

# Annual Report 2021

Driving the green energy  
transition in partnership



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# Driving the green energy transition in partnership

Can the greatest challenge of our generation become its greatest opportunity? We at Siemens Gamesa believe so - with our technologies that can turn ideas into solutions, and social and political action into reality.

As pioneers and leading innovators in wind energy, we seize the opportunity to shape a clean, sustainable future. And we meet that future with the ambition to unlock the full potential of wind. We will take wind to the next level, safely delivering sustainable growth to customers, investors and communities and competitively contributing to the decarbonization of all economies.

We are proud to be part of the solution. For decades, we have been driving the energy transition. We have installed thousands of wind turbines, generating hundreds of thousands of gigawatt-hours all over the world. We power homes, schools, and hospitals, helping to keep the world moving. We provide the clean energy solutions that hold the promise of transforming the future for our children and grandchildren.

By working with our customers and partners, wind is now the driving force of the green energy transition. However, accelerating progress towards a carbon neutral future requires us to go further.

We need to expand and strengthen the partnerships that will power a sustainable planet. Partnerships for renewable energy generation that will underpin economic growth and support our societies to prosper. Partnerships that will unlock performance at a new level. Partnerships that will deliver progress today.

Only by working together can we take the global green energy revolution to the next level. Creating a world of difference together.







# Chairman letter

Miguel Ángel López

Dear Stakeholder,

The performance of Siemens Gamesa in 2021 illustrates very well the paradoxical nature of the wind energy industry during uncertain times in which Covid 19 continues to bring disruption.

On the one hand, the company completed the year with a strong order backlog of €32.5bn, a total that illustrates high levels of commercial activity in wind energy as well as its huge potential. That order backlog also provides Siemens Gamesa with a foundation on which to build towards a successful future.

By contrast, we recognize that the company's financial performance in 2021 was disappointing, with difficult market conditions driven by Covid-inspired supply chain issues further compounded by internal factors.

Regrettably, we have seen that both the external supply chain problems and some of the internal challenges persist into 2022. In early February the company announced significant losses for the first quarter of financial year 2022 and adjusted guidance for the full year. The Board of Directors has analyzed and discussed the performance of the Company and our options for taking action to improve it and put the company on the path to sustainable profitability. Ultimately, the Board came to the conclusion that Siemens Gamesa required an urgent reset and a change in its leadership, and as a result took the decision to nominate Jochen Eickholt as new CEO.

Mr Eickholt has a strong track record in managing complex operational situations and in successfully turning around underperforming businesses. He has the necessary credentials to drive the urgent change required to put Siemens Gamesa back to profitability.

The Board of Directors will continue to be focused on ensuring that our company addresses the twin challenges described above: to support the new CEO and Executive Committee to address short-term profitability issues while preparing for a future in which wind energy plays an increasingly influential role in the energy transition.

And we continue to believe there is strong cause for optimism. During the course of 2021, governments across the world reaffirmed their commitment to wind energy as a key component in their journeys towards decarbonization and, ultimately, net zero. Under the Sustainable Development scenario in its World Energy Outlook 2021, the International Energy Agency estimates that by 2030 wind installations will have increased threefold from 737GW in 2020 to 2,378GW. And by 2050 the IEA forecasts that that installed base will have doubled again to 5,881GW.

Growth is expected to be particularly strong in Offshore, and Siemens Gamesa continues to invest heavily, both in terms of technology and industrial footprint, to ensure that as the industry ramps up we maintain our market



*The Board of Directors is focused on ensuring that the company addresses short-term profitability issues while preparing for a future in which wind energy plays an increasingly influential role in the energy transition.*



leadership. During 2021 we announced that we would more than double the size of our factory in Hull in the UK as we also moved closer to opening our first Offshore facility in the US. Meanwhile in Denmark, we installed the prototype of the SG 14-222 DD, the world's largest wind turbine in operation.

In the shorter term, the company addressed its profitability goal with an intensification of restructuring and efficiency efforts during 2021, led by the LEAP program. Activities were focused on a number of key areas including improving project execution, optimizing our industrial footprint and improving procurement and pricing practices to address supply chain volatility and cost inflation. The measures undertaken are in particular focused on, but not exclusive to, the turnaround of the Onshore business which continues to be the priority for the management team in 2022.

Building a better world is at the very core of Siemens Gamesa, and a hugely motivating factor for our people, whose commitment to sustainability serves to fire our ambitions in this increasingly important area. This report details the huge progress we made so far, but I would like to highlight some key points here. During 2021 we announced an ambitious new vision for sustainability that includes a commitment to achieve net-zero emissions, including those emissions from our entire value chain, that has been accelerated by 10 years to 2040. We also aim, by 2040 to ensure

all of our turbines are 100% recyclable, and in 2021 reached a key landmark with the production of the industry's first fully recyclable blade.

Siemens Gamesa also aims to be a force for good in the communities in which we operate and we are proud of our efforts in the Social Commitment arena, where we focus on reducing poverty, fighting climate change, and promoting technological education in line with the future needs of society. These are compatible with the Company's goal of aligning its focus to the United Nations' Sustainable Development Goals.

Our efforts in sustainability are regularly recognized by high rankings in ESG indices such as the Dow Jones Sustainability Index, FTSE4Good and the S&P Global Corporate Sustainability Assessment where in 2021 we earned a ranking of #2 out of 126 companies included in our sector.

Lastly, I would like to thank the continued support of our employees, shareholders and all our stakeholders. I remain confident the company is on the right path to delivering the sustainable returns we all want to see.

Sincerely,

Miguel Ángel López

Chairman, Siemens Gamesa Renewable Energy

# Interview with our CEO

Jochen Eickholt

**As a newcomer to Siemens Gamesa, joining the Board of Directors in January 2022 and becoming CEO in March, how would you characterize the company's situation?**

Reflections on the wind energy industry in general, and for Siemens Gamesa in particular, require two contrasting perspectives. Firstly, the operating and commercial environment in our industry are clearly very difficult.

In early 2022, however, it's clear that the industry and Siemens Gamesa are under significant pressure as the continued Covid pandemic delivered further challenges through knock on effects to the supply chain and the global economy. We are experiencing disruption to production through problems in the global supply chain that have brought serious delays to deliveries as well as substantial increases in the costs of raw materials and transportation.

The crisis caused by Russia's invasion of Ukraine is likely to intensify those issues further and the outlook for 2022 continues to look very challenging.

From a longer term perspective, however, there are very few industries that have such a promising outlook. Continued government commitments to the decarbonization of economies promise significant growth in wind turbine deployment from the middle of this decade.

And the war in Ukraine has caused many countries in Europe to rethink their reliance on imported fossil fuels for their energy

supply and many are looking to increase the proportion of renewables in their mix to give them greater independence from imports and secure their future energy needs.

The wind industry is ready and willing to help in that drive and that only increases my confidence that the long term future for our company is very promising.

**How are these challenges impacting the company's performance?**

In a global industry that is such an intensive user of commodities whose prices are soaring and where delivery is unreliable, of course it has an impact on our financial performance. While our Service and Offshore businesses delivered solid performance in 2021, our Onshore business was more affected, leading to disappointing financial losses. We already see the challenges persisting in FY 2022, where we reported a very disappointing Q1, in part through external factors and in part through our own internal challenges.

Fixing that is a key focus for us all at Siemens Gamesa, and at the heart of that is to ensure that we drive operational excellence in everything we do.

