRE legal entities; (2) Privacy Impact Assessments ("PIAs") (conducting risk assessments on processes with a high potential for violations of individuals' fundamental rights and freedoms; (3) breaches (implementing procedures to ensure that incidents are reported immediately); and (4) data subject requests (inquiries by employees or external workers about the handling of their personal data).

Export Control and Customs (ECC): The ECC Department forms part of the Compliance Organization and holds responsibility for the global governance of all ECC activities, which include applicable regulatory guidance, regional governance and coordination, along with external relations and reviews. The overall mission of the ECC Department is to ensure and facilitate legitimate trade, realize local revenues and protect our business activities, which has been defined as ensuring export control and customs compliance. This mission is being achieved by setting up a Global Corporate ECC Functional Area at headquarters and by introducing lean best-in-class policies, principles and IT solutions.

The Strategic Operating Plan for CO ECC is focusing on both central and regionalized implementation by using specialized full-time employees for governance, export control and customs, and partnering with outsourced business partners for trade compliance support and customs broker management. The management model is based on the following principles:

- General and Export Control processes to ensure compliance with rules and regulations and to put an effective trade compliance system and organization in place,
- Central export control and customs classification function globally,
- Integrate the "Project Partner Concept" (ECC Single Point of Contact throughout the value chain) into all Business units,
- Comprehensive broker management and monitoring tool to effectively connect, manage and monitor customs brokers.

[46] 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: https://ec.europa.eu/info/law/law-topic/data-protection_en

D1.4 Policy framework

Business Conduct Guidelines

The Business Conduct Guidelines [47] (BCGs) define Siemens Gamesa's attitude to responsible business conduct and how we shape the joint action needed. They also describe what Siemens Gamesa stands for and how the company fulfills its responsibilities as an employer, in our markets, in society and towards the environment. The BCGs must be fully implemented within Siemens Gamesa Group and our employees must comply with it in its entirety.

Compliance handbook

Siemens Gamesa's Compliance department has worked on harmonizing all compliance processes, guidance and policies by drawing up a single document known as the Compliance Handbook. It was drafted for all Siemens Gamesa employees to read and get to know the existence of a robust, reliable and state-of-the-art compliance system. This document applies to the entire Siemens Gamesa Group.

D1.5 Anti-corruption

[L11-C01] Corruption is broadly linked to negative impacts, such as poverty in transition economies, damage to the environment, abuse of human rights or undermining the rule of law, among others. The company has provided regulation on many aspects related to possible corruption practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering; the offer or receipt of gifts, loans, fees, rewards, or other advantages as an inducement to do something that is dishonest, illegal, or represents a breach of trust.

- Gifts and hospitality: Even though in many cultures, gifts and hospitality are important in developing and strengthening business relationships, all benefits given to third parties must be in accordance with local law, the Business Conduct Guidelines and Compliance Handbook.
- Sponsorships, donations, charitable contribution, and memberships: Each planned sponsorship, donation, charitable contribution as well as membership must undergo certain rules and strategic directions for making such contributions which are set out in the principles related to these activities governed by Siemens Gamesa's Corporate Affairs department.
- Business partners: Siemens Gamesa enters into business relationships with many third parties every day and, in certain circumstances, we may be held liable for the actions of certain third parties which Compliance refers to as "Business Partners". Before establishing a specific relationship with Business Partners, Siemens Gamesa must take steps to create transparency and ensure that the relationship is responsibly evaluated and managed. That is whey Compliance Due Diligence (CDD) must be conducted, and mandatory contract provisions need to be included in the contract. Examples of business partners subjected to a CDD and to contract provisions are (1) intermediaries, such as sales agents, business consultants and lobbyists, (2) resellers and distributors, (3) consortium partners and (4) land developers.
- Facilitation payments and payments under duress: 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 in order to speed up the processing of a routine governmental action. In general, facilitation payments are prohibited and can be prosecuted.

[47] See Business Conduct Guidelines Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/internal-corporate-rules/business-conduct-guidelines.pdf?la=en-bz&hash=5BA4D8D75510EFE1D79692A8C3878D8F97640FC6

- 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 hold overall responsibility for ensuring appropriate identification of compliance risks throughout the entire project lifecycle and their adequate mitigation. A Compliance and Security (CoSECC) check include anti-corruption, anti-money laundering and human rights. It is part of the Sales Business Approval (SBA) process, an internal approval process for all projects including the development of wind farm opportunities established by Siemens Gamesa.
- Compliance in procurement: Identifying and mitigating compliance risks in procurement at an early stage is one of the goals of the Siemens Gamesa supplier selection, qualification and auditing processes. The company also expects its suppliers and business partners to share Siemens Gamesa' values and comply with all applicable laws as laid down in the "Code of Conduct for Siemens Suppliers and Third-Party Intermediaries".

D1.6 Anti-trust

[206-1] Violations of antitrust law are very serious: they are punished by significant prison sentences in many jurisdictions. They can result in enormous risks for the company and its employees, particularly in fines, damage awards, exclusion from public tenders and reputational harm. The growing enforcement activities of antitrust authorities around the world and the introduction of new antitrust rules in a steadily growing number of countries have increased existing risks significantly.

Siemens Gamesa has defined comprehensive an Antitrust Compliance Concept. It is based on the following principles:

- Identification of antitrust-related risks by conducting regular anti-trust risk assessments;
- Clear communication from management regarding the necessity of antitrust compliance;
- Professional and comprehensive antitrust advice and antitrust awareness programs; and
- Rigorous investigation of and the imposition of disciplinary sanctions for infringements of antitrust law.

The Compliance department has the governance responsibility for the Antitrust Compliance Concept.

D1.7 Anti-money laundering and prohibition of terrorism financing

[L11-C02] 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. Our Business Conduct Guidelines prohibit supporting such activities. Supporting money laundering and terrorism financing, even if unintentional, may lead to sanctions against Siemens Gamesa and our employees and might cause significant financial losses (such as the confiscation of funds) and other negative consequences.

The Siemens Gamesa Anti-Money Laundering (AML) module is one of areas of the Siemens Gamesa Compliance System and aims to create a high level of transparency in business conducted with third parties (Counterparts) and in particular includes:

- Performance of specific due diligence including Siemens Gamesa's "Know Your Counterpart" (KYC) process, where obligatory according to local law or where appropriate based on a Siemens Gamesa internal AML risk assessment,
- Monitoring procedures in view of potentially suspicious business relationships and forms of payment, and,
- Reporting of suspicious transactions or suspicious behavior of any business counterpart to the local authorities.

D1.8 Performance in 2020

Training

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.

Employees who, due to the very nature of their functions, are exposed to specific compliance risks (so-called "sensitive functions") must be provided with training to ensure that they keep their compliance expertise up to date and continue to conduct appropriately. The training can take place as web-based training (online training) and/or in-person training (training in a classroom setting).

Compliance in-person training, which was rolled out in FY19, covers compliance topics such as anti-corruption, anti-trust, anti-money laundering, human rights, conflict of interest, and compliance as part of other business processes. The target group for this training, among others, include the Board of Directors, the Executive Committee, Managing Directors and employees in sensitive functional areas. To increase the presence of compliance globally, the following activities are additionally being implemented by the company:

- Global Awareness e-Learning for the Business Conduct Guidelines (launched 9M FY20)
- Compliance introduction is part of the global Human Resources on-boarding concept for new employees
- Global Compliance awareness and refresher to Managing Directors on a yearly basis
- Training on request to mitigate local or business specific risks (e.g. compliance in procurement, business partner, compliance in customer projects)
- E-learning of the basic Compliance for all employees within Siemens Gamesa to be rolled out in Q4 FY21.

Table 56 – Compliance training in FY20

	Total completed	% of completion
Global awareness e-learning for the Business Conduct guidelines [48]	7,197	~38%
Compliance Basic training	2,470	~40%
-Additionally trained	3,194	n.a.

[48] The Business Conduct Guidelines e-learning was rolled out in June 2020 and is ongoing, therefore the numbers change constantly as employees complete the training: The extraction of the total number of completed courses reported is from the 16th of September at 9:30-10:00am CET time.

Communication

Management at Siemens Gamesa must ensure that all our employees are informed about relevant internal compliance rules, processes, and tools and that this information is kept up to date. It is also responsible for establishing proper channels for continuous and adequate communication with suitable outreach at all organizational levels, including the very top levels.

Hence, the Compliance Organization designs an annual compliance communication plan which is submitted to the Audit, Compliance and Related-Party Transactions Committee as well as to executive management for their approval after it has been aligned with the Communication Department. The plan's implementation is coordinated by Compliance together with the Communication Department.

Compliance Risk Assessment

Siemens Gamesa has established the Compliance Risk Assessment (CRA), conducted every 2 years. The CRA ensures the bottom-up identification of risks in individual Siemens Gamesa units worldwide and its goal 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. The CRA 2020 was completed on 28th September 2020. The remediation of identified risks in this CRA will be executed in FY21.

Compliance cases

[L11-H02] A compliance case is any violation of criminal and/or administrative law or Siemens Gamesa's internal regulation, such as the Business Conduct Guidelines, in the course of the business activity by at least one employee of Siemens Gamesa and/or a third party working on behalf of Siemens Gamesa. Our group expects employees to report any 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[49], which also gives employees with the chance to remain anonymous, if legally permissible under local law and/or
- Employee representatives

All compliance cases are 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.

[49] Whistleblower channel (Integrity Hotline). Link: https://www.bkms-system.net/bkwebanon/report/clientInfo?cin=23wd4&language=eng

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 suggests that the allegations are substantial, a mandate is issued to carry on with the case's investigation. When conducting the investigation, the main principles of a compliance Investigation must be adhered to.

Table 57 - Compliance cases

	FY18	FY19	FY20
Allegations received at Compliance channel	64	46	64
Compliance cases reported at the end of period	53	37	49
Disciplinary sanctions	6	7	26
Open investigations at the end of period [50]	11	13	33
Closed investigations at the end of period	11	20	21

[L11-SO10] **Nature of Compliance cases** could involve violation of law, violation of a Siemens Gamesa internal regulation, violations of accounting regulations, Breaches of Fiduciary Duties, violation of stock market laws, active corruption, antitrust violations, conflict of interest violations, money laundering or terrorist financing activities, human rights violations or retaliation on a whistle-blower.

Nature of disciplinary consequences varies according to the compliance misconduct in question and appropriate penalties 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. However, not all Compliance cases result in disciplinary penalties. Some compliance cases may result in, for example, the improvement of the processes in question or other similar remediation measures.

The **remediation process** ensures that weaknesses addressed, the deficiencies and compliance violations detected during Compliance investigations, clarifications and other fact-finding activities are corrected. All Siemens Gamesa departments affected by a compliance case must therefore implement the recommendations included in the relevant investigation report. The Compliance Organization (at a central or local level) holds responsibility for the implementation, follow-up and monitoring of remediation measures resulting from compliance investigations.

Compliance Control Framework

The Compliance Control Framework (CCF) aims at ensuring the adherence and implementation of the globally applied Compliance Frameworks and Processes. It is 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 Board of Directors, ACRPTC and Executive Committee 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.

All compliance-related deficiencies detected should be remediated before the fiscal year-end, where possible. All units therefore have an obligation to organize, track and close measures, regardless of which Siemens Gamesa department has established them.

[50]Referred to as cases that had an ongoing investigation

D2. Human rights

D2.1 Management approach

[L11-H01] [103-1] 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.

As stated in the Business Conduct Guidelines, Siemens Gamesa recognizes its responsibility for respecting human rights as a core element of responsible corporate behavior. Siemens Gamesa is a member of the United Nations Global Compact. Its ten Principles, and the Industry All Union Global Framework Agreement [51] are binding to the entire company. Siemens Gamesa aims to ensure respect for human rights in its own business operations and to request this in its value chain. The United Nations Guiding Principles on Business and Human Rights (UNGP) provide Siemens Gamesa with valuable guidance.

Siemens Gamesa is committed to embrace and support, within its sphere of influence, the set of core values in the areas of human rights, labour standards, the environment, and anti-corruption included in the United Nations Global Compact (UNGC) as an integral part of its business strategy and operations.

Respecting human rights is covered by Siemens Gamesa's Compliance System as follows:

- Human rights form part of Compliance training.
- Human rights are a module of the Compliance Risk Evaluation (CRE) within the SBA - Sales Business Approval process.
- Human rights risks are a mandatory element of the Compliance Risk Assessment (CRA).
- Human rights are part of the compliance reporting performed by the Chief Compliance Officer.

D2.2 Policy framework

[L11-H03] The group first approved and started implementing the Human Rights Policy [52] in 2018. Commitments in this area are therefore reflected in an individual and specific policy. This policy was first approved by a resolution of the Board of Directors taken on September 12, 2018. Our commitment to this principle is firmly rooted 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 general 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. They are also expected to avoid infringing the human rights of others and to address the adverse human rights impacts of the activities and circumstances in which the company is involved.

[51] See Global Framework Agreement. Link: http://www.industriall-union.org/industriall-renews-global-agreement-with-siemens-gamesa

[52] See Human Rights Policy. Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/corporate-policies/human-rights-policiy.pdf?la=en-bz&hash=F332C18BD58C8E5CE8C50824E4AEB31C562D2DF1

One of the steps within the SBA (Sales Business Approval) process includes a Compliance Risk Evaluation (CRE) to determinate if the project needs to be thoroughly monitored with regard to potential Human Rights violations. Through the CRE and with the use of predefined questionnaires (Siemens Gamesa Human Rights Project Due Diligence), the Compliance department can assess and mitigate potential risks associated to human rights.