And so it's critical that we do all we can to mitigate against the external factors we face with improved contract management, better planning and resourceful procurement.

Even more important is that we address our internal challenges. One major element of that is turning around our Onshore business and



*Our focus will be on stabilizing our business and to ensure that we are developing the right technology and have the operational set up to allow us to take advantage of market growth and return to a level of sustainable profitability.*



in particular putting the Siemens Gamesa 5.X platform back on track. It is apparent from its commercial success that this is a turbine that our customers like and want. It is essential we address the problems with the 5.X and effect a successful roll out as quickly as possible.

**What is the key to delivering future success in the company?**

We are in an engineering industry and ultimately our market performance will be determined by the quality of our technology, and our ability to bring it to market competitively. If you look at market projections of hundreds of GW of wind energy to be installed in the coming decade, we have to deliver more powerful and more efficient machines. And we can be encouraged by our progress in 2021 in that arena.

In a year in which the industry celebrated the 30th anniversary of the first offshore wind farm at Vindeby in Denmark – those turbines had only a 450kW capacity and 35-meter rotor – we showed just how far and fast this industry has come. We installed a new Offshore prototype in Denmark, the SG 14-222 DD, which has a 14 MW capacity and rotor diameter of 222 meters! That's the largest machine in operation in the world and it has an order book that includes customers in Europe, Asia and the US. Until recently, Offshore was a northern European industry. Now it's global. As the market leaders, it's a really exciting time for us in Offshore.

Then in Onshore we installed the SG 6.6-155 and SG 6.6-170 prototypes from the Siemens Gamesa 5.X platform. While the 5.X has been challenging, we know that this machine is the right one for the market and will drive business in Onshore.

**What can we expect in 2022?**

In a volatile and uncertain world, characterized by geopolitical instability and the continuing Covid pandemic, it's become more difficult than ever to predict the future. It would be unwise to believe that we are clear of the impact of the pandemic but it's difficult to know exactly what will come next. We also don't yet know what the full impact of the war in Ukraine will be, but we have to hope for a peaceful resolution as soon as possible to end the terrible human suffering there.

From an industry growth perspective we are in something of a lull at present, with analysts forecasting a flat market until the middle of the decade when growth will pick up, particularly in Offshore. So our focus will be on stabilizing our business and to ensure that we are developing the right technology and have the operational set up to allow us to take advantage of market growth and return to a level of sustainable profitability.

So I am optimistic. There is no better industry to be in than this one, and when we get our business right – and we will, do not doubt that – we will be able to repay the faith our investors have shown in us, while also delivering the clean, renewable energy that our planet needs.



# Siemens Gamesa at a glance

€32.5

billion  
order book

€10.2

billion  
annual revenue

€6.9

billion  
procurement  
volume

118<sub>GW</sub>

installed worldwide

100%

renewable electricity  
use

329<sub>m</sub>

tonnes  
CO<sub>2</sub> avoided

79<sub>GW</sub>

fleet under maintenance

19.1%

women in the workforce

26,000

employees


# Siemens Gamesa in the world


Our turbines are representative of our commitment to building a better tomorrow. We bring engineering excellence to install and service thousands of turbines that are improving our planet's health, generating 118GW of wind power all over the world, which is enough clean energy to power 108 million households annually.

We are a global business, but our presence and impact are local. We live and work in the communities we power. Our reach extends beyond the walls of our factories and offices. Our impact is felt in how we support innovation in local schools and universities; how we help introduce new industries into regions that can prosper with clean, affordable energy; and by giving rise to new supply chains that multiply economic value and create jobs. Our commitment to be a good global citizen extends to every community we serve.



 Main sales offices

 Factories

 Main Engineering Centers





# Milestones

**Wind circularity:** launch of the RecyclableBlade, the world's first wind turbine blade that can be recycled at the end of its lifecycle. This breakthrough is a crucial step towards Siemens Gamesa's ambitious goal to make turbines fully recyclable by 2040.

**Strengthening renewable power in Canada:** the 130MW Rattlesnake Ridge wind power project, one of the first subsidy-free wind farms in the country, was the first of six projects signed during FY21 (880MW in total), positioning Canada as the 4th most important onshore market worldwide for Siemens Gamesa.

**Energy transition in Africa:** Siemens Gamesa expands presence in Africa after its first deal signed in Ethiopia. The 100MW wind farm will help power over 400,000 Ethiopian households.

**Leading the way to a cleaner future:** Siemens Gamesa is powered worldwide by electricity from 100% renewable sources.

**Unlocking the green hydrogen revolution:** Siemens Gamesa has developed and commissioned the world's first project capable of producing green hydrogen directly from wind, in 'island mode'. The Brande Hydrogen project represents a strategic step towards delivering large-scale green hydrogen from the mid-2020s onwards. In parallel, the company has joined forces with Siemens Energy to develop a fully integrated offshore wind-to-hydrogen solution. According to the whitepaper published by Siemens Gamesa in June 2021, green hydrogen price parity with fossil-based hydrogen could be achievable from onshore wind by 2030 and offshore wind by 2035 with appropriate policy frameworks and market mechanisms in place.



**New chapter of the energy revolution in Latin America:** Punta Lomitas, Peru's largest wind farm, will be equipped with 50 units of the SG 5.0-145 onshore turbine.

**Ambitious new diversity and inclusion action plan:** It sets gender equality targets to unlock the power of diversity, pledging to increase female representation in the workforce and in executive management to 25% by 2025.

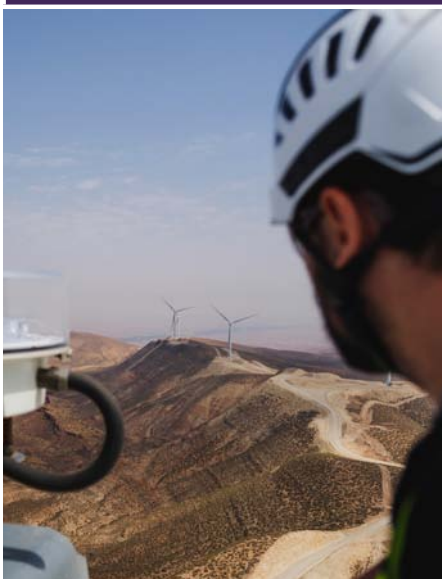


**Turnaround for the wind industry**

**in the Philippines:** The 160MW Balaoi & Caunayan wind project will be the largest wind farm in the Philippines, as wind momentum builds in the second most populous country in Southeast Asia, with 6% annual growth in demand for electricity.

**Typhoon-resistant type**

**certificate:** the SG 11.0-200 DD joins the SG 8.0-167 DD offshore wind turbine with this certification, which guarantees that both machines are able to withstand Typhoon- or T-class wind speeds, a very relevant feature required for some Asia Pacific projects.

**Powering ahead in the UK:**

Offshore blade factory in Hull will double its size. The expansion represents an investment of £186 million, 200 new direct jobs and is planned to be completed in 2023.

**Giant leap forward in offshore:**

Firm order from RWE for the 1.4GW Sofia offshore wind power project in the UK. This project represents the first firm order for the SG 14-222 DD, the company's flagship offshore turbine.

**Offshore Service market leader:**

extension of the original contract for servicing the 714MW East Anglia ONE wind power plant, from five to 15 years, representing one of the biggest deals in Siemens Gamesa's Service business unit's history. This significant contract reinforces the company's focus on being the Offshore Service market leader.