D2.3 Performance 2020

[L11-H04] At the end of the reporting period, there was no record of any sanctions or fines related to human rights infringements.

The Sales Business Approval (SBA) process is the internal approval process for all SGRE projects which eventually involve external customers (customer projects) including the development of wind farm opportunities. It defines a framework for decision-making regarding project approvals (SAPP[53]) in the project and service business, i.e. when, how, and at what level management decisions based on compliance risks are required.

One of the steps for SAPP approval includes a Project Risk Evaluation when each project must be thoroughly evaluated regarding the potential risk it can bring to make sure that contracted projects are in line with the economic and financial targets as well as the desired risk profile of SGRE. In this process, Compliance is evaluated mandatorily, through the Compliance Risk Evaluation (CRE) using pre-defined questionnaires in order to identify, mitigate and/or approve risks. Human Rights is a module of the CRE within the SBA.

In this module, Siemens Gamesa has a due diligence process to both proactively and systematically identify potential human rights risks. All projects which meet the criteria are subjected to the Siemens Gamesa Human Rights Project Due Diligence process. The project is thoroughly assessed using a predefined detailed questionnaire and external ESG tools for any potential human rights risks with regard to its location, labor rights, local community rights, livelihoods and the partners involved, including customers, suppliers, consortium partners and security detail, where applicable. All potential risks must be mitigated and, if mitigation is impossible, the project will not be approved by the CRE process.

Additionally, human rights risks are a mandatory element of the Compliance Risk Assessment (CRA), conducted every 2 years. Any human rights risks detected during the bottom-up risk assessment conducted on each Siemens Gamesa unit must have a mitigation plan set for it, which must be implemented in the following financial year. The last CRA was conducted in 2018 and no specific human rights risks were detected. In accordance with its two-year cycle, the CRA 2020 was completed on September 28, 2020.

Human rights are universal and every person around the world deserves to be treated with dignity and equality. Basic rights include freedom of speech, privacy, health, life, liberty and security, as well as an adequate standard of living. Siemens Gamesa acknowledges that potential human rights issues could occur in our own operations or in our value chain or the activities related to our business. Siemens Gamesa is therefore expressly and publicly committed to ensuring fair and positive social and labor-related behavior through several high-level policies and requires its employees, business units, affiliated companies, suppliers and business partners to act in accordance with UNGC principles at all times.

53 SAPP is a SGRE online IT environment for online project management, financial follow up, and analysis.

E. Information about Society

In this section:

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E1. Social Commitment

[L11-SO02] Siemens Gamesa is deeply anchored in the communities in which we operate. We see it as our duty to collaborate in their sustainable development. That is our business model. Long-term acceptance by local communities is our main priority, and being an active part of their activities, their community, our goal. Through the achievement of the UN's Sustainable Development Goals, we also meet the concerns of employees to engage with communities through volunteer activities. [54]

E1.1 Commitment to Sustainable Development

With the purpose to reinforce its commitment to society Siemens Gamesa has created in 2020 a new area called Social Commitment. Its mission is "to help reduce poverty in our communities, fight climate change and promote STEM education to meet society´s need for technological advancement, all aligned with the UN's SDGs".

Therefore, Siemens Gamesa is committed to achieving harmony between our corporate values and the expectations societies have from us, as well as to foster economic and social development of the communities in which we operate. Improvements in the quality of life and wealth creation are therefore provided by our standard commercial activities, as well as by driving forward socioeconomic development through non-business channels. For that purpose, Siemens Gamesa collaborates with a variety of stakeholders, such as institutions, administrations, and organizations in civil society and actively sponsors social action initiatives worldwide.

E1.2 Policy Framework

[L11-SO03] Community engagement is one of the five pillars of Siemens Gamesa's CSR strategy 2018-20, which emphasizes the importance of contributing to the communities in which the company operates by offering expertise to community members and engaging with them to positively impact society. The Global Corporate Social Responsibility Policy establishes the basic principles and the general framework for conduct in the management of corporate social responsibility practices endorsed by Siemens Gamesa.

The Social Commitment Policy[55] was first approved by a resolution of the Board of Directors on September 12, 2018 and is being reviewed and updated on 2020. Specifically caters to the Community pillar and provides the framework for any community engagement or social action initiatives. It defines the following primary objectives:

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

Hence, the UN Sustainable Development Goals play a crucial role in Siemens Gamesa's community approach: any social action initiative or community engagement must meet one or more of the UN SDGs that have been deemed as material to Siemens Gamesa' social engagement.

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54 Siemens Gamesa Social Commitment video #1 (Social Commitment). Link: https://www.youtube.com/watch?v=s8-KW1hkizE&list=PL9eXVmBTjYIxtZr4RLFXnf4vlaU1XpYq7&index=3

55 Social Commitment policy. Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/corporate-policies/social-commitment-policy.pdf?la=en-bz&hash=1B3A106E41B35ED4030EFF6DAE434C307BA95C5F

As described in the Social Commitment policy, Siemens Gamesa pledges to pay special attention to the most vulnerable groups. Thus, another focal point of all social action initiative or community engagement must be a group of beneficiaries. The value of an activity, however, is not solely based on the sheer number of beneficiaries, but also on the qualitative impact the project has on vulnerable individuals or groups.

The purpose of Siemens Gamesa's Donations and Charitable Contribution Policy ("POL-51407 Donations and charitable contributions") is to regulate Donations and Charitable Contributions at a group level to comply with the Business Conduct Guidelines on donations and charitable contributions, SGRE's Global CSR Policy and SGRE's Social Commitment Policy. This policy defines the guidelines and framework on how to proceed (initiate, assess and approve) with regard to donations and charitable contributions at Siemens Gamesa.

E1.3 Strategy & targets towards 2023. Priorities & KPIs

[L11-SO03] Our strategy groups all the help to society through actions which are linked to the UN's SDGs and in particular SDG1 No poverty, SDG 4 Quality Education, SDG 13 Climate Action, SDG 14 Life Below Water, SDG 15 Life on Land. Our actions are independent of the business. In order to attain our goals, the company has set out three lines in its strategy:

- To help fight poverty in the communities where we are present.
- To combat the effects of climate change.
- To promote and encourage education in technological matters, especially in STEM.

What	▪ **Combating Poverty**: because we need to be part of the communities. ▪ **Technological Education**: push the talent we'll need in the future. ▪ **Protecting the environment**: for contributing on saving the planet.
Why	▪ Long-term stability & trust on our social commitment. ▪ Employees' sense of belonging and motivation, strongly focused on volunteer work. ▪ Alignment with analysts & investors demands: better Environmental, Social, and Governance (ESG) indexes. ▪ Separate all social activities from the business and unify, coordinate and enhance them.
How	The Social Commitment Area will be digital to become a pioneer in our industry. Our digital platform will allow us to attain greater efficiency, reach more beneficiaries, measure and enhance our impact and connect with volunteers, collaborators, students and the general public (e-learning, volunteer portal, collaborator portal, events, etc.)

This approach is channeled through several initiatives:

2nd SGRE Impact Project 2019/2020

Nine projects to be carried out in nine countries over the course of 2020 were selected in 2019. We received 132 proposals for projects in 36 countries from 98 employees from 17 different countries, whose total cost amounted to €2,843,071. The total cost of the nine projects that were finally chosen amounted to €190,794 and were the following:

- Solar streetlight at the refugee camps in Bangladesh
- Wind People Running for kids with leukemia in China
- Beach cleanup in central Taiwan
- Girls Empowerment Program in Thailand
- Fab Lab ED in Mexico
- Elliott Test Kitchen in the US
- A future through the sport that you love in Germany
- Save the Ocean in Spain and Portugal
- Dolphin Village - Clean Water and Sanitation in Tanzania

All these initiatives encourage employees around the world to become more engaged. They can apply for funding for projects that will bring about positive change to the communities of the places where the company operates.

3rd SGRE Impact COVID-19 Special Edition

Due to COVID-19 pandemic in 2020, company decided to postpone the 3rd SGRE Impact to FY21 and launch a SGRE Impact COVID-19 Special Edition[56] instead. This special edition received 55 proposals to carry out projects in 22 countries from 39 employees from eight countries, which altogether amounted to €1,092,624. Finally, 16 projects in 10 countries were chosen, whose value totaled €499,210, which were the following:

- “Hamburger Tafel” in Germany
- “By your side” in Spain
- “Corona relief Emergency Food Response” in India
- “Social inclusion of vulnerable people through food aid” in Spain
- “Valencia Cose” in Spain
- “Food and Clothing for the Homeless” in Canada
- “Prevention and preparedness for COVID-19 in Kenya's refugee camps” in Kenia
- “Cruz Roja Responde” in Spain
- “Mera Parivar's Food Bank and psychological support” in Rajeev Nagar, India
- “Feeding dignity” in Greece
- “Project Disha” in India
- “Daily meals for Young Students” in Mexico
- “New Start” in Denmark
- “Provide food security and sustainable development” in Morocco
- “COVID-19 Relief for Thalitha Cumi” in South Africa
- “Protection of vulnerable collectives” in Mexico

56 See: Siemens Gamesa Social Commitment video #2 (SGRE Impact 2020. Special Edition). Link: https://www.youtube.com/watch?v=EJZeTzlxC9w&list=PL9eXVmBTjYlxtZr4RLFXnf4vlaU1XpYq7&index=1

SGRE's impact and local social action initiatives around the world strengthen our link to the land and the local community, including the entities and institutions that work within it. The company seeks to maintain stable relationships with local entities and institutions that also strive to broaden the horizons of people.

Matching donation campaign through Red Cross

As a result of the COVID-19 crisis, Siemens Gamesa launched an employee donation campaign in response to the COVID-19 Emergency Appeal launched by the International Federation of Red Cross and Red Crescent Societies (IFRC), which led a wide-ranging program to combat the spread of coronavirus around the world. Siemens Gamesa invited its employees to donate to the Appeal and committed itself to matching staff donations. We provided relief to more than 25,000 people in affected areas both in the healthcare and social areas through this campaign.

Humanitarian Aid COVID-19

Siemens Gamesa pledged to fund the acquisition of €1 million of in-kind medical supplies and food donations for coronavirus relief in April. The donations were targeted at hospitals and communities where the company operates which had been very badly hit by the crisis. By September 2020, this included over 150,000 items of personal protection equipment that had been donated and more than 2.3 million food kits for more than 100,000 beneficiaries in 10 countries affected by the pandemic (Brazil, China, Egypt, France, India, Mexico, Morocco, Spain, UK and the US).

Environmental Projects

The fight against climate change is in the DNA of our business, not only by reducing emissions with our turbines, but also through environmental projects and social action initiatives that contribute to reducing the CO_2 footprint. At Siemens Gamesa we believe that reforestation and cleaning up our coasts are some of the best ways to fight climate change and make a contribution to environmental protection.

- Each mature tree absorbs 22 kgs. of CO_2 per year.
- River, beach, coastal pollution endangers biodiversity.
- Over 3 billion people depend on the ocean for sustenance.

We launched "The forests of Siemens Gamesa"[57] project this year, which aims to restore degraded forests around the globe. We hope to plant over 50,000 trees by 2021 with the support provided by volunteer employees. Its aim is to raise awareness about the relevance of reforestation in the fight against climate change and the importance of protecting our forests through this opportunity to do volunteer work.

On the occasion of World Cleanup Day 2020, Siemens Gamesa launched a Digital Cleanup Day to encourage employees to clean up their electronic devices. We also organized local coastal and riverbank cleanup activities involving employees in Bilbao and Madrid. In Taiwan, we organized another beach cleanup day with employees as part of the SGRE Impact 2019/2020. All above-mentioned activities form part of the Social Commitment Strategy on environmental projects.

57 See: Siemens Gamesa Social Commitment video #3 (The forest of Siemens Gamesa). Link: https://www.youtube.com/watch?v=WwfqZDaJuXU&list=PL9eXVmBTjYIxtZr4RLFXnf4vlaU1XpYq7&index=2

Technological Education projects

#Teaching Future

An initiative launched during the COVID-19 pandemic to help students aged 6 to 18+ build up STEM knowledge while learning about renewable energy, wind power and digitization thanks to videos recorded by employees who volunteered their time during the pandemic. Social Commitment has decided to keep the initiative alive until further notice to create a library of videos for students and teachers alike.

#EU vs Virus Hackathon

In May 2020, Siemens participated at the first pan-European hackathon to fight COVID-19 through innovation, and awarded a prize to The Human Project, a digital solution to help first responders and emergency personnel faced with stressful situations to share their stories and find emotional support.

Robotics with First Lego League

In September 2020, Siemens Gamesa launched a program on robotics for students aged 7 to 16+ with FIRST Lego League. Students will have a chance to develop early engineering skills with real world applications. Starting in Germany, Spain and the United Kingdom, this program also aims to enhance transversal skills such as logic, resourcefulness, communication and innovation.

Megaprojects with the University of Aalborg and 4GUNE Cluster in Basque Country

Siemens Gamesa is supporting the “Megaprojects”, a project-based learning program on “Material and Energy Flows in a Circular Region” at the University of Aalborg, in Northern Denmark. The challenge proposed to students in master’s degrees is How to Achieve an Energy Transition with Sustainable Solutions. The same challenge will be replicated in different universities and in different regions, starting in the Basque country, giving students the opportunity to share learning experiences and findings.

Through 4GUNE, the private and public partnership’s cluster in the Basque Country, four projects will be carried out during the academic year 2020/2021. Students from different academic background will work on how to decarbonize the local energy system while minimizing material impact.

Empowering women in STEM

Through an agreement with the Real Academia de Ingenieria (Royal Academy of Engineering) with outreach programs and mentoring programs such as TECHMI, a hands-on Olympiad for students 12 to 16, and Mujer e Ingenieria (Women and Engineering), an initiative targeting young graduates was launched to encourage them joining the engineering workforce.

#HackSTEM

Siemens Gamesa launched a hackathon in October 2020 to promote STEM education in a sprint-like event where university students were invited to design a videogame for younger students in which STEM concepts are key to progressing and on the subject that concerns them most, namely sustainability.

At Siemens Gamesa we are committed to the communities in which we operate. That is why we also engage in local projects to meet their specific needs and promote sustainable social and economic development. The Social Commitment Area unifies and coordinates these activities to maximize their efficiency and visibility.

Measuring the social return on investment

Siemens Gamesa partnered with the University of Deusto in Bilbao, Spain to assess the Social Return on Investment (SROI) of the projects funded by SGRE Impact, the company's global social action initiative. SROI measures the effectiveness of how the funds invested in these projects have been used. It is obtained by calculating a ratio using Integrated Social Value, which is the consolidation (sum without repetition) of the distribution value to economic players (workers, suppliers, etc.), and the distribution value to beneficiaries (usually through non-market mechanisms). The SROI for the projects implemented in 2018-19 was calculated to stand at €5.54, which means that the actual investment was worth 5.54 times of every euro spent on the projects by Siemens Gamesa.

Investments

[L11-C03] [102-13] The company has protocols in place for the control of donations and charitable contributions for actions of a social nature. By means of these protocols, all contributions of social content, donations and fund allocation are assessed to mitigate compliance risks. In fiscal year 2020 Siemens Gamesa's total donations and charitable contributions amounted to 2.90 million euros (0.43 million euros in FY19). By regions, most of these investments were originated in Europe, Middle East and Africa (68%), followed by Americas (25%) and Asia, Australia (7%).

All the donations and charitable contributions of local nature are included in this overall amount. The largest share of funds, however, is managed directly from Social Commitment Area, which centralizes and directly manages social projects and the allocation of funds. More specifically, the Social Commitment Area made the following investments in fiscal year 2020:

- In Kind and Direct donations due COVID-19: 1,050,000 euros
- SGRE Impact donations: 500,000 euros
- Environmental Projects: 108,000 euros
- Technological Education Projects: 280,000 euros

E2. Memberships and associations

E2.1 Management approach

[L11-SO04] [102-13] Siemens Gamesa, as a global leader in the renewable energy industry, fosters policies for a more sustainable future and shares its global experience with key stakeholders in the markets where we already have a presence and also in new markets. This capacity building activity is conducted through the associations and initiatives of which Siemens Gamesa is a member. Some of the actions that SGRE performs include:

- Sharing information about positive showcases in developing local value chains globally, engagement with communities while supporting Countries to achieve climate targets;
- Contributing with our global experience to build the skeleton of legal frameworks that may set the path to achieve national climate goals while providing private investors with long term visibility and market attractiveness
- Setting ambitious targets for the presence of renewable energies in the energy mix; the elimination of technical, bureaucratic and market constraints that limit the growth of wind power;
- Promotion of R&D and innovation.
- Capacity building through engagement with Universities and training Centers

E2.2 Policy framework for memberships & associations

The purpose of the Group's Membership of Associations Policy ("POL-51819 Membership of Associations ") is to set out the requirements for the registration and approval of company and individual memberships in Associations (such as chambers, clubs, institutions, trade bodies, standardization organizations and other professional organizations) in accordance with the Siemens Gamesa Business Conduct Guidelines, in particular:

- To ensure the proper coordination and dissemination of the strategy and key messages of Siemens Gamesa ("Strategy"), established by the Company's Governance bodies in all relevant Associations (sector-specific or otherwise), and entities in which Siemens Gamesa is represented (referred to as "Associations").
- Concerning Associations, to establish a common and global policy for ensuring alignment and governance of the following issues:
    - Definition of the responsibilities for validation of the proposals of each Association and the designation of the person responsible to represent Siemens Gamesa in any specific entity.
    - Knowledge of the reasons, objectives and the economic cost of the association proposal.
    - Legal validation: for compatibility with the pertinent laws and insofar as Siemens Gamesa's representation in the Association and in its governing bodies.

The policy for Associations and Memberships regulates all the requests for being a member of any Association made by Siemens Gamesa worldwide.

E2.3 Global action

The company actively participates in both industry-specific and business associations and organizations in each significant place where it operates.

Table 58 - Key memberships and trade associations in the wind sector

Global	Regional
GWEC GLOBAL WIND ENERGY COUNCIL The Global Wind Energy Council is the international trade association for the wind power industry. Our mission is to ensure that wind power establishes itself as the answer to today's energy challenges, providing substantial environmental and economic benefits.	Wind EUROPE WindEurope is the voice of the Wind Industry at European level. Encompassing industry representation (OEMs, operators, developers, utilities, suppliers, research, etc. Status of SGRE membership: Leading Member (highest category)

National							
AWEA AWEA is the voice of the wind sector in the U.S. As a trade association, it represents and defends the interests of the wind sector. SGRE is on the Executive Committee of the Board.	ACORE AMERICAN COUNCIL ON RENEWABLE ENERGY ACORE is a U.S. nonprofit that works to promote renewable energy. It educates policy makers and regulators about how to transition to a carbon free energy system. SGRE is on the Board of Directors.	VDMA German Machine Building Association. Representation of OEMs and suppliers for both Onshore and Offshore Wind Energy. Energy policies and technical groups (e.g. aviation marking and lighting, decommissioning, etc.)	AEE Asociación Empresarial Eólica The Spanish Wind Energy Association (AEE) is the voice of the wind sector in Spain. It promotes the use of wind energy in Spain, Europe and worldwide. It represents and defends the interests of the sector.	wind denmark WindDenmark. Representation of OEMs, suppliers and developers for both Onshore and Offshore Wind Energy in DK. Policies and technical groups.	renewableUK RenewableUK. Supports +400 companies to ensure increasing amounts of renewable electricity are deployed across the UK and access markets to export. Members are business leaders, innovators, and expert from right across industry.	IWTMA INDIAN WIND TURBINE MANUFACTURERS ASSOCIATION Indian Wind Turbine Manufacturers Association (IWTMA) is the apex business association and voice of the Indian Wind Industry.	CII Confederation of Indian Industry The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government and civil society, through advisory and consultative processes.

On top of the most relevant global sectorial associations (GWEC, WindEurope, AWEA, IWTMA, ABEEOLICA, AMDEE, VDMA, Danish Industry, etc.), we are also members to the following initiatives:

a. RES4AFRICA Foundation[58], focused in unlocking the full potential of renewables in the continent. Currently focused in the Renew-Africa initiative[59] which may become the Europe-Africa tool to create the appropriate frameworks to accelerate the African Energy transition.

b. EU-Africa High Level Platform on Sustainable Energy Investments[60]

c. Green Recovery Alliance initiative[61],

d. Uniting Business and Governments to Recover Better statement as part of the Science Based Targets initiative and its Business Ambition for 1.5°C campaign[62]

e. IRENA Coalition for action Green Recovery statement[63].

f. Engagement in high level discussions as organized on May 26th, 2020 by GWEC with Executive Director at IEA, Dr Fatih Birol [64]

58 RES4AFRICA: https://www.res4africa.org/
59 Renew Africa Initiative: https://www.renew-africa.org/
60 EU-Africa platform: https://ec.europa.eu/energy/topics/international-cooperation/key-partner-countries-and-regions/africa/high-level-platform-sustainable-energy-investments_en?redir=1
61 Green Recovery Alliance: https://www.euractiv.com/section/%20energy-environment/news/green-recovery-alliance-launched-in-european-parliament/
62 Business ambition for 1.5ºC: https://sciencebasedtargets.org/ceo-climate-statement/
63 Irena coallition: https://www.irena.org/newsroom/articles/2020/Apr/IRENAs-Coalition-for-Action-calls-for-Green-Recovery-Based-on-Renewables
64 Link: https://www.youtube.com/watch?v=varFyg_9n3E

g. The Ocean Renewable Energy Action Coalition (OREAC), an initiative led by major players in the offshore wind industry, formed in response to the 2019 call for ocean-based climate action by the High-Level Panel for a Sustainable Ocean Economy.

h. CEO letter to EU heads of state and government urging them to raise the EU GHG emissions 2030 target to at least 55%, initiative led by University of Cambridge Institute for Sustainability Leadership.

i. Participation in World Bank Offshore Wind Virtual Study Tour organized by the World Bank Group and GWEC, which was held between 15-17 September 2020, to share global expertise about the offshore wind market with emerging countries interested in developing offshore wind markets.

E2.4 Performance 2020

The two initiatives set out below are a good example of the initiatives undertaken in financial year 2020:

- Siemens Gamesa supports policies targeted to promote a transition to a low-carbon economy and energy mix. This support is directly related to SDG 8. Promote sustained, inclusive and sustainable economic growth, and SDG9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. We have performed various policy engagement actions in this topic. In October 2019, "The **socioeconomic impacts of wind energy in the context of the energy transition**[65]" report was released. Siemens Gamesa joined forces with KPMG to share its global experience as pioneer in the wind industry about how the Company has been able to become one of the global leaders in the sector while developing local successful value chains in the more than 90 countries where Siemens Gamesa has been operating: investment in new facilities, developing local supplies, engaging with Local Universities, investment in R&D... a showcase on how Siemens Gamesa has built its strategy not only seeking for profitability, but about wealth for all stakeholders engaged with our activity.
- Siemens Gamesa also supports policies targeted at the development of green energy in developing countries, specifically Africa. This support is directly related to SDG7 - Access to energy in developing countries. Siemens Gamesa has been present in Africa for over 20 years and currently holding 55% market share. We have been able to install projects in Morocco, Egypt, Tunisia, Mauritania, Algeria, Kenya, Mauritius, South Africa and are currently working in Djibouti and Ethiopia. We have also carried out several policy engagement actions on this topic, as we are well aware of the vast renewable energy resource Africa is endowed with, its growing energy demand and how socioeconomically impactful renewables can trigger new sustainable economic sectors in Africa. Siemens Gamesa is one of the founding members of the RES4AFRICAs foundation, whose mission geared at creating an enabling environment for renewable energy investments in African countries to meet local energy needs. Renewable energy is essential for Africa to achieve inclusive and sustainable development. As a private sector and member-driven organization, the RES4Africa Foundation bridges the gap between its members and partners, allowing them to interchange viewpoints, initiatives and expertise.

[65] See: "The socio-economic impacts of wind energy in the context of energy transition" (KMG). Link: https://home.kpmg/th/en/home/insights/2019/10/report-siemens-gamesa-global.html

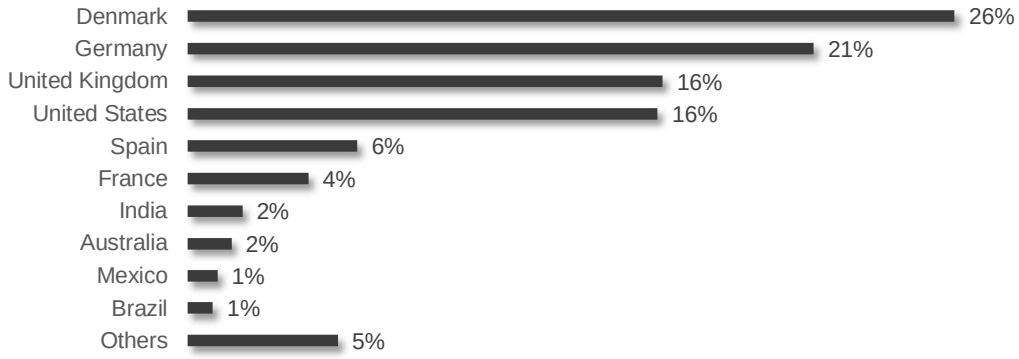
E2.5 Membership fees

Siemens Gamesa was an active member of about 200 organizations and associations around the world in fiscal year 2020, which amounted to a total expenditure of €3.6 million (same as in fiscal year 2019) in membership fees. The relationships of Siemens Gamesa and the companies which belong to the Group with public authorities are guided by institutional respect and fulfillment of the law.

Table 59 - Expenses in memberships and associations (€million)

	FY18	FY19	FY20
Membership fees	3.2	3.6	3.6

Figure 35 – Share of membership fees by Top 10 countries in FY20



E2.6 Lobbying activities

Siemens Gamesa does not make direct financial contributions to lobbying activities. We represent ourselves in public discourse mainly through contributions to trade and business associations. Siemens Gamesa is unable to ascertain what percentage of our contribution is allocated to lobbying from the many trade associations we collaborate with, neither are we able to provide an estimate thereof. As an alternative, we report our expenditure on actions directly performed by Siemens Gamesa which may indirectly influence public policy on the specific topics these actions address.

E2.7 Political contributions

Siemens Gamesa does not make direct political contributions. Our Business Conduct Guidelines expressly state that the companies belonging to the group are strictly forbidden from directly or indirectly making donations to political parties, including federations, coalitions and voter groups, even by way of loans or advances.

E3. Responsible Supply chain

E3.1 Management approach

[102-9] [103-1] As a world leading manufacturer of wind turbines, we source products and services from numerous suppliers based in a wide range of countries and generate significant share of value in our production stages. On the one hand the savings Procurement achieves have a direct impact on the EBIT of the company and we are continuously working with our suppliers to get our material at the best total cost of ownership available in the market. Additionally, together with our cross-functional partners, we strive to find the best sourcing solutions to get materials and services in the right quality on time.