**New markets for the flagship onshore platform:** Siemens Gamesa 5.X platform achieves new first orders in the German and British markets, a strong sign that one of the lowest cost sources of energy is able to help meet the countries' ambitious net zero targets. During FY21, the Siemens Gamesa 5.X platform received orders for more than 2.1GW in different markets such as Sweden, Finland, Brazil, Germany and UK.

**Climbing new heights in Onshore:** Upgrade of the newest generation onshore platform to offer a higher unitary power. The new SG 6.6-155 and SG 6.6-170 turbines will combine a flexible power rating from 5.6MW to 6.6MW with two of the largest rotor diameters in the market, 155 and 170 meters.



# Strong momentum for renewables

The climate emergency is the greatest challenge facing our generation. 2020 was the joint warmest year on record, according to latest data released by the Copernicus Climate Change Service. The concentration of carbon dioxide in the atmosphere continues to grow, and total annual emissions are currently expected to rise at their second-fastest pace ever in 2021, according to the International Energy Agency (IEA).

Nations around the world recognized the challenge of mitigating climate change to achieve sustainable development. More than 120 world leaders gathered at COP26 in Glasgow last November. The agreement reached at COP26 reflects the need to accelerate the transition to low-emission energy systems, with a greater share of renewable energies, a reduction in the use of coal, and the elimination of fossil fuel subsidies.

However, the current efforts are not enough to achieve net zero emissions by 2050. To realize the target, countries will need to act now and increase their ambitions and actions to be fully consistent with the goal ahead of COP27. As the energy sector

accounts for approximately two-thirds of emissions, renewable energy plays a key role in massively cutting carbon emissions in the coming decades, as it could supply four-fifths of the world's electricity by 2050, according to the International Renewable Energy Agency (IRENA). Wind energy is already leading the way in providing affordable, clean and sustainable energy. Above 800GW of wind power worldwide already helps the world to avoid more than 1.1 billion tons of CO<sub>2</sub> emissions each year.

Projections of wind installations for the coming years have been raised after COP26 commitments. According to the latest report from Wood Mackenzie, cumulative planned installations in the period 2021-2030 total 1,096GW, i.e. 69GW (+7%) more than forecast in their previous report.

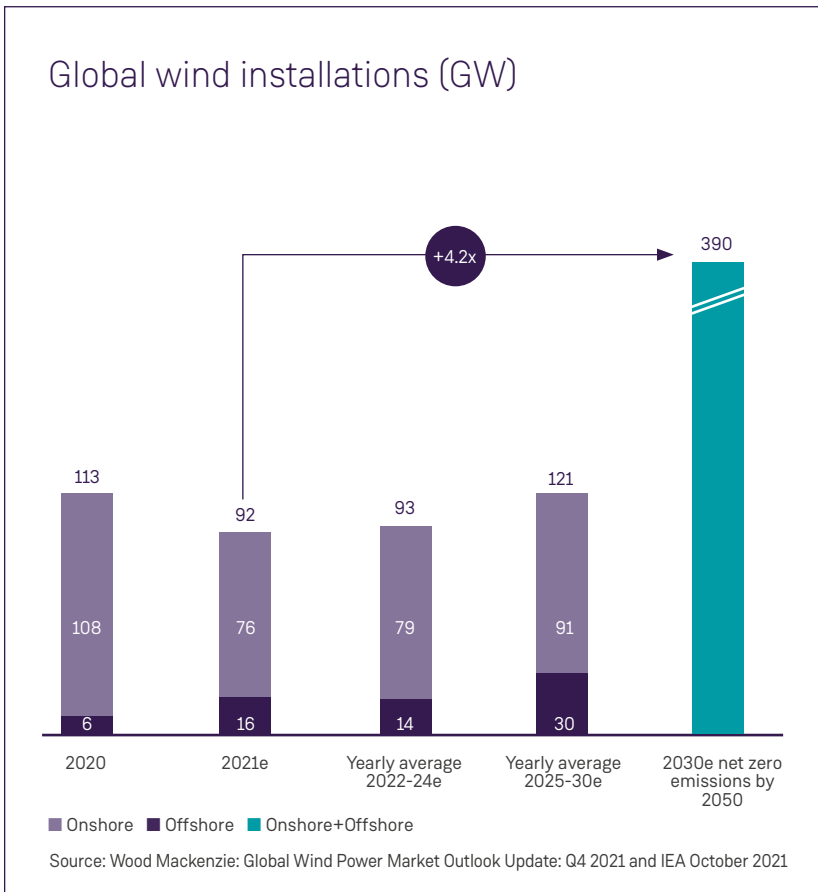
But we need to act now and scale up wind energy deployment if we want to decarbonize power and other sectors, such as industry and transport.

Still the global energy transition would require 4.2x the current level of annual wind installations. The IEA estimates that wind



power installations need to reach 390GW per year by 2030, which is approximately three times the level of installations projected by Wood Mackenzie for that date.

Following the peak of installations in 2020 (113GW installed), mainly driven by the extraordinary installation volume in China, there is an expected reduction in annual global installations until 2023, a reduction that is exclusively concentrated in the Onshore market. The pace of global installations will resume growth in 2024-2025 and will accelerate that trend during the second half of the decade. Adjusting for sporadic peaks and troughs, the normalized pace of installations is expected to rise steadily throughout the decade. China, US, India and Germany are expected to retain their positions as the largest Onshore markets, accounting for 67% of total accumulated installations projected for 2021-2030. Spain, Brazil, France, South Africa, Australia and Sweden will contribute 11% in the same period.



Although new markets are emerging, the Offshore market is still much more concentrated. China, with 88GW of installations in 2021-2030, will account for 37% of total installations in the period. Europe, with the United Kingdom in the lead, will account for 37% of the total. They will be followed by the United States and Taiwan. The contribution by new markets such as the US will be concentrated in the second half of the decade (2026-2030).



# Financial performance

Siemens Gamesa ended a complex financial year (FY) 2021 shaped by challenging market conditions but also by healthy long-term demand for wind energy, through strong decarbonisation commitments.

The strong momentum in renewables boosted the company's backlog to €32,542m, showing that it is well placed to capture the huge potential of wind energy.

The company's performance in FY21 also reflected market imbalances caused by challenging supply chain conditions, with sharp increases in commodity prices, shortages of certain components, logistics bottlenecks and high transportation costs. The impact of these imbalances was particularly intense during the second half of the year and is expected to still affect operations in FY22.

Revenue in the fiscal year amounted to €10,198m (+7.5% y/y), supported by growth in Offshore and Service. Profitability was impacted by commodity price and transport cost increases and by higher than expected

ramp-up costs of the Siemens Gamesa 5.X platform, creating the need for provisions for onerous contracts that resulted in EBIT pre PPA and before integration and restructuring costs of -€96m in FY21, with a margin of -0.9% (vs. -2.5% in FY20). Net income to Siemens Gamesa shareholders amounted to -€627m (vs. -€918m in FY20).

Financial performance in FY21 was in line with the low end of the guidance range announced in July 2021 (Revenue: c. €10,200m and EBIT margin: -1% to 0%). During the year, as part of its LEAP program, Siemens Gamesa took actions to protect the company's performance in the current complex supply environment, enhance competitiveness and address the costs and ramp-up time of the Siemens Gamesa 5.X platform.

The company completed FY21 with a solid balance sheet and ample access to funding. As of September 30, 2021, Siemens Gamesa's net debt position stood at €207m, with €4,443m in committed funding lines, against which it had drawn €1,346m.







## Commercial activity

In the last twelve months governments, companies and other organizations have increased their emission reduction commitments. In this context, Siemens Gamesa signed orders worth €12,185m in FY21, and ended the year with an order backlog totaling €32,542m (+7.5% y/y), i.e. €2,294m more than at September 30, 2020.

Onshore logged €4,708m (-15% y/y) in new orders in the year. The year-on-year change reflects the company's commercial strategy, focused on controlling risk and prioritizing profits in the projects in the backlog, as well as a slowdown in sales activity on the Siemens Gamesa 5.X platform and a hiatus in the US and Spanish markets. New platforms with capacity of 4 MW or greater accounted for 68% of total order intake in FY21, with the 5.X platform alone accounting for 30%, which reinforces the vision that the 5.X is the right platform for strengthening Onshore operations.

Offshore order intake in FY21 amounted to €4,068m. Siemens Gamesa continues to work very closely with customers to prepare for the large volume of auctions expected in 2021 and 2022 and beyond, given Offshore wind's role as the key energy source for attaining the decarbonization targets.

With 14GW already in the backlog and pipeline, the Offshore business unit is preparing to fully benefit from a steep demand increase in FY25 and beyond. Among other actions, the company is investing in its industrial footprint to secure supply volume and in developing an evolutionary product portfolio. It is introducing the enhanced SG 14-236 DD offshore wind turbine, with a 236-meter diameter rotor and capacity of up to 15MW. Siemens Gamesa has been named Nominated Preferred Supplier with this product by Vattenfall for their 1.8GW Norfolk Vanguard and 1.8GW Norfolk Boreas projects. The agreement is subject to the UK Government's Contract for Difference Round 4 auction award in calendar year 2022 and subsequent final investment decision by Vattenfall.

The Service division booked new orders worth €3,409m in FY21. As of September 30, 52% of the order backlog, i.e. €16,801m, was in Service, which expanded by 11% year-on-year.

FY21 shaped by **healthy** long-term demand and **challenging** short-term market dynamics

**Efficiency actions** stepped up to protect the company's performance

Siemens Gamesa is **soundly placed** to capture the huge potential of wind energy



**More information**

# Onshore

Siemens Gamesa's Onshore business continues to grow globally and at the end of financial year 2021 had installed over 99GW of capacity across 79 countries. The Onshore business has over 35 years of experience. This has helped it develop trusted partnerships to deliver the global energy transition. The business unit has production centers across the main wind power markets which enable it to develop relationships close to the customers, a robust network of global suppliers, and create sustainable economic value where it operates. The breadth of Onshore's installations also help to provide the foundations for a profitable and growing Service business assuring that turbines of any make are functioning to their optimum capabilities.

The past year was marked by strong headwinds across the wind industry, which impacted on the business unit's performance. These included persisting effects from the ongoing Covid 19 pandemic, which has taken a longer than expected impact on supply chains, travel, and manufacturing. These were compounded by a sharp rise in commodity prices and transportation costs. The Onshore business unit implemented an action plan to combat these effects and worked closely with suppliers and customers to deliver projects.

Onshore has also strengthened its capabilities regarding project management through its PM@SGRE project management policy which has rolled out an operating model for the management of projects and defined and deployed a new risk management methodology.

Onshore continued to roll out its most powerful and now upgraded turbine platform, the Siemens Gamesa 5.X. Over the year the prototypes for the SG 6.6-155 and SG 6.6-170 turbines were installed and testing has begun to ensure they can meet the requirements of working in any condition and geography. These machines have an increased nominal capacity of 6.6MW, and provide one of the lowest Levelized Cost of Energy to customers. The first turbines of the 5.X have already rolled off the production lines and are being installed at the first projects in the Nordics. This benchmark product will become key to Onshore growth in the coming years and help drive a green energy switch.

A turnaround and restructuring in Onshore's India operations also accelerated over FY21. The company is fully committed to helping the country meet its ambitious renewable targets. Proof is the success of the SG 3.6-145 turbine, designed specifically for wind conditions in India, that will be manufactured at the company's plants in the country. Two major deals were notched with ReNew Power in India to supply 180 of these leading turbines to two wind projects in the state of Karnataka, in turn giving a boost to the sector.

Onshore continued to roll out its most powerful and now upgraded turbine platform, the Siemens Gamesa 5.X. Over the year the prototypes for the SG 6.6-155 and SG 6.6-170 turbines were installed and commissioned.



# Nordics lead in new technology

The successful commercial roll-out of the industry benchmark Siemens Gamesa 5.X has been no more apparent than in the Nordics, which often lead in the advance of new renewable technologies. The company has worked closely with its customers across a number of sites particularly in Sweden and Finland to develop projects to meet their needs. Prime Capital, based in Germany, has been a large customer for the Siemens Gamesa 5.X platform. The company has signed three contracts for a little over 1GW, as it recognized the cost competitive nature of these turbines, as well as a more efficient use of land, meaning less environmental impact. Working alongside Prime and others we will help drive a green transition both in the Nordics and across the globe.



**More information**

# A new dawn for Vietnamese wind's sustainable supply chain

Siemens Gamesa works closely with its partners along the entire supply chain to help deliver the most sustainable solutions. The company worked closely with key tower manufacturer CS Wind to help develop its own sustainability strategy. It took a big step towards this by covering the roofs of its giant plant in Ho Chi Minh City in Vietnam with thousands of solar panels. They will cover around 40% of the plant's electricity requirements, and the company is actively looking to make more of its global operations more sustainable in this and other ways. Part of the work ahead will also look to incentivize suppliers to deliver on their sustainable commitments, with the short-term firm objective to have a minimum 30% of suppliers to have decarbonization targets approved by the Science Based Target initiative (SBTi) alongside Siemens Gamesa. The aim of this initiative is verifying that the sustainability strategies of the enlisted companies are sufficient to limit global warming to well-below 2°C above pre-industrial levels.



**More information**

**Driving the green energy transition in partnership**



# Offshore

The Siemens Gamesa Offshore Business Unit experienced another successful year in FY21. Demonstrating how Siemens Gamesa is leading the offshore revolution, approximately 3.5GW of order entry was secured, which will in the coming years add to the over 18GW of capacity already installed globally. Furthermore, as the world's leading manufacturer of offshore wind turbines, the confirmed order book was at approximately €9.5 billion at the end of FY21.

The summer of 2021 saw the 30th anniversary of Vindeby, the world's first offshore wind power project. Installed and commissioned in 1991, the 4.95MW project featuring 11 turbines with a 450kW capacity and 35-meter rotor lay the groundwork for every single offshore project in the world. While Vindeby was decommissioned in 2017, its pioneering spirit put Siemens Gamesa on the right path.

The latest descendants of those first offshore wind turbines include the enhanced SG 14-236 DD turbine -which will feature 115-meter-long blades, with the first prototype expected to be up and running by 2022- as well as the SG 14-222 DD, whose first prototype was recently installed in Osterild (Denmark), becoming the world's largest wind turbine currently in operation. With up to 15 MW capacity with Power Boost and rotor diameter of 22 meters, its energy capacity is 31 times greater than the turbines installed at Vindeby. The truly global approach of this turbine corresponds with an impressive order backlog from different customers in markets as diverse as Taiwan, the United States, and the United Kingdom.

Siemens Gamesa aims to retain its position as the global market leader in offshore with strong technical solutions, such as the SG 14-222 DD, currently the world's largest wind turbine in operation.