Moreover, we assume supply chain sustainability is increasingly recognized as a key component of corporate sustainability. We believe that supply chain is the engine for today's global economy, serving to deliver goods and services around the world, connecting businesses and the individuals who work for them across geographic, industry, cultural and regulatory boundaries. Supply chain sustainability also ensures that our company will continue to meet the future needs, in economic, social, ethical and environmental terms. It ensures compliance with laws and regulations as well as adherence to and support of international principles for sustainable business conduct.

Siemens Gamesa's Supplier Relationship Policy[66], the Code of Conduct for suppliers and Third-Party Intermediaries[67], the General Purchasing Conditions [68] and our internal rules and procedures form the basis for this, as they all set minimum expectations for suppliers to comply with. They all integrate the Principles of the UN Global Compact on Human Rights, Environment and Anti-Corruption and provide fundamental guidance for our business activities.

E3.2 Procurement organization

Procurement is a corporate function that has transferred into a centralized organization during fiscal year 2020. Thereby, all Procurement forces have been bundled into an efficient streamlined organization within the supply chain, in direct reporting line to Corporate Chief Operating Officer. In order to unleash the full potential of Procurement organization, it is organized as follows:

- **Strategic Procurement** has the global responsibility for the strategic sourcing of goods and services to all turbine platforms, as well as to all company needs that enable, maintain and develop its operations. The sourcing is defined by a cross-functional commodity strategy with Procurement owning the supplier relationship and leading the price and contract negotiation.
- **Cost Value Engineering** works closely together with the Technology functions during product design and development, provides cost and value transparency and fosters the impact on an optimized cost baseline. It develops and manages material cost productivities and thereby contributes to the achievement of the productivity targets.

66 See: Siemens Gamesa Supplier Relationship policy. Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/corporate-policies/supplier-relationship-policy.pdf?la=en-bz&hash=552A19E60659E142285C31B2E6921EE4D2041196

67 See: Code of Conduct for Suppliers and Third Party Intermediaries. Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/code-of-conduct/code_of_conduct_for_suppliers_and_third_party_intemediaries_en.pdf?la=en-bz&hash=D284F9974754A8848ABC85A15035AF0F1022B007

68 See General Purchasing Conditions. Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/purchase-conditions/siemens-gamesa-gpc-002-2018-06-en_sgre-general-purchasing-conditions.pdf?la=en-bz&hash=1AAE86231AB9BD2E3918DE4EEE1DA5BB0DDC316B

- **Supplier Quality & Development** qualifies suppliers and contractors as well as their components and services according to our integrated management system (IMS) requirements. It monitors their performance globally and establishes an effective prevention and correction mechanism of supplier quality and HSE requirements. The claim management team drives the resolution of supplier related non-conformance cases.
- **Business unit Procurement Onshore, Offshore and Service** govern the interface towards Sales & Execution and Operations, as well as ensure the cost input into the Sales Business Approval Process. Furthermore, they implement procurement commodity strategies in local hub response to the related platforms. Therein, Project Procurement supports project phases, from the sales phase up to the commissioning, by strategies with special focus on logistics, crane and installation, as well as Balance of Plant (civil works & substation) activities.
- **Controlling & Reporting and Functional Excellence** ensure the end-to-end transparency in Procurement by means of KPI tracking and by efficient and lean processes, including digitalization initiatives. Thereby, they support all Procurement teams to collaborate as an integral part of the business to create a key competitive advantage for Siemens Gamesa.

E3.3 Supply chain principles and targets

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:

- Continuous work on risk mitigation in the supply chain by close supplier collaboration across the globe.
- Strive to reduce the volume of single-source procurement.
- Work with suppliers to achieve world-class component design in order to reduce costs.
- Create 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 Supplier Lifecycle Management (SLM) community within Siemens Gamesa is established and engaged, and its work encompasses sustainability topics as well.

Sharing the commitment to society alongside the supply chain, we aspire:

- By 2021, 85% of purchasing volume (PVO) of our suppliers accept the Supplier Code of Conduct (maintaining the trend of FY20).
- By 2023, 90% of sustainability high risk suppliers assessed and/or audited of total purchasing volume (PVO) that is related to sustainability high risk suppliers (from current 77% at the end of FY20)
- By 2025, 30% of suppliers, covering the categories of purchased goods and services as well as transportation and distribution, will commit to targets that reduce greenhouse gas (GHG) emissions and that are considered as “science-based” in line with the Science Based Target initiative (SBTi). (New target that initiates in FY21)

E3.4 Sustainability focus

[L11-SO05] 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.**

As a foundation on sustainability for suppliers, and compliant to the Group policy, the **Code of Conduct for Suppliers and Third-Party Intermediaries**[69] (also commonly referred to as "the Code of Conduct"), sets out the Group's binding requirements.

The Code of Conduct is based on – among others – the UN Global Compact and the principles of the International Labor Organization, the principles of the Rio Declaration on Environment and Development, the Electronic Industry Citizenship Coalition® Code of Conduct, WindEurope® Industry Principles and ISO standards. It also reflects the Siemens Gamesa internal Business Conduct Guidelines, which reinforces the fundamental principles of sustainability and applies companywide.

The Code establishes standards to ensure that working conditions in the company supply chain are safe, that workers are treated with respect and dignity, and that business operations with suppliers are ethical, social and environmentally responsible. The Code remains independent and updated on a regular basis to reflect the standards of Siemens Gamesa in its operations with suppliers.

Siemens Gamesa promotes the Code to all suppliers and requests compliance and adherence to it as well as to all applicable laws and regulations from all our suppliers and third-party intermediaries. The Code of Conduct is incorporated into our General Purchasing Conditions, framework contracts and purchase agreements with each supplier, as well as into procurement tools.

Siemens Gamesa also released the **Booklet for the Code of Conduct for Suppliers and Third-Party Intermediaries** [70] (also commonly referred to as "the Code of Conduct Booklet"). This comprehensive material documents in detail our expectations towards our suppliers in each requirement presented in the Code of Conduct, being an important support for our sustainability detection modules. The development of the Code of Conduct and the Code of Conduct Booklet is the result of the work performed by the Supplier Lifecycle Management and Sustainability community, which Siemens Gamesa has established since 2017. The group has representation in external communities, like the WindEurope® Sustainability Task Force, and is engaged in relevant sustainability topics.

Our sustainability performance is being monitored continuously and has been externally confirmed by the most renowned and relevant sustainability indexes and ratings. Our participation in various ratings and indices is always available in our website.

E3.5 Mapping Siemens Gamesa supply chain

[102-10] In the reporting fiscal year 2020, Siemens Gamesa purchased almost €7.4 billion (€8.2 billion in FY19) from approximately 19,000 tier-1 suppliers. These suppliers have been impartially screened and assessed for high standards compliance with our excellence value.

Table 60 - Purchasing volume [71]

(€million)	FY18	FY19	FY20
Europe, Middle East and Africa	4,185	5,692	4,376
Americas	978	1,401	1,783
Asia, Australia	867	1,144	1,206
Purchasing volume (PVO)	**6,030**	**8,238**	**7,365**

[69] See: Supplier Code of Conduct. Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/code-of-conduct/code_of_conduct_for_suppliers_and_third_party_intemediaries_en.pdf?la=en-bz&hash=D284F9974754A8848ABC85A15035AF0F1022B007

[70] See: Booklet for Code of Conduct for Suppliers and Third-Party Intermediaries. Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/suppliers/sgre-conduct-suppliers-and-party-intermediaries.pdf?la=en-bz&hash=D17D5001EF6FD9744633CBC0FE133C20AC0104C0

[71] Notice: Purchase volume based on closed purchasing orders, not on accruals.

Table 61 - No. 1 tier suppliers [72]

	FY18	FY19	FY20
Europe, Middle East and Africa	10,162	11,340	11,481
Americas	3,506	3,542	4,042
Asia, Australia	3,383	3,571	4,014
No. tier-1 suppliers	**17,051**	**17,890**	**18,932**

The number of suppliers whose annual invoicing exceeded €10K at the end of the reporting cycle amounted to 9,449 (7,892 in FY19) what represents 50% of total tier-1 suppliers, giving indication of the balance between large and small suppliers. Additionally, we identified other categories of procurement spend and categories that are critical to our business operations in terms of little or no availability of alternative options and impact of supply chain disruption.

Critical suppliers: Siemens Gamesa also monitors **critical suppliers**, identified upon meeting the following conditions: i) the purchasing volume (PVO) exceeds €50,000; ii) if they operate or are based in a high-risk country (from corporate responsibility perspective); iii) if there is a high or medium-high financial risk with the supplier; and iv) no natural replacement is available for the supplier.

In fiscal year 2020, critical suppliers classified under these conditions accounted for 31% of the year's total purchasing volume (approximately €2.3 billion).

Sustainability high-risk suppliers: Additionally, Siemens Gamesa keeps track of high sustainability risk suppliers, identified upon meeting the following criteria: i) if they operate or are based in a high risk country (from sustainability perspective); ii) if they have incidents of compliance misconduct; or iii) not participating or scoring "low" in the Code of Conduct compliance detection modules (sustainability self-assessments, external sustainability audits and Supplier Quality audits with sustainability scope). Suppliers with demonstrated incidents of misconduct in any sustainability aspect are considered "high sustainability risk" suppliers regardless of their location.

The suppliers identified as having high sustainability risk to Siemens Gamesa in fiscal year 2020 accounted for 16% of the year's total purchasing volume (approximately €1.2 billion).

Table 62 - Purchasing volume under sustainability focus

(€million)	FY18	FY19	FY20
Purchasing volume of Critical tier-1 Suppliers	**2,061**	**2,037**	**2,275**
Europe, Middle East and Africa	1,323	1,397	990
Americas	300	228	320
Asia, Australia	438	412	965
Purchasing volume of Sustainability High-risk suppliers	**724**	**1,089**	**1,168**
Europe, Middle East and Africa	262	503	348
Americas	83	179	244
Asia, Australia	278	407	576

[72] Note to reader: The global tier-1 supplier number does not necessarily add up to the total number of suppliers by region. This is due to suppliers being accounted for by invoicing origin.

Table 63 - No. of suppliers under sustainability focus [73]

	FY18	FY19	FY20
No. of Critical tier-1 Suppliers	**1,061**	**748**	**1,283**
Europe, Middle East and Africa	487	356	380
Americas	255	142	150
Asia, Australia	319	375	895
No. of Sustainability high-risk suppliers	**792**	**480**	**468**
Europe, Middle East and Africa	268	111	110
Americas	208	85	78
Asia, Australia	316	364	362

E3.6 Sustainability integration in the supply chain

The processes and tools available at SGRE provide strategic buyers with levers, risk indicators and transparency to support making the best sourcing decisions. Risk screening is based on financial analyses and commodity reports provided by external consulting companies, which feed indicators into our internal supplier comparison tool.

Processes and tools put into place by the Supplier Lifecycle Management team are also used to gather supplier information for other functions and allow for direct communication. The information collected from the supplier can trigger additional activities for hazardous materials declarations, contractor safety assessments and other health, safety and environment (HSE) related aspects.

Any suppliers that fail to meet our requirements may be conditionally approved (if issues are not critical) upon implementation of development measures, or immediately blocked from doing any further business with Siemens Gamesa (if issues are critical, especially for compliance issues).

[308-1] Since our suppliers play a critical role in our sustainability-oriented value chain, Siemens Gamesa expects them to also demonstrate their commitment towards the standards and principles which are summarized in the Code of Conduct.

E3.7 Commitment to the Code of Conduct

[L11-SO06] An integrated supplier management process is embedded company-wide in unified, mandatory procurement processes and a key part of this is ensuring that our suppliers agree contractually to abide by the Code of Conduct. We developed a system of contractual obligations to ensure that all our suppliers commit to its requirements:

- Qualifying suppliers: within our Supplier Qualification process, all suppliers must pass several preliminary requirements – one being the commitment to our Code of Conduct.
- Negotiating contracts: all new and extended procurement contracts must include the Corporate Responsibility contract clause which commits the supplier to our Code of Conduct and, additionally, defines self-assessment and audit rights.
- Purchase orders: to complete the system and to cover possible small procurement volumes which might not be covered by explicit procurement contracts, all purchase orders include the Code of Conduct commitment in the General Purchasing Conditions.

[73] Note to reader: The global tier-1 supplier number does not necessarily add up to the total number of suppliers by region. This is due to suppliers being accounted for by invoicing origin.

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.

In fiscal year 2020, the total purchasing volume (PVO) of suppliers that have accepted the Code of Conduct was 85 % in comparison to 84% last fiscal year demonstrating the improvement in the integration of our controls.

Table 64 - Purchasing volume (PVO) covered by Supplier's Code of Conduct

	FY 18		FY 19		FY 20	
	PVO (€million)	% total PVO	PVO (€million)	% total PVO	PVO (€million)	% total PVO
Purchasing volume (PVO)	**3,949**	**65%**	**6,898**	**84%**	**6,269**	**85%**
Europe, Middle East and Africa	2,927	70%	4,880	86%	3,823	87%
Americas	650	66%	1,115	80%	1,488	83%
Asia, Australia	371	43%	903	79%	958	79%

E3.8 Detection Modules

[L11-SO07] Siemens Gamesa implemented a risk-based due diligence process to identify any areas of non-compliance of our Code of Conduct and highlight opportunities to promote improved performance. This includes systematic screening of new and existing suppliers through background checks and risk assessments associated with the sector and countries of operation. For example, reports from external providers provide us with information on geopolitical, commodity and financial risks. If relevant, suppliers are selected to go through one or more detection modules, as is the case for high sustainability risk suppliers.

- **Sustainability Self-Assessments (CRSA):** the supplier receives a Code of Conduct questionnaire and provides its own assessment of fulfilled requirements. The questionnaire is available on Siemens Gamesa's own platform or applied by a third party on behalf of Siemens Gamesa.
- **Supplier Evaluations**: to ensure that suppliers continuously comply with our performance requirements in the course of the supplier relationship, performance of existing Siemens Gamesa suppliers is evaluated regularly based on standardized criteria as stipulated by ISO standards. The supplier evaluation is performed at least once a year and has our most relevant and critical suppliers in scope. The evaluation is carried out by collaborative cross functional teams and results in a standardized classification which ranges from "Excellent" to "Phase out" status.
- **External Sustainability Audits:** Siemens Gamesa has appointed internationally recognized auditing companies to conduct on-site audits based on the universally valid principles of the Code of Conduct. The outcome is an in-depth assessment and report that enables Siemens Gamesa and its suppliers to identify and manage potential sustainability risks. External Sustainability Audits also play an important role in the supplier development scheme by improving the supplier's sustainability performance.
- **Supplier Quality Audits with Sustainability Scope**: as part of our internal Supplier Qualification and Audits processes, audit questionnaires have been devised to include the scope of the Code of Conduct and are applied to critical suppliers from quality perspective.

Table 65 - Supplier monitoring

(number)	FY18	FY19	FY20
Sustainability Self-Assessments (CRSA)	**1,104**	**1,132**	**783**
Europe, Middle East and Africa	706	764	411
Americas	179	224	169
Asia, Australia	219	281	270
External Sustainability Audits	**201**	**130**	**199**
Europe, Middle East and Africa	111	86	118
Americas	48	44	54
Asia, Australia	42	35	56
Quality audits with sustainability questions	**146**	**323**	**197**

Siemens Gamesa ensured that 77% of its purchasing volume (PVO) from sustainability high risk suppliers was covered by at least one of the above-mention detection modules in fiscal year 2020.

E3.9 Consequences of deviations

If areas of non-conformance are identified, the supplier and Siemens Gamesa will collaborate and agree on an action plan consisting of appropriate improvement measures. These shall mitigate and eliminate the adverse impacts caused by the breaches and enable the supplier to identify and prevent similar occurrences in the future. We require our suppliers to engage actively and without reservation in these activities.

All measures put in place after inspections are incorporated into the company-wide supplier management process at Siemens Gamesa and are systematically selected and pursued. Implementation of the measures has, therefore, an influence on the supplier's annual performance rating and on the assessment of the supplier's future potential, as well as on the approval of the supplier within the regular supplier qualification process.

Any breaches may be reported at any time by using the Group Compliance Whistleblowing Hotline. Should any breaches be confirmed, systems are in place to communicate with the Procurement community as well as with any cross-functions and stakeholders thus affected. If necessary, the offending suppliers are blocked globally.

E3.10 Conflict minerals

We are committed to working toward avoiding the use, within our supply chain, of minerals from conflict affected and high-risk areas which are affected by the risks defined in Annex 2 of the OECD Due Diligence Guidance [74].

Conflict Minerals are defined as cassiterite, columbite-tantalite, gold, wolframite, or their derivatives, or any other minerals or their derivatives (3TG alias tantalum, tin, tungsten, the ores from which they originate, and gold) that may be used for financing conflict in the DRC (Democratic Republic of Congo) Region.

74 See OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.Link: https://www.oecd.org/daf/inv/mne/mining.htm

Already in fiscal year 2018 Siemens Gamesa harmonized its due diligence process for Conflict Minerals by taking part in the already established process in Siemens AG according to the requirements of Regulation (EU) 2017/821. Siemens AG has established a centralized approach for the due diligence process and follow up for mitigation with suppliers that are identified based on material groups that may potentially contain conflict minerals.

The advantageous position of Siemens AG as active member of the Responsible Mineral Initiative (RMI) gives Siemens Gamesa access to Reasonable Country of Origin Information (RCOI) on smelter level. We purchase 3TG from conformant smelters when these minerals are necessary for manufacturing of our products. In order to mitigate the risk of working with suppliers whose smelters have not been audited by RMI so far, Siemens Gamesa (through Siemens AG) actively engages within RMI's Responsible Minerals Assurance Process (formerly Conflict Free Smelter Program).

E3.11 Rare earths

Rare earths elements (REEs) are a group of 17 metals moderately abundant in the earth's crust - some even more abundant than copper, lead, gold, and platinum - that share certain unique properties including heat resistance and high electrical conductivity. These characteristics make REEs essential to many products, ranging from smartphones to more advanced technologies, particularly green technologies. The manufacturing of magnets represents the single largest and most important end use for REEs, accounting for 21% of total consumption. While REE reserves can be found worldwide, China supplies most of global REE demand.

The wind industry needs REEs for permanent-magnet synchronous generators (PMSGs) employed in some wind turbine models. In connection to this, Siemens Gamesa purchases magnets that contain REEs, but does not purchase directly any Rare Earth elements. Our suppliers of magnets that contain rare earth elements are relatively small and represent a 0.9 % of total purchasing volume in FY20 (0.8% in FY19). These suppliers are subject to the sustainability high-risk category and all related actions to enforce Code of Conduct adherence.

Siemens Gamesa is continuously working to improve the design of its direct drive generators in order to optimize the use of all materials, including rare earth permanent magnets. In particular, Siemens Gamesa aims to reduce and eliminate the use of heavy rare earth elements (Dysprosium and Terbium) in permanent magnets in order to strengthen the products' economic, environmental and social sustainability.

E4. Responsible tax

E4.1 Management approach

[L11-SO11] The responsible tax practices of all Siemens Gamesa Group companies form part of the global Corporate Social Responsibility Policy, which contains the basic principles of action that must be observed. The taxes paid by the group in the countries and territories where it operates constitute the main contribution made by group companies to support public obligations and are therefore one of the group's contributions to society.

The aim of Siemens Gamesa's tax strategy is to ensure compliance with the tax provisions applicable in all territories where it operates, in accordance with the activities undertaken. This fundamental objective to respect and to comply with tax rules is properly combined with pursing the corporate interest and generating shareholder value sustainably over time whilst avoiding tax risks and inefficiencies in the implementation of business decisions.

E4.2 Policy framework

Siemens Gamesa aims to fulfill its tax obligation in all territories in which it does business, and to maintain an appropriate relationship with the relevant Tax Authorities. In order to include that commitment to fulfill, develop and implement good tax practices within the Corporate Governance Rules of Siemens Gamesa, the company corporate tax policy[75] postulates the following practices:

a) Prevention of tax risk. In carrying out its business activities, Siemens Gamesa shall follow the principles of an orderly and diligent tax policy that materializes in the commitment to:

- Encourage practices that lead to the prevention and reduction of significant tax risks through internal information and control systems.
- Avoid the use of artificial and/or opaque structures for tax purposes, with the latter understood as those used to keep the competent Tax Authorities from knowing the final party responsible for the activities or the ultimate owner of the property or rights involved.
- Not organize or acquire companies residing in tax havens to evade tax obligations.
- Minimize conflicts arising from the interpretation of applicable legal provisions using instruments established for this purpose by tax regulations.
- Properly evaluate, in advance, investments and transactions that present a particular a priori tax risk.

b) Relations with the Tax Authorities. The relations of the Company with the competent Tax Authorities shall be governed by the principals of transparency, mutual trust, good faith and fidelity, with Siemens Gamesa adopting the following good tax practices:

- Cooperate with the competent Tax Authorities in detecting and seeking solutions regarding fraudulent tax practices that may occur in the markets in which the Siemens Gamesa group has a presence, to eradicate those already existing and prevent the expansion thereof.
- Provide tax-related information and documentation requested by the competent Tax Authorities as quickly and completely as possible.

[75] Siemens Gamesa Corporate Tax policy. Link: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/corporate-policies/corporate-tax-policy.pdf

- Use all powers given by the adversarial nature of the audit procedure, strengthening agreements with and approvals of the competent Tax Authorities, to the extent possible.

c) Reporting to the Board of Directors. The Audit, Compliance and Related Party Transactions Committee of the company shall have the following reporting duties regarding tax issues:

- Prior to the preparation of the annual accounts and the submission of the Corporate Income Tax Return, inform the Board of Directors of the tax standards applied by Siemens Gamesa during the financial year, and particularly the level of compliance with this policy.
- Based on the information received from the tax director, inform the Board of Directors of the tax policies applied by the company and, in the case of transactions or issues that must be submitted for the approval of the Board of Directors, of the tax consequences thereof if they constitute a significant risk factor.

d) Reporting to the market on compliance with the good tax practices endorsed by this policy. The company's annual corporate governance report shall report on the actual performance of good tax practices by Siemens Gamesa.

e) Update of good tax practices. Good tax practices may be updated by the Board of Directors of Siemens Gamesa within the context of its commitment to continuous improvement of its Corporate Governance Rules.

Siemens Gamesa has voluntarily adhered to the Code of Good Tax Practices of July 20, 2020 since March 2017, which sets a framework of mutually cooperative relationship between the Spanish Tax Agency *(Agencia Estatal de Administración Tributaria)* and the companies that have subscribed it based on mutual trust and transparency.

Furthermore, in compliance with the provisions of the Annex to the Code of Good Tax Practices and with the aim of reinforcing its commitment to tax transparency, Siemens Gamesa submits an "Annual Tax Transparency Report for companies adhering to the Good Tax Practices Code" to the Spanish Tax Agency on an annual basis, the first report of which referred to fiscal year 2018 (filed on July 22, 2019). The report on fiscal year 2019 was filed on July 9, 2020.

E4.3 Tax strategy

Siemens Gamesa's tax policy is approved by the Board of Directors on a yearly basis. The tax strategy focuses on compliance and efficiency. Siemens Gamesa conducts tax planning to the extent required to secure efficient handling of taxes within the constraints of tax law. Our company does not conduct any aggressive tax planning activities and aims for an open and transparent relationship with the tax authorities and to be transparent towards other external stakeholders.

The presence of Siemens Gamesa in countries considered as tax havens is solely and exclusively due to ordinary business activities. In fiscal year 2020, the only two subsidiaries established in tax havens in accordance with the Spanish regulations were Siemens Gamesa Renewable Energy, Ltd. (Mauritius) -100% owned and incorporated on May 2, 2015- and the branch Siemens Gamesa Renewable Energy Eólica S.L., branch in Jordan (Jordan) established on January 1, 2016. Both entities are involved in wind turbine maintenance activities for customers who own wind farms located in said jurisdictions. The turnover of these entities compared to the total turnover of Siemens Gamesa group is not significant (EUR 0.3 million -Mauritius- and EUR 0.7 million -Jordan-).

The income obtained by such entities is subject to Corporate Income Tax at a nominal tax rate of 15% (Mauritius) and 30% (Jordan). In the case of Jordan, as it is a permanent establishment of a Spanish entity located in a tax haven, the profits are also included in the tax base in Spain. The ownership of these entities does not therefore provide any tax advantage.

Table 66 - Breakdown by country of profit (loss) and taxes paid (million euro)

Country	FY18 (*)	FY18 Income tax paid	FY19 (*)	FY19 Income tax paid	FY20 (*)	FY20 Income tax paid
Argentina	-3	0	0	0	-4	0
Australia	15	-6	0	-6	-11	-1
Austria	0	0	1	0	0	0
Belgium	16	-5	18	-4	1	-3
Brazil	-24	-8	-11	-6	-81	-3
Bulgaria			1	0	1	0
Canada	27	-7	16	-4	6	-1
Chile	4	5	-1	-3	-4	0
China P.R.	30	-13	14	-18	18	-5
Colombia					0	0
Costa Rica	2	-1	3	0	-4	-1
Croatia	5	-2	1	-1	2	0
Cyprus			0		0	0
Denmark	302	-17	388	-81	-172	-29
Djibouti					0	0
Dominican Rep	2	0	-5	0	-2	-2
Egypt	5	0	3	-1	-3	-2
Finland			0		-1	0
France	-16	-2	-11	-2	-15	-1
Germany	-3	-17	51	-13	272	-26
Greece	0	0	0	0	-1	0
Guatemala	-4		4	0	0	0
Honduras			-5	0	-5	0
Hungary	0	-1	1	0	1	0
India	-46	-14	-111	-3	-531	-19
Indonesia	3	0	0	0	1	0
Iran	2		4	-1	2	0
Ireland	7	0	6	-1	12	-1
Italy	1	0	-2	0	-6	0
Jamaica	0				0	0
Jordan	2	-1	3	-1	0	0
Kenya			0		0	0
Korea	1	0	0	0	3	0
Mauritania			-1		0	0
Mauritius			0	0	0	0
Mexico	-34	-7	-25	-5	-54	-2
Morocco	-3	-3	-3	-3	-9	-2
Netherlands	7	-3	7	-2	5	-3
New Caledonia			-1		0	0
New Zealand				0		
Nicaragua		-1	-5	0	-1	0
Norway	1	-1	0		-2	0
Pakistan			0	0	1	0
Peru	2	0	2	-1	0	0

Philippines	2	-1	4	-1	2	-1
Poland	3	1	5	0	3	0
Portugal	0	0	1	0	-7	1
Romania	1	0	2	0	1	0
Russia	-1		-3		-13	0
Serbia					0	0
Singapore				0		
South Africa	8	-6	4	-5	4	-3
Spain	-174	-2	-288	-6	-407	-5
Sri Lanka			0	0	0	0
Sweden	7	-2	5	-3	-8	-2
Taiwan			4		-14	0
Thailand	2	0	3	0	3	-1
Tunisia	6	0	-2	0	1	0
Turkey	-4	-2	1	-3	-20	-1
Ukraine			0			
United Kingdom	74	-4	108	-8	100	-55
United States	-75	21	7	2	-61	-1
Uruguay	14	-1	4	-5	-3	2
Venezuela			0			
Vietnam	0		0	0	-4	0
Other IFRS result	4		-9		-12	0
SGRE Group	**168**	**-103**	**190**	**-191**	**-1,019**	**-172**

(*) Note: Profit /(loss) before tax

[L11-SO11] [L11-SO12] In fiscal year 2020, 84% (73% in 2019 and 60% in 2018) of the group's taxes were paid by entities located in the nine most relevant countries: Denmark, Spain, China, Great Britain, Brazil, Germany, Mexico, India and the United States.