Another important milestone for the Offshore business unit during 2021 was the announcement of an expansion to the offshore blade factory in Hull, England. This will more than double the size of the manufacturing facilities, enable the manufacturing of next-generation offshore wind turbine blades and add 200 additional direct jobs to the approximately 1,000 person-workforce already in place.

Cementing its commitment to leading the offshore revolution worldwide, Siemens Gamesa completed Taiwan's very first local wind turbine nacelle assembly during the summer at the new facility in Taichung Harbor, the company's first manufacturing plant of its kind outside Europe. Taiwan continues to serve as the regional offshore hub for the fast-growing Asia-Pacific region.

Furthermore, the company solidified its presence in the key U.S. offshore wind market with the ceremony to launch what is intended to be the first offshore wind turbine blade facility in the United States. Approximately 260 jobs are expected to be created when fully operational. Also, Siemens Gamesa intends to create around 50 service jobs to provide operations and maintenance services for the Coastal Virginia Offshore Wind Commercial Project.



# Fantastic floating foundation: Siemens Gamesa sails with TetraSpar

In collaboration with Stiesdal Offshore Technologies and other industry partners, Siemens Gamesa participates in the new TetraSpar Demonstration Project, the world's first full-scale demonstration of an industrialized floating offshore wind power foundation. The floating foundation, coupled with a Siemens Gamesa 3.6MW Direct Drive wind turbine, has been commissioned and is now operating some 10 kilometers off Norway's coast in a water depth of 200 meters.

The modular, industrially-manufactured TetraSpar concept is based on factory-made modules that are joined with maintenance-free joints to form a complete foundation. Fast and robust assembly takes place in the port of embarkation and requirements are limited to a flat area at quayside. Towed and installed near Stavanger, Norway, the turbine was installed by technicians from Siemens Gamesa. Siemens Gamesa also provided the specifications and the design for the tower, produced and provided by Welcon in Denmark.

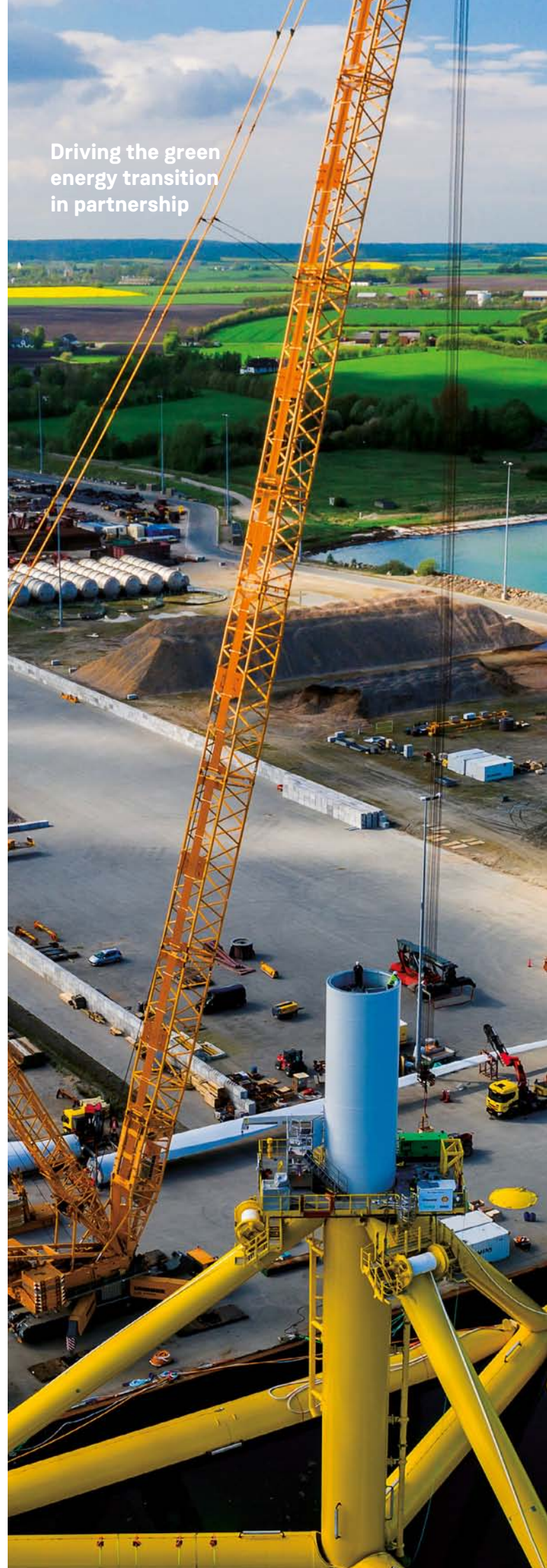
Aside from our stake in propelling the industry development, Siemens Gamesa is focused on gathering as much knowledge as possible to offer products and solutions for new floating offshore wind markets, such as the U.S. and Asia, for example.

The development of new technologies to take wind power plants into waters where fixed-bottom foundations cannot reach is necessary to access even better wind resources and achieve the green transition objectives. Siemens Gamesa has been engaged in these efforts from the very start with pilot floating projects such as the Hywind Demo in Norway at 2.3MW and Hywind Scotland at 30MW, both already in operation. Further projects, Hywind Tampen at 88MW and Provence Grand Large at 24MW, are in the implementation phase.



**More information**

Driving the green  
energy transition  
in partnership



# Optical Blade

To accelerate the manufacturing of wind turbine rotor blades with the Optical Blade, Siemens Gamesa Digital Ventures Lab, in partnership with IBM, has developed a quality control laser grid system with optical recognition devices, combined with machine learning. This has made Siemens Gamesa the winner in the INNOVATE category of the Intelligent Manufacturing Award of Microsoft and Roland Berger.

The production of rotor blades is immensely time-consuming and extremely labor-intensive due to the manual production required: for each turbine blade, around 1,400 fiberglass sheets have to be placed in a mold by hand. This step accounts for about 25 percent of the production costs of a wind turbine.

Siemens Gamesa addresses this problem with the Optical Blade solution, which uses leading edge digital tools to improve quality and efficiency. Using an optical detection platform that connects cameras above the molds to an edge computing system, production workers receive real-time feedback to correlate errors and improve process efficiency.

The system has been installed in the Aalborg factory in Denmark and will also be installed over the next 2 years in Le Havre (France) and Hull (UK).

This solution is the foundation that allows manufacturing teams to continue to build the best blades in the world at the lowest cost by bringing our accumulated know-how to the manufacturing operators at the point of use in a sustainable and scalable way.



**More information**





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# Service

The Service business unit continued to grow in 2021, supported by significant new orders that helped to strengthen an already well-diversified portfolio of assets for the maintenance and optimization of wind turbines globally.

The fleet under maintenance grew 7% year-over-year to 79 GW, and 52% of Siemens Gamesa's order backlog at the end of the financial year (€16,8 billion) came from Service. Our retention rate for FY21 was 67%, and the contract renewal rate grew to 83%, up from 70% in FY20. The Service business delivered an EBIT margin of 22.4% year-to-date in FY21 and continues to generate the highest margins of the company's three business units. Growth prospects remain strong going forward, driven by an increased aftermarket focus.

With all turbines around the world, Service works to ensure that they are operating at their top capacity and generating their maximum potential energy to deliver clean energy globally. We cover the full lifetime of a turbine, from when a wind park is commissioned to assuring its successful performance over its life.