Additionally, in this fiscal year, AENOR certified Siemens Gamesa's tax management system, policies and risk management framework in accordance with the requirements set forth in the UNE 19602 standard[76]. The standard is intended to help organizations implement policies and procedures that minimize the risk of tax non-compliance. It also serves as proof to the Spanish Tax Agency and the courts of the absence of willingness to defraud in the event of a disagreement. We become pioneers in the renewable energy sector in obtaining this certificate. The standard is an ideal mechanism for listed companies to comply with the tax management obligations contained in the tax regulations and the Code of Good Tax Practices.

From an ESG perspective, there is growing concern among certain stakeholders about social tax contributions. Listed companies must prove to investors that they are properly contributing to society by also paying taxes. This certification is of utmost importance to prove to these stakeholders that SGRE is continuing to fulfill its tax obligations properly.

Regarding the "Annual Tax Transparency Report for companies adhering to the Good Tax Practices Code" filed by Siemens Gamesa before the Spanish Tax Agency on July 22, 2019, the company met Spanish Tax Authority representatives on October 16, 2019 in order to analyze its content and in February 2020 the company received a letter from the latter confirming the suitability of all the information submitted and thanking the willingness, collaboration and transparency of the entity.

[76] See link at: https://www.en.aenor.com/certificacion/certificado/?codigo=197479

E4.5 Public subsidies received

[L11-SO13] [201-4] Accepted accounting principles are applied to the monetary value of financial assistance received from the government.

Siemens Gamesa was granted publicly funded aid for its R&D activity in fiscal year 2020 totaling €15.24 million (€8.36 million in fiscal year 2019). This public funding includes both non-refundable grants and refundable loans.

Table 67 - Financial subsidies granted

(€million)	FY18	FY19	FY20
European Comission	6.08	1.37	2.02
Grants	6.08	1.37	2.02
Loans	0	0	0
Spain	2.36	5.29	10.15
Grants	0.53	1.07	2.48
Loans	1.82	4.22	7.67
Germany	0.12	0	2.89
Grants	0.12	0	2.89
Loans	0	0	0
Denmark	0.29	0.99	0.18
Grants	0.29	0.99	0.18
Loans	0	0	0
Rest of countries	0	0	0.00
Grants	0	0.690	0
Loans	0	0	0
SGRE Group	**8.86**	**8.36**	**15.24**
Grants	**7.03**	**4.14**	**7.57**
Loans	**1.82**	**4.22**	**7.67**

The company's main R&D funding programs and bodies In fiscal year 2020 included: H2020 (European Commission), the Centre for the Development of Industrial Technology (Spain), the Government of the Basque Country (Spain), the Government of Cantabria (Spain), NBank from Lower Saxony (Germany) and the Danish Innovation Fund (Denmark).

F. About this report

F1. Statement

[L11-G05] [102-50] On April 3, 2017, the merger of Siemens Wind Power with GAMESA was formalized, qualifying for accounting purposes as a reverse acquisition, in which the wind power business of Siemens AG was the acquirer and GAMESA the acquired, respectively.

At the end of 2017, the newly merged company Siemens Gamesa prepared its first Sustainability Report, thus adopting the best practices in reporting and transparency, even in its first year after the integration.

Continuing this commitment, Siemens Gamesa releases the **Consolidated Non-Financial Statement 2020 - CNFS** (former Sustainability Report) again this year, which is approved by the Board of Directors, after report from the Audit, Compliance and Related Party Transactions Committee of said Board of Directors.

F2. Reporting scene

Law 11/2018 of 28 December on non-financial and diversity reporting was enacted in Spain in 2018. The act transposes into Spanish law Directive 2014/95/EU of the Parliament and of the Council amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.

The new law expands non-financial reporting requirements, to specifically include the provision of environmental and social aspects, regarding people management, diversity, respect for the environment, and of human rights and the fight against corruption and bribery, describing the risks, and outcomes linked to these issues. Disclosure of non-financial information or related to sustainability or corporate social responsibility becomes, therefore mandatory by law for Siemens Gamesa.

This Consolidated Non-Financial Statement (CNFS) report covers the requirements of the entry into force of this new regulation and is integral part of Management Report of the company. It contributes to measure, monitor and manage the performance of the company and its impact on society. In this context, the report contains information relative, at least, to environmental and social issues, as well as personnel, respect for human rights and the fight against corruption and bribery. It also summarizes the most relevant financial and non-financial information in accordance with the corresponding materiality analysis.

The report is a method of satisfying the growing demands made by society in general, shareholders and investors for companies to explain their performance in non-financial aspects, which is also known as environmental, social and corporate governance (ESG) given that good performance in these areas is directly linked to business excellence.

F3. Reporting period

Information contained in this Consolidated Non-Financial Statement (CNFS) reflects the situation included in the period between October 1, 2019 and September 30, 2020 (“the reporting period”). This period is referred also as “fiscal year 2020” (FY20).

F4. Reporting framework

[102-54] The report is referenced to the reporting framework and reporting elements included in the Law 11/2018 of 28 December on non-financial information and diversity. This Law stems from Royal Decree-Law 18/2017 of November 24, with important new additions, and brings into Spanish law Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information.

The report includes all material indicators for the Siemens Gamesa group requested in Law 11/2018, relating to environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as information relating to Group employees. Where any indicator is not material for the Group, this will be expressly mentioned.

Siemens Gamesa Renewable Energy also followed the recommendations of the Global Reporting Initiative (GRI reporting standards). Siemens Gamesa has referred to selected GRI Reporting criteria for defining report content, by considering the organization's activities, impacts, and the substantive expectations and interests of its stakeholders. They have equally guided the quality of information, enabling stakeholders to make sound and reasonable assessments of our organization. Additionally, the report takes into consideration the non-binding Guidelines on non-financial reporting of the European Commission (2017/C 215/01).

This report is subject to external independent review by EY and approval by Siemens Gamesa Renewable Energy S. A.'s Board of Directors.

Notice that EY verification report cannot be an integral part of this Consolidated Non-Financial Statement (CNFS) and cannot be attached to the CNFS document. This verification document is independent and is generated after audit closing. Rationale is the same as in financial audit, the audit report is not part of the financial statements.

F5. Collection of information

Non-financial information systems: Siemens Gamesa Renewable Energy has adequate information systems. Therefore, the compilation of financial and non-financial information guarantees the comprehensiveness and accuracy of the indicators detailed in this report.

Rounding: Certain figures included in this statement have been rounded up or down to the nearest decimal. The figures included throughout this document may therefore not add up precisely to the totals provided and the percentages might not accurately reflect absolute figures due to said rounding.

F6. Observations

[102-46] The scope of companies considered by the Siemens Gamesa while preparing the Consolidated Non-Financial Statement coincides with the definition of the Group for the purpose of preparing the consolidated financial statements. [102-45]

Year-on-year comparative information is provided along the report. Scope and period comparable to the subject matter of sustainability in 2017 are not the same as in 2018, 2019 and 2020. Siemens Gamesa excluded the data from year 2017 to conduct a reliable year-on-year analysis. To analyze trends and data to compare the organization's sustainability performance over time, considers FY18 period to be the baseline.

F7. Reference

For the purposes of this report, the Spanish company Siemens Gamesa Renewable Energy S. A. is the parent company of the Group, hereinafter referred to as "SGRE", "Siemens Gamesa" or the "company".

Siemens Gamesa Renewable Energy S. A. and all the subsidiaries over which it has the capacity to exercise control, or which it jointly controls, are referred to as the "Siemens Gamesa Renewable Energy Group", "Siemens Gamesa Group" or "the group".

The group of companies of which Siemens Gamesa holds a percentage of ownership, but does not have the capacity to exercise control, is referenced as "investee companies" or "associated companies".

F8. Calculations

This document refers to CO_2 emission savings that Siemens Gamesa products bring to customers.

It is correctly interpreted as total CO_2 emissions that would be generated annually with conventional fossil fuels to produce the equivalent amount of electricity (kWh) produced by Siemens Gamesa turbines on an annual basis.

Calculation of these annual CO_2 emission savings is based on the wind turbines total installed capacity - both on Onshore and at Offshore. The following conversion factors are applied:

- Emission factor world fossil ($grCO_2/KWh$): 849
- Offshore wind turbines average capacity factor: 42%
- Onshore wind turbines average capacity factor: 35%
- Average hours equivalent a year (h)= [Average Wind Turbine Generator (WTG) Capacity factor] * 365*24

G. Annexes

Annex I - Materiality analysis

[102-44] Siemens Gamesa's Materiality Analysis is a continuation of the global analysis carried out in the first half of fiscal year 2018. From our perspective, the evolution of material issues does not require an annual update, but rather we propose a review through 3-5-year cycles, depending on the particularities of the business and the trends in stakeholders' needs.

Identification of material aspects

The information sources which enable us to identify more and new relevant matters for the company's stakeholders include: i) Criteria for Environment, Social and Governance (ESG) used by institutional investors and asset managers to select their investment portfolios; ii) ESG requirements used by specialized indexes and rating agencies to analyze the company; iii) reference publications issued by international organizations that are influential in the scope covered by the ESG topic; and iv) ESG requirements expressed by clients in the framework of the daily business relations of the company.

At a global level, we also take into consideration the analyses made by four international standards that currently shape the broader international agreement on responsible behavior of multinational companies: i) the Principles of the United Nations Global Compact; ii) the United Nations Guiding Principles on Business and Human Rights; iii) the OECD Guidelines for Multinational Enterprises and iv) 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.

All these sources allow us to identify details and particularities, obtaining different lists of issues that affect the group. A single list of issues linked to their corresponding chapter in this report is set out below.

Prioritization of material aspects

The importance of each specific aspect for Siemens Gamesa's top management and regional managers (internal diagnosis) was analyzed and opinion makers' demands in these areas were also identified, as were the best practices implemented by Siemens Gamesa's peers (external diagnosis). The results of the internal and external diagnoses have been deployed in the aggregated materiality analysis as:

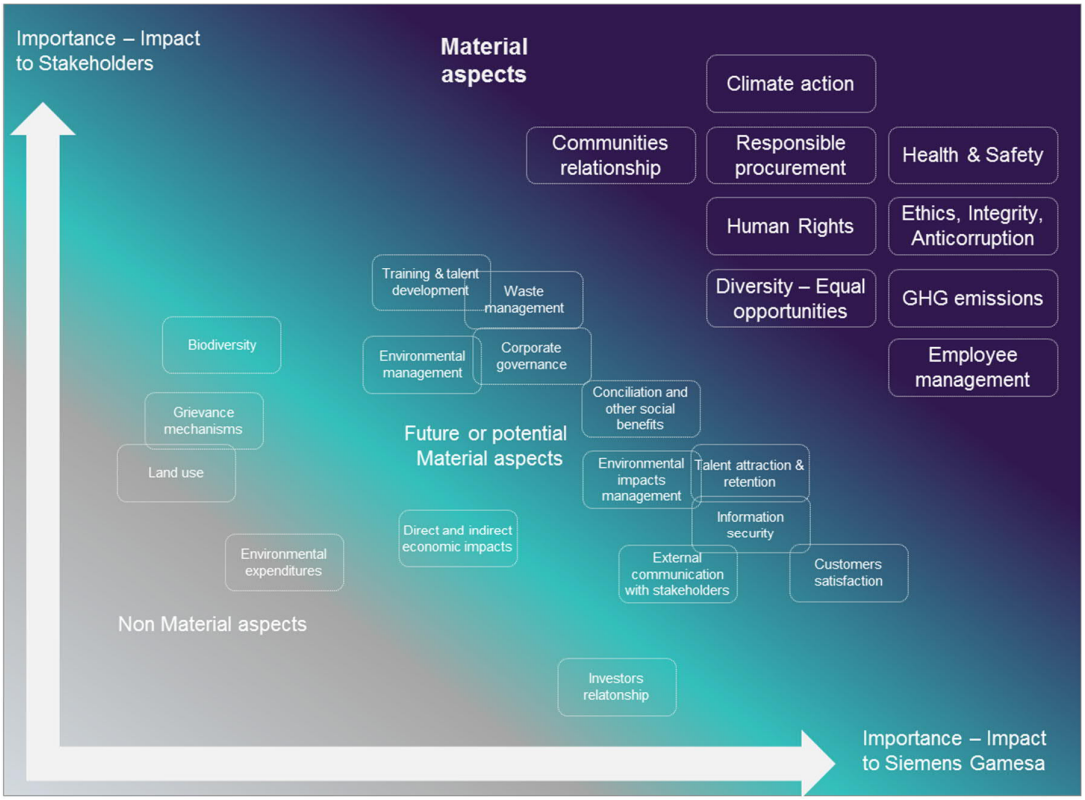
- internal relevance of sustainability aspect (importance for SGRE – materiality matrix's X axis) including an in-depth analysis of the sustainability policies applicable to the group's companies, together with consultations with the business' senior executives, including the Chief Executive Officer and members of the executive committee, who provided their views on the relevance of the issues identified.
- external relevance of sustainability aspect (importance for stakeholders – materiality matrix's Y axis), with a weighting of i) benchmark with industry peers: 60%; ii) sector prescribers: 5% including AEE, WindEurope, IEA, …etc. iii) sustainability opinion makers: 30%; including DJSI, CDP, FTSE4Good, OECD, ILO, GRI…etc.; iv) media: 5%

Validation of material aspects

The assessment and validation of the material aspects was included in the sustainability strategy and actions for the period 2018-2020, which was submitted to the criteria and subsequent validation by the Audit, Compliance and Related Party Transactions Committee at its session held on 16 May 2018.

In the second half of fiscal year 2020 we have seen the outbreak of the COVID-19 pandemic in a broad sense. This effect has not been included in the materiality analysis, pending verification of whether it should be considered a permanent impact or an acute impact, to the extent that this effect may be reflected in the Group's corporate policies. In the current situation it looks like this impact should be regularly evaluated in future materiality analyses and therefore its inclusion should be assessed. However, and for the purpose of this exercise, the non-financial information statement already incorporates several references regarding how this impact has been managed from a business and management systems perspective.

Figure 36 – Materiality matrix



Understanding material aspects

Material aspect: Ethics, Integrity, anti-corruption

Relevance of the material aspect: As part of a company's good governance, it is considered necessary to establish an anti-corruption policy and guidelines for ethical company conduct, in addition to promoting legal compliance and integrity in tenders and bids. A high degree of transparency, efficiency and accuracy in the functioning of the governing bodies is critical to the generation of trust and long-term commitment to stakeholders. It is also a trend for large listed companies to provide more and more information regarding transparency and tax contribution. Section in this report: See Chapter "Ethics, Integrity and Anticorruption"

Material aspect: Health & safety

Relevance of the material aspect: Managing the safety, health and well-being of workers requires a process of awareness and training, along with risk identification and mitigation measures. In addition to achieving a reduction in accidents at work, it is important to transfer the importance of occupational safety and health management to the supply chain. Section in this report: See Chapter “Health and Safety”

Material aspect: Climate change action

Relevance of the material aspect: Measures taken by the company to contribute to climate change mitigation: establish a climate change policy, invest in renewable energy, promote energy efficiency, reduce greenhouse gas emissions, use a carbon or emissions offsetting; adapting projects or assets to extreme weather events; and managing risks and opportunities from climate change. Today, the energy transition and its regulatory mechanisms. The associated impacts on companies are significant. Section in this report: See Chapter “Climate Change”

Material aspect: Responsible procurement

Relevance of the material aspect: Environmental, social and ethical criteria must also be applied in supplier management. This includes the establishment of supplier policies and codes of conduct, as well as the implementation of due diligence mechanisms to ensure compliance. Work must also be done to identify the carbon footprint of suppliers. Section in this report: See Chapter “Responsible Supply chain”

Material aspect: Diversity and equal opportunities

Relevance of the material aspect: Measures that guarantee diversity and equal opportunities in the workplace must be incorporated, from the incorporation of people at risk of social exclusion to training and the promotion of multiculturalism. In addition, policies and actions aimed at promoting work-life balance and reducing the salary gap should be incorporated. Section in this report: See Chapter “Diversity and Equal opportunities”

Material aspect: Human Rights

Relevance of the material aspect: Measures in place to respect the human rights of stakeholders and mechanisms to address possible violations. In addition to the definition of a policy in this respect, it is considered relevant to establish due diligence mechanisms as well as training and awareness on the subject or the assessment of human rights risks in projects and investments, as well as in the supply chain. Section in this report: See Chapter “Human Rights”

Material aspect: Greenhouse Gas emissions (GHG)

Relevance of the material aspect: Global warming and climate change have come to the fore as a key sustainable development issue. Many governments are taking steps to reduce GHG emissions through national policies that include the introduction of emissions trading programs, voluntary programs, carbon or energy taxes, and regulations and standards on energy efficiency and emissions. As a result, we must be able to understand and manage our GHG risks if we are to ensure long-term success in a competitive business environment, and to be prepared for future national or regional climate policies. Section in this report: See Chapter “Sustainable use of resources”

Material aspect: Employee management

Relevance of the material aspect: Strategy and plans to attract and retain talent, as well as to reduce employee turnover: performance evaluation processes, employee satisfaction surveys and investment in training and other instruments to motivate commitment such as grants, or incentives linked to objectives. In addition, measures to promote training on key sustainability issues and to link employee remuneration to the company's sustainability performance are also assessed. Section in this report: See Chapter “Working at SGRE”

Material aspect: Communities relationship

Relevance of the material aspect: Any negative impact of the company's activity on local communities should be managed, starting with appropriate dialogue with them. The effects should consider aspects such as population displacement, noise or dust generated or visual impact. Likewise, the company's activity has a positive impact, such as the generation of wealth and the creation of local employment or the hiring of local suppliers. Furthermore, a positive impact must be added to all social actions of a local and global nature outside the regular business channels. Section in this report: See Chapter “Social commitment”

Annex II- Additional tables

Table 68 - Headcount in fiscal year 2020: Employees by region, gender, age group and level

	Male	Female	Total
Europe, Middle East & Africa	**14,065**	**3,680**	**17,745**
<35	4.320	1.049	5.369
Executive level	0	1	1
Management level	264	67	331
Non-Management level	4.056	981	5.037
35-44	5.404	1.556	6.960
Executive level	62	11	73
Management level	886	282	1,168
Non-Management level	4.456	1.263	5.719
45-54	3.186	843	4.029
Executive level	92	8	100
Management level	635	155	790
Non-Management level	2.459	680	3.139
55-60	779	165	944
Executive level	31	4	35
Management level	110	10	120
Non-Management level	638	151	789
>60	376	67	443
Executive level	2	0	2
Management level	53	6	59
Non-Management level	321	61	382
Americas	**2,740**	**693**	**3,433**
<35	1.106	251	1.357
Executive level	0	0	0
Management level	66	18	84
Non-Management level	1.040	233	1.273
35-44	918	219	1.137
Executive level	9	2	11
Management level	188	38	226
Non-Management level	721	179	900
45-54	431	131	562
Executive level	7	1	8
Management level	98	22	120
Non-Management level	326	109	435
55-60	172	57	229
Executive level	2	0	2
Management level	35	4	39
Non-Management level	135	53	188
>60	113	35	148
Executive level	2	0	2
Management level	12	2	14
Non-Management level	99	33	132
Asia, Australia	**4,410**	**526**	**4,936**
<35	2.610	250	2.860
Executive level	0	0	0
Management level	59	8	67
Non-Management level	2.551	242	2.793
35-44	1.439	234	1.673
Executive level	2	0	2
Management level	205	47	252
Non-Management level	1.232	187	1.419
45-54	319	40	359
Executive level	7	3	10
Management level	154	18	172
Non-Management level	158	19	177
55-60	39	1	40
Executive level	3	0	3
Management level	25	0	25
Non-Management level	11	1	12
>60	3	1	4
Executive level	0	0	0
Management level	1	0	1
Non-Management level	2	1	3
Headcount Total	**21,215**	**4,899**	**26,114**

Table 69 - Hiring in fiscal year 2020: Hiring by region, gender, age group and level

	Male	Female	Total
Europe, Middle East & Africa	**2.873**	**627**	**3,500**
<35	1.346	298	1.644
Executive level	0	0	0
Management level	34	11	45
Non-Management level	1.312	287	1.599
35-44	950	200	1.150
Executive level	7	1	8
Management level	91	23	114
Non-Management level	852	176	1.028
45-54	450	106	556
Executive level	5	0	5
Management level	48	12	60
Non-Management level	397	94	491
55-60	83	16	99
Executive level	2	1	3
Management level	10	0	10
Non-Management level	71	15	86
>60	44	7	51
Executive level	1	0	1
Management level	6	1	7
Non-Management level	37	6	43
Americas	**563**	**107**	**670**
<35	322	64	386
Executive level	0	1	1
Management level	16	0	16
Non-Management level	306	63	369
35-44	173	28	201
Executive level	1	0	1
Management level	35	7	42
Non-Management level	137	21	158
45-54	59	12	71
Executive level	0	0	0
Management level	12	3	15
Non-Management level	47	9	56
55-60	9	2	11
Executive level	0	0	0
Management level	1	1	2
Non-Management level	8	1	9
>60	0	1	1
Executive level	0	0	0
Management level	0	0	0
Non-Management level	0	1	1
Asia, Australia	**617**	**145**	**762**
<35	464	92	556
Executive level	0	0	0
Management level	13	7	20
Non-Management level	451	85	536
35-44	105	44	149
Executive level	0	0	0
Management level	12	4	16
Non-Management level	93	40	133
45-54	37	9	46
Executive level	3	0	3
Management level	11	4	15
Non-Management level	23	5	28
55-60	8	0	8
Executive level	2	0	2
Management level	2	0	2
Non-Management level	4	0	4
>60	3	0	3
Executive level	0	0	0
Management level	1	0	1
Non-Management level	2	0	2
Hiring Total	**4,053**	**879**	**4,932**

Table 70 - Exits in fiscal year 2020. Terminations by gender and type of exit, region, age group and level

	Male Voluntary	Male Non-voluntary	Male sub-total	Female voluntary	Female Non-voluntary	Female sub-total	Total
Europe, Middle East & Africa	**807**	**910**	**1,717**	**191**	**192**	**383**	**2,100**
<35	323	287	610	78	62	140	750
Executive level	0	0	0	0	0	0	0
Management level	15	3	18	4	1	5	23
Non-Management level	308	284	592	74	61	135	727
35-44	267	276	543	65	67	132	675
Executive level	5	1	6	1	0	1	7
Management level	42	20	62	12	4	16	78
Non-Management level	220	255	475	52	63	115	590
45-54	146	211	357	34	45	79	436
Executive level	1	4	5	0	1	1	6
Management level	31	23	54	6	3	9	63
Non-Management level	114	184	298	28	41	69	367
55-60	32	87	119	6	13	19	138
Executive level	3	2	5	0	0	0	5
Management level	5	12	17	0	0	0	17
Non-Management level	24	73	97	6	13	19	116
>60	39	49	88	8	5	13	101
Executive level	0	1	1	0	0	0	1
Management level	4	3	7	2	1	3	10
Non-Management level	35	45	80	6	4	10	90
Americas	**259**	**218**	**477**	**59**	**43**	**102**	**579**
<35	120	95	215	24	26	50	265
Executive level	0	0	0	0	0	0	0
Management level	5	5	10	1	2	3	13
Non-Management level	115	90	205	23	24	47	252
35-44	82	83	165	19	11	30	195
Executive level	0	0	0	0	0	0	0
Management level	18	12	30	3	2	5	35
Non-Management level	64	71	135	16	9	25	160
45-54	40	30	70	9	4	13	83
Executive level	1	1	2	0	0	0	2
Management level	9	3	12	4	1	5	17
Non-Management level	30	26	56	5	3	8	64
55-60	8	8	16	2	2	4	20
Executive level	1	0	1	0	0	0	1
Management level	0	1	1	0	0	0	1
Non-Management level	7	7	14	2	2	4	18
>60	9	2	11	5	0	5	16
Executive level	0	0	0	0	0	0	0
Management level	1	0	1	1	0	1	2
Non-Management level	8	2	10	4	0	4	14
Asia, Australia	**376**	**123**	**499**	**67**	**30**	**97**	**596**
<35	223	64	287	34	10	44	331
Executive level	0	0	0	0	0	0	0
Management level	4	1	5	1	0	1	6
Non-Management level	219	63	282	33	10	43	325
35-44	121	48	169	24	18	42	211
Executive level	0	0	0	0	0	0	0
Management level	24	5	29	4	1	5	34
Non-Management level	97	43	140	20	17	37	177
45-54	25	8	33	9	1	10	43
Executive level	3	0	3	0	0	0	3
Management level	12	2	14	3	0	3	17
Non-Management level	10	6	16	6	1	7	23
55-60	4	2	6	0	0	0	6
Executive level	1	1	2	0	0	0	2
Management level	3	1	4	0	0	0	4
Non-Management level	0	0	0	0	0	0	0
>60	3	1	4	0	1	1	5
Executive level	1	1	2	0	0	0	2
Management level	2	0	2	0	0	0	2
Non-Management level	0	0	0	0	1	1	1
Exits Total	1,442	1,251	2,693	317	265	582	3,275

Annex III - Law 11/2018 content index

Index of contents required by Law 11/2018, of December 28, which modifies the Commercial Code, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Audit of Accounts, regarding non-financial information and diversity.