We use innovative technology to leverage Big Data and provide enhanced performance for our customers. Our longstanding deployment of smart sensors and use of advanced analytics allows us to turn data into insights. We also partner with other stakeholders whenever possible to advance our industry. One example: the delivery of spare parts to offshore wind farms via drones, a forward-leaning initiative we are undertaking together with Ørsted, Vattenfall, Vestas, and others.

Our ambition to be the lifetime service solutions provider of choice among customers is supported by our culture of innovation as well as our core commitment to operational excellence, safety, and quality. As a multibrand service provider, we apply our accumulated know-how to all wind turbines in the market, no matter the make.

Behind everything lies the urgent imperative to win the race against irreversible climate change by bringing more renewable energy online as fast as possible. To this end, we drive decarbonization with hybrid asset integration and optimization, deploying creative new business models in the pursuit of this higher goal.

The Service business has continued to generate the highest margins of the company. Growth prospects remain strong going forward, driven by an increased aftermarket focus.

# Long-term East Anglia ONE offshore service extension

In 2021, ScottishPower Renewables and Bilbao Offshore Holdings Limited awarded Siemens Gamesa a contract extension tripling the service agreement from five to 15 years for the 714MW East Anglia ONE wind power plant.

Situated 43 kilometers off the coast of Suffolk, England, East Anglia ONE was completed in July 2020 – a significant achievement for everyone involved given the challenges created by the Covid 19 pandemic.

The full-scope agreement, among the largest in the Service business unit's history, includes jack-up vessel supply and comes just one year after the commissioning of the final turbines. All 306 of the 75 meter-long wind turbine blades for East Anglia ONE came exclusively from our Hull factory on Humberside, just to the north of the development off England's east coast. East Anglia ONE provides clean, green energy to the equivalent of 630,000 UK households.

By adding such a significant wind power plant to our existing portfolio of 12 GW of maintained offshore turbines, the contract extension reinforces our status of being the offshore service market leader.

# Siemens Gamesa expands its multibrand service portfolio

This year Siemens Gamesa assumed the full servicing of Nordex Gamma and Nordex Delta platform turbines in the north of Germany. The maintenance contract signed with Behrendorf covers 11 years for eight turbines and 16 years for two turbines. In total, the output of the 10 turbines amounts to 26.5MW.

Siemens Gamesa will have full control of the turbine control and SCADA system. With this agreement, the community wind parks in Behrendorf bundle the maintenance of their entire fleet with Siemens Gamesa.

Our customers benefit from Siemens Gamesa's engineering excellence and over 40 years of experience. Our company heritage incorporates the histories of five manufacturers and enables us to offer our best-in-class service regardless of the turbine manufacturer. Currently, our multibrand service fleet includes nine manufacturers and more than 12GW of capacity worldwide.

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SIEMENS Gamesa

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# The time is now for green hydrogen

The climate emergency is real – 2021 was the warmest year on record. The concentration of carbon dioxide in the atmosphere continues to grow, and sea levels continue to rise.

Iron and steel, cement, chemical production, and agriculture, along with heavy transportation such as shipping, aviation, and heavy-duty trucks are all significant CO<sub>2</sub>-emitting activities that are hard, or completely impossible, to electrify. Transitioning these sectors to zero carbon

requires fresh thinking, because without addressing these hard-to-electrify sectors, the climate will continue to warm.

We believe that green hydrogen, defined as hydrogen that is produced by electrolysis powered by a renewable energy source, is a key building block for reducing the emissions from high-CO<sub>2</sub> emitting industries. In 2021 we released a white paper entitled “Unlocking the Green Hydrogen Revolution” to explain why, and to help accelerate the switch.



**Link to website**



**Link to whitepaper**

## The need for a network

An extensive network of partnerships will drive the green hydrogen revolution. Active buy-in from the entire sector – producers, distributors, hardware manufacturers and software developers, wind and solar farm operators, end-users, government and regional bodies, financial institutions, investors and innovators – is starting to happen.

A unified voice on green hydrogen, reflecting agreement among key stakeholders, is also emerging, and it is one that allows market forces, competition, innovation and entrepreneurship to thrive. With so many moving parts involved in the global development of a green hydrogen ecosystem, it is business-critical that the industry embraces collaboration and partnerships.

Over the years, Siemens Gamesa has built successful partnerships to pioneer innovations. We have attained a market-leading position through internal expertise and external collaboration. This approach will

help us build the best-in-class partnerships to take the green hydrogen movement forward. Our unrivalled ability to produce zero-carbon power from wind gives us an advantage when talking to electrolyzer manufacturers, who will also prioritize their efforts on working with the best partner.

Furthermore, as a global leader in wind power, Siemens Gamesa has a proven track record in servicing, operations, and maintenance. Our team is already familiar with diverse operating models. Long-term investment in advanced controls, software, diagnostics, and digitalization capabilities allows us to customize our servicing proposition for the specifics of green hydrogen production.

The potentially bright future for the green hydrogen industry is a positive for Siemens Gamesa, but is also great news for the planet. The next decade is mission-critical for the future of Planet Earth, a future where green hydrogen will play a pivotal role.

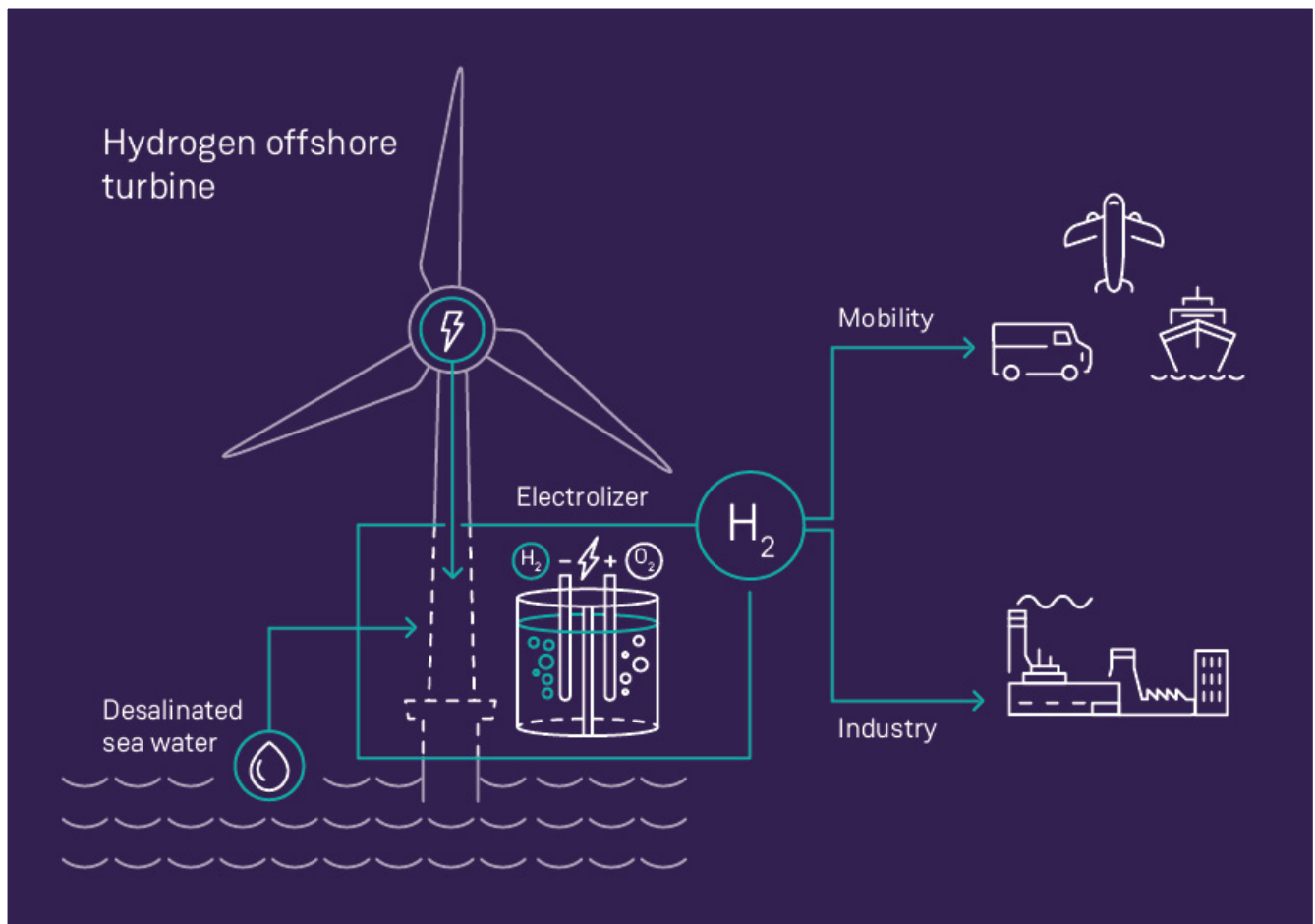
# Teaming up to enable decarbonization across all sectors

To demonstrate the value of collaboration, Siemens Gamesa and Siemens Energy are partnering to develop an industrial-scale system capable of harvesting green hydrogen from offshore wind.

Siemens Gamesa is adapting the world's most powerful turbine, the SG 14-222 DD offshore wind turbine, to integrate an electrolysis system seamlessly into its operations. By leveraging our company's intricate knowledge and decades of experience with offshore

wind, electric losses will be reduced to a minimum, while a modular approach ensures a reliable and efficient operational set-up for a scalable offshore wind-to-hydrogen solution.

For its part, Siemens Energy will develop a new electrolysis product to not only meet the needs of the harsh maritime offshore environment and be in perfect sync with the wind turbine, but also to create a new competitive benchmark for green hydrogen.





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## Hydrogen-fueled taxis in Denmark

In the summer of 2021, the Danish authorities designated Siemens Gamesa's Brande Hydrogen pilot site an official regulatory test zone, allowing it to operate outside the existing electricity regulations and enabling research into how to develop an island-mode capable system of offshore hydrogen production at turbine level.

A few months later, our innovative pilot project passed a major milestone when it produced its first green hydrogen, which project partner Everfuel is now distributing to hydrogen stations in Denmark, allowing a growing number of zero emission vehicles, such as fuel cell taxis, to operate on a 100% green fuel supply.

We are also using our Brande Hydrogen site to explore whether integrating new battery technology as an upgrade to the co-located turbine and electrolyzer can contribute to grid stability and help address issues around the variability of wind.

The pilot project setup has the potential to make possible the production of industrial-scale volumes of green hydrogen in the near term. Innovations and learnings from the Brande Hydrogen test site will be shared with partners to build use cases for larger-scale green hydrogen production.

# Committed to creating a better future

At the heart of everything we do is a deep desire to improve our world by providing clean energy solutions that hold the promise of transforming the future, helping to tackle the threat of climate change. We are committed to unlocking the full potential, while conducting our business in a responsible and sustainable manner to better serve all our stakeholders, from investors to customers and communities.

We are proud of what we've achieved so far, but what excites us most is that we are just getting started. Our sustainability pledge is not just an aspirational framework, but a roadmap for responsible growth. We want to ensure our contribution has the most significant impact on the future. Above all, this means being a company that does not just respond to social progress, but aligns with it and helps to lead it.

We, as a company, are dedicated to driving the United Nations' 2030 agenda and contributing to reaching the UN Sustainable Development Goals (SDG) target. By doing so, 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.

We have identified and prioritized the SDGs that are most relevant to us, given the countries and sectors in which we operate. We identified high, medium and low-impact SDGs. For the most part, the SDGs that we consider having 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 UN Sustainable Development Goals linked to regular-core business



SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all. Siemens Gamesa is shaping the renewable energy industry, leading the way forward in the renewable energy sector.



SDG13: Take urgent action to combat climate change and its impacts. With our products and services, we help to improve energy efficiency and reduce CO<sub>2</sub> emissions with a positive business case.



SDG5: 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 employees represent a large variety of cultures, ethnicities, beliefs and languages.



SDG8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



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.





# Achievements to continue becoming a sustainability leader

## Pioneering turbine recyclability

As the number of installations and turbine sizes continue to increase, the call for wind circularity is becoming ever more important, with some countries planning to introduce strict requirements for wind turbine recycling.

There are established recycling practices for many turbine components, such as the tower and nacelle. However, the composite materials used in rotor blades have been more challenging to recycle.

Siemens Gamesa is leading the way for a sustainable future with the RecyclableBlade, the first product to offer a comprehensive recyclable solution that is ready for commercial use offshore.

With the RecyclableBlade technology, separation of the blade materials is possible at decommissioning. The materials can now be transformed and reused in other applications across various industries, by providing streams of recycled materials for

use in different manufacturing processes. This represents a groundbreaking step towards creating a waste-free future for the wind industry.

Our RecyclableBlade is a simple yet robust solution, developed through technological ingenuity. With only a substitution of our resin, we have been able to maintain all production processes. This means that scaling up production and rolling out this recyclable product is not only possible, it is already a reality. The first blades were produced at the Siemens Gamesa blade factory in Aalborg, Denmark in 2021.

The RecyclableBlade is an important step to help tackle climate emergency in a holistic way. If we were to apply the RecyclableBlade to all global offshore projects planned until 2050, all the blades together would amount to more than 10,000,000 tons of recyclable material, or a weight similar to more than 1,600,000 elephants.



RecyclableBlade video



RecyclableBlade infographic

## Powering a net-zero future

Siemens Gamesa is deeply committed to generating a positive effect on the environment, providing clean solutions to power our homes, schools, hospitals and keeping us moving wherever we are – from the largest cities to the most remote corners of the planet.

Siemens Gamesa became carbon neutral in 2019 – five years ahead of schedule. In 2020, the company became powered by 100% renewable energy and had the SBTi (Science Based Targets Initiative) verify that our emission reduction targets until 2025 are meeting the most ambitious 1.5°C scenario. To document our progress, we publish our Greenhouse Gas Emissions report annually which is externally verified.

Together, our product portfolio and decarbonization strategy represent our biggest contributions to climate change mitigation. Nevertheless, we work with 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. We are also on the prestigious CDP A-List.

### Our decarbonization roadmap involves five emission reduction levers



Energy reduction and efficiency measures



Electricity supply from renewable sources



Green mobility and fleet plan



Employee awareness campaigns and idea management



Increased engagement across the value chain



**Greenhouse Gas Emissions report**







## Diversity and Equal Opportunity

With over 26,000 employees in nearly 60 countries, we have always sought to build a culture that is diverse, open and inclusive, where all viewpoints are valued. This is especially important to us as an inclusive culture not only helps to build a sense of belonging, but when a company succeeds in cultivating a diverse and inclusive workplace, the organization is rewarded with better decisions, creative collaboration, motivated employees, and improved individual, team, and organizational performance.

In 2021 we put in place an aspirational target that, by 2025, 25% of our employees and 25% of executives would be women, and a long-term target that female representation in our Company would reach 30% in 2030.

Along with this, we have formed the LGBTI and Allies @SGRE, an employee affinity group, which focuses on the LGTBI community and its allies. We have also developed the first edition of our Communications Toolkit with inclusive language guidelines as a powerful way to fight stereotypes, prejudices and bias and have trained more than 200 senior managers in Inclusive Leadership.

## Strong ESG performance

Top positions in ESG rankings show that Siemens Gamesa is already on the right track to become a sustainability leader. Siemens Gamesa was the first wind turbine manufacturer to obtain an ESG Evaluation from S&P Global, achieving an excellent score of 84 out of a 100. The company obtained the best score in the industry from FTSE Russell and ISS ESG, and #2 from Vigeo Eiris, and has obtained top percentile (97th) from ISS ESG and Sustainalytics.

Siemens Gamesa achieved its highest ever score (83/100) in the 2021 S&P Global Corporate Sustainability Assessment, an improvement of four points since last year, placing in the 99th percentile and ranking #2 out of 126 companies included in the sector. The company maintains its presence in sustainability indexes, such as Dow Jones Sustainability (World and Europe), FTSE4Good, Euronext Vigeo and Ethibel Sustainability, STOXX Europe Sustainability and it also improved its score in the Bloomberg Gender-Equality Index.

## Healthy and safe working environment

The prevention of occupational incidents and strengthening resilience in the workplace is of the utmost importance to our company. To ensure that, we have established a new standardized HSE operational on-site management procedure, a big milestone that will provide a consistent approach to how teams prepare for their work activities and instill the below principles at our Sites, Projects and Locations. Moreover, safety training is an essential component across the entire wind industry, and our collaborative approach ensures a safe and sustainable future. Siemens Gamesa has, so far, trained over 30,000 wind technicians globally and, despite unfortunate effects of the pandemic, the company still managed to keep over 9,000 of our internal and external technicians trained in 2020.

Within the health area, mental health is one of our top priorities, together with creating a healthy working environment. To find the best way to do this, after launching the 2021 stress survey, we have already started working on a contingency plan to reduce those stress levels under a two-step approach. Firstly, all functional departments and Business Units will be implementing actions for reducing the most important risks. Secondly, performing an in-depth analysis together with the support of the Mental Health Scientific Advisory Board, a council created in order to have scientific support for the design of the measures and actions, which will be segregated by organizational structure and demographic conditions.



## Social Commitment

Through its Social Commitment department, Siemens Gamesa has launched a digital platform to create transparency for all its activities to actively reduce poverty in our communities, fight climate change and push technological education to future needs. With the Forests of Siemens Gamesa, more than 80,000 trees have been planted in 20 forests in 10 countries – 28,000 in the Amazon alone – absorbing what is equivalent to 1,700 Tons of CO<sub>2</sub>. The SGRE impact program remains in place, providing positive change to around 450,000 beneficiaries in eight countries over the past year.

Many initiatives have sought to promote technological education, among which the flagship project; Planet Rescuers, a Microsoft Education Edition game that already teaches young students in more than 200 schools in 24 countries about renewable energy and the importance of sustainability for our planet and for future generations. In addition, the Social Commitment department is encouraging employees to acquire sustainable habits in their daily lives that are linked with the Sustainable Development Goals.



More information



Video



# Our Sustainability Vision towards 2040

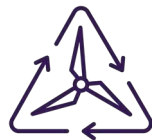
Siemens Gamesa puts decarbonization, recyclability and people at the heart of its ambitious sustainability strategy. The Company launched in July 2021 its Sustainability Vision towards 2040 to ensure its contribution has the most significant impact in the future.



## Decarbonization

Among the numerous projects and initiatives, the plan outlines a way to help achieve a decarbonized economy with the goal of reaching net-zero emissions by 2040, including emissions produced by the Company's whole value chain.

To this end, the Company will pursue opportunities to achieve a carbon intensity rate of zero-emissions per MW installed without any offset compensation measures. Some of the main actions will be replacing existing heating and cooling systems with new zero carbon alternatives, and self-generation in the wind farms and factories.



## Commitment to the circular economy

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 life cycle. Most of the components of a wind turbine can already be recycled today, but wind turbine blades, specifically, represent a challenge due to the materials used and their complex composition.

The Company has an ambitious goal to ensure all its turbines are 100% recyclable by 2040 and that the blades are fully recyclable by 2030. This step marks a milestone towards a fully recyclable wind turbine value chain.



## Generating a real impact

Siemens Gamesa embraces diversity and promotes equal opportunities for all. The company fosters an inclusive and safe environment in which every individual has a full sense of belonging and feels empowered to express themselves. To this end, the Company has set ambitious targets for gender equality and is committed to increasing the female representation in the workforce as well as in executive management to 30% by 2030. The company focuses its social commitment projects on reducing poverty in communities, fighting climate change, and promoting technological education. These are compatible with the Company's goal of aligning its focus to the United Nations' Sustainable Development Goals. More information is available on our **new Social Commitment platform**.

# Corporate Governance

Transparency and public accessibility are the starting points in our governance philosophy. The Siemens Gamesa corporate website includes information on corporate governance as required by law as well as other information of interest for shareholders and investors and news relating to the Company's activities.

Mandatory content can be accessed through the homepage of the Company's website. Access is located at the top of the webpage, under the title 'Investors and shareholders', which contains a drop-down index with all the content that needs to be included in the listed companies' websites pursuant to current legislation. Access to section "Investors and shareholders" is also available at the bottom of the website's home page.

## Board of Directors

The Board of Directors' mission is to promote the Company's interests, representing the Company and its shareholders in the management of its assets, in the management of the businesses and in the direction of the business' 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.



**Our board of directors**



## 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, advise, put forward proposals and exercise oversight and control. The specialized committees are: a) the Audit, Compliance and Related Party Transactions Committee, and b) the Appointments and Remunerations Committee.

### 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. Articles 5 to 7 of Chapter II of the Regulations of the Delegated Executive Committee establish the functions of this Committee.

### Audit, Compliance and Related Party Transactions Committee

This is a permanent internal body of the Board of Directors for information and consultation, entrusted with informing, advising and making recommendations. Articles 5 to 14 of Chapter II of the Regulations of the Audit, Compliance and Related Party Transactions Committee establish the functions of this Committee.

### Appointments and Remunerations Committee

This Committee is a permanent internal body of the Board of Directors for information and consultation entrusted with informing, advising and making on matters within its purview. Articles 5 to 9 of Chapter II of the Regulations of the Appointments and Remunerations Committee establish the functions of this Committee..



Detailed information on these Committees can be found in Section C.2 of the Annual Corporate Governance Report and on the Company's website.



# Risk Management

Siemens Gamesa has a Risk Management Policy designed to ensure that our company is at all times compliant with the law, as well as with any regulations, rules and contractual obligations to which we may be bound. Our policies and procedures have been carefully established to ensure that we are well protected from an economic, social and environmental perspective. The system we use to control and manage risks is an Enterprise Risk Management Model (ERM) and it is considered to be one of the top such models in the world. The Siemens Gamesa Risk Control and Management Systems are promoted by the Board of Directors and Senior Management and implemented throughout the entire organization.

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.

**Assessment:** 