	Section of the report	Internal Code	Reporting Criteria applied	Page in report	Reason for omission
General topics					
Business Model					
Brief description of the Group's business model	Our Company	L11G01	GRI 102-1 GRI 102-2 GRI 102-3 GRI 102-5 GRI 102-7 GRI 102-10 GRI 102-18	6	
Markets where it operates	Our Company	L11G02	GRI 102-4 GRI 102-6	6	
Organizational objectives and strategies	Strategy	L11G03	GRI 102-14 GRI 102-40 GRI 102-44	27	
Key factors and trends that could affect the future outlook	Strategy	L11G04	GRI 102-14 GRI 102-15	29	
General					
Reporting framework	About this report	L11G05	GRI 102-45 GRI 102-46 GRI 102-47 GRI 102-50 GRI 102-51 GRI 102-52 GRI 102-53 GRI 102-56	161	
Management approach					
Description of applied policies	Sustainability approach	L11G06	GRI 103-1 GRI 103-2	34	
Results of these policies	Sustainability approach	L11G07	GRI 103-3	39	
Risks related to the aspects linked to the Group's activities	Risk Management	L11G08	GRI 102-15	43	

	Section of the report	Internal Code	Reporting Criteria applied	Page in report	Reason for omission

Environmental matters

Environmental management

Current and foreseeable impact of the company's activities on the environment	Environmental management	L11M01	GRI 102-15	98	
Environmental assessment and certification procedures	Environmental management	L11M02	GRI 103-2 Management approach to environment	99	
Resources devoted to environmental risk prevention	Environmental management	L11M03	GRI 103-2 Management approach to environment	99	
Implementation of the precautionary principle	Environmental management	L11M04	GRI 102-11	99	
Amount of provisions and warranties for environmental risks	Environmental management	L11M05	GRI 103-2 Management approach to environment	98	

Pollution

Measures to prevent, reduce or repair carbon emissions (includes noise and light pollution)	Sustainable use of resources	L11M06 L11M08	Internal operating framework	115 117	Note 1

Circular economy and waste prevention and management

Measures related to prevention, recycling, reuse and other form of waste recovery and disposal	Sustainable use of resources	L11M07	GRI 103-2 Management approach to waste Internal operating framework	121	
Actions to avoid food waste	Sustainable use of resources	L11M09	-	-	Note 2

Sustainable use of resources

Water consumption and water supply in accordance with local limitations	Sustainable use of resources	L11M10	GRI 303-1	119	
Consumption of raw materials and measures to improve the efficiency in use	Sustainable use of resources	L11M11	GRI 103-2 Management approach of materials Internal operating framework	113	
Consumption, direct and indirect, of energy measures taken to improve energy efficiency and the use of renewable energies	Sustainable use of resources	L11M12	GRI 103: Management approach to energy GRI 302-1 GRI 305-4	114	
Use of renewable energies	Sustainable use of resources	L11M13	GRI 302-1	114	

Climate change

Important elements of greenhouse gas emissions generated as a result of the activities of the company	Climate change	L11M14	GRI 103-2 Management approach to emissions GRI 305-1 GRI 305-2 GRI 305-5	106	
Measures to adapt to climate change	Climate change	L11M15	GRI 103-2 Management approach to emissions	109	
Voluntary medium and long-term targets set to reduce greenhouse gas emissions and the measures implemented to that end	Climate change	L11M16	GRI 103-2 Management approach to emissions Internal operating framework	111	

Protection of biodiversity

Measures to preserve or restore biodiversity	Sustainable use of resources	L11M17	GRI 103-2 Management approach to biodiversity Internal operating framework	124	
Significant impacts of activities, products, and services on biodiversity	Sustainable use of resources	L11M18	Internal operating framework	124	

	Section of the report	Internal Code	Reporting Criteria applied	Page in report	Reason for omission

Social and Human Resources related matters

Employment

Total number of employees and distribution by country, gender, age and occupational classification	Working at SGRE	L11HR01	GRI 103-2 Management approach to employment GRI 102-8 GRI 405-1	56	
Total number and distribution of the conditions of the work contract	Working at SGRE	L11HR02	GRI 102-8 Internal data linked to Workday- SAP system procedure	58	
Annual average of permanent, temporary and part-time contracts by sex, age and professional category	Working at SGRE	L11HR03	GRI 102-8 GRI 405-1	58	
Number of dismissals by sex, age and professional category	Working at SGRE	L11HR04	GRI 401-1	59	
Average remuneration by sex, age and professional category	Compensation & Benefits	L11HR05	GRI 405-2	96	
Gender pay gap, the remuneration of equal or average jobs in society	Compensation & Benefits	L11HR06	GRI 103-2 Management approach of employment GRI 405-2	96	
Average remuneration of counselors and managers by sex	Our Company	L11HR07	Internal operating framework	16	
Implementation of policies to allow employees to disconnect from work	Diversity &Equal Opportunity	L11HR08	Internal operating framework	77	
Number of employees with disabilities	Diversity & Equal Opportunity	L11HR09	Internal operating framework	77	

Work organization

Working hours organization	Working at SGRE	L11HR10	Internal operating framework	53	
Number of hours of absenteeism	Occupational Health & Safety	L11HR11	Internal operating framework	69	
Measures to promote work-life balance and co-parenting responsibilities	Diversity &Equal Opportunity	L11HR12	GRI 103-2 Management approach of employment	77	

Health & Safety

Health & safety conditions in the workplace	Occupational Health & Safety	L11HR13	GRI 103-2 Management approach of Health & Safety	61	
Number of work accidents and occupational diseases by sex, frequency and severity rate by gender	Occupational Health & Safety	L11HR14	Internal operating framework	67	Note 3

Labour relations

Social dialogue organization	Labor Relations	L11HR15	GRI 103-2 Management approach to labour relations	80	
Percentage of employees covered by collective agreements, by country	Labor Relations	L11HR16	GRI 102-41	80	
Results of collective agreements, especially in the field of health and safety	Labor Relations	L11HR17	Internal operating framework	81	

Training

Training policies implemented	Learning and training	L11HR18	GRI 103-2 Management approach to training and education	88	
Number of hours of training by professional category	Learning and training	L11HR19	GRI 404-1	92	Note 4

Accesibility

Universal accessibility of people with disabilities	Diversity &Equal Opportunity	L11HR20	GRI 103-2 Management approach of diversity, equality and no discrimination	77	

Equality

Measures taken to promote equal treatment and equal opportunities for women and men	Diversity &Equal Opportunity	L11HR21	GRI 103-2 Management approach of diversity, equality and no discrimination	72	
Equality plans measures adopted to promote employment, protocols against sexual and gender-based harassment	Diversity &Equal Opportunity	L11HR22	GRI 103-2 Management approach of diversity, equality and no discrimination	74	
Integration and universal accessibility for people with disabilities	Diversity &Equal Opportunity	L11HR23	GRI 103-2 Management approach of diversity, equality and no discrimination	77	
Policy against all types of discrimination and, where appropriate, management of diversity	Diversity &Equal Opportunity	L11HR24	GRI 103-2 Management approach of diversity, equality and no discrimination	72	

	Section of the report	Internal Code	Reporting Criteria applied	Page in report	Reason for omission

Information on respect for Human Rights

Human Rights

Application of due diligence procedures in the field of human rights, preventing the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses	Human Rights	L11H01	- GRI 103: Management approach to human rights GRI 102-17	134	
Complaints about cases of violation of human rights	Human Rights	L11H02	Internal operating framework	132	
Promotion of and compliance with the provisions of the fundamental conventions of the International Labour Organization regarding freedom of association and the right to collective bargaining, the elimination of job discrimination, the elimination of forced labour and the effective abolition of child labour.	Human Rights	L11H03	GRI 103-2 Management approach to human rights GRI 407-1	134	

	Section of the report	Internal Code	Reporting Criteria applied	Page in report	Reason for omission

Disclosures on the fight against corruption and bribery

Corruption and bribery

Measures taken to prevent corruption and bribery	Ethics, Integrity and anti-corruption	L11C01	GRI 103-2 Management approach to compliance GRI 102-17 Internal operating framework	129	
Measures to combat money laundering	Ethics, Integrity and anti-corruption	L11C02	Internal operating framework GRI 206-1	130	
Contributions to non-for-profit organizations	Ethics, Integrity and anti-corruption	L11C03	Internal operating framework GRI 102-13	142	

	Section of the report	Internal Code	Reporting Criteria applied	Page in report	Reason for omission

Information about society

Commitment to sustainable development

Impact of the company's activity on employment and local development	Strategy	L11SO01	GRI 103-2 Management approach to local communities	31	
Impact of the company's activity on local populations and territories	Social Commitment	L11SO02	Internal operating framework	137	
Company's relations with local communities´ agents and dialogue channels	Social Commitment	L11SO03	GRI 102-12 GRI 102-13	138	
Partnerships and sponsorship actions	Memberships and associations	L11SO04	GRI 102-13	143	

Sustainable supply chain

Inclusion of social, gender equality and environmental matters in the company's purchasing policy	Responsible Supply chain	L11SO05	GRI 103-2 Management approach to responsible supply chain	148	
Consideration of social and environmental responsibility in relations with suppliers and subcontractors	Responsible Supply chain	L11SO06	GRI 102-9 GRI 308-1	151	
Monitoring and supervision systems and related results	Responsible Supply chain	L11SO07	GRI 102-9 Internal operating framewrok	152	

Consumer relationship

Measures to protect consumers´ health and safety	Occupational Health & Safety	L11SO08	GRI 103-2 Management approach	70	
Claims systems	Our Company	L11SO09	Internal reporting framewrok	22	
Complaints received and resolution of them	Ethics, Integrity and anti-corruption	L11SO10	Internal reporting framewrok	133	

Tax information

Profits obtained per country	Responsible Tax	L11SO11	Internal data linked to SAP system	158	
Taxes paid on profits	Responsible Tax	L11SO12	Internal data linked to SAP system	158	
Public subsidies received	Responsible Tax	L11SO13	GRI 201-4 Internal data linked to SAP system	159	

Notes included into the Law 11/2018 content index:

Note 1: Light pollution is not considered a material aspect for Siemens Gamesa.

Note 2: Due to the nature of Siemens Gamesa's business and based on the materiality assessment, the required information on "food waste" is not considered relevant to be reported.

Note 3: Our occupational safety and health data recording protocols do not allow for the inclusion of gender in our accident and incident records. This information is considered to compromise the privacy of the employee's identity, even if the employee's name has not been entered. However, the company is committed to processing this data in FY21 and onwards, ensuring employee privacy is protected, with the aim of breaking down the number work accidents and occupational diseases including a gender perspective.

Note 4: This fiscal year, the Group's training hours and trained employees are provided, audited data, but it does not include an additional breakdown by professional category. The reason for this is the existence of a data platform reconciliation problem, which the company is committed to solve along 2020-21. Full breakdown will be provided at the end of fiscal year 2021.

List of tables

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www.siemensgamesa.com

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Independent Assurance Report on the Consolidated Non-Financial Report
for the year ended September 30, 2020

SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES

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Building a better working world

INDEPENDENT ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL REPORT 2020

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

To the shareholders of Siemens Gamesa Renewable Energy, S.A.:

In accordance with article 49 of the Commercial Code, we have verified, with a limited scope, the Consolidated Non-Financial Statement (hereinafter NFS) for the year ended September 30, 2020 of Siemens Gamesa Renewable Energy, S.A. and subsidiaries (hereinafter the Group), which is part of the Group's accompanying Consolidated Management Report.

The content of the Consolidated Management Report contains information in addition to that required by prevailing company law in respect of non-financial information that was not included in the scope of our assurance work. Consequently, our work was limited exclusively to verifying the information identified in the Annex III "Law 11/2018 content index" included in the accompanying Consolidated Management Report.

Responsibility of the Board of Directors

The preparation of the NFS included in the Group's Consolidated Management Report and its content is the responsibility of the directors of Siemens Gamesa Renewable Energy, S.A. The NFS has been prepared in accordance with the content established in prevailing mercantile regulations and the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in the Annex III "Law 11/2018 content index", of said report.

This responsibility likewise includes the design, implementation, and maintenance of the internal control considered necessary to ensure that the NFS is free of material misstatement, due to fraud or error.

The directors of Siemens Gamesa Renewable Energy, S.A. are also responsible for defining, implementing, adapting, and maintaining the management systems from which the necessary information for preparing the NFS is obtained.

Our independence and quality control

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence, diligence as well as confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1), and consequently maintains a global quality control system which includes documented policies and procedures relating to compliance with ethical requirements, professional standards, and the legal and applicable regulatory provisions.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report. Our review has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

The procedures carried out in a limited assurance engagement vary in nature and timing and are smaller in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in making inquiries of management and of the Group's various business units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFR, and applying certain analytical procedures and sampling review tests as described below:

- Meeting with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- Analyzing the scope, relevance and integrity of the content included in the NFR based on the materiality analysis made by the Group and described in the Annex I "Materiality analysis", considering the content required by prevailing mercantile regulations.
- Analyzing the processes for gathering and validating the data included in the 2020 NFS.
- Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the NFS.
- Checking, through tests, based on a selection of a sample, the information related to the content of the 2020 NFS and its correct compilation from the data provided.
- Obtaining a representation letter from the Board of Directors and Management.

Conclusions

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the NFS of the Group for the year ended September 30, 2020 has not been prepared, in all material respects, in accordance with the contents required by prevailing company law and the criteria of the selected GRI standards outlined in the *Global Reporting Initiative Sustainability Reporting Standards* (GRI standards) as well as other criteria described in accordance with that indicated for each subject in the Annex III: "Table of contents required under "Law 11/2018 content index", included in the aforementioned Statement.

Use and distribution

This report has been prepared as required by prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(signed on the original version in Spanish)

Alberto Castilla Vida

November 27, 2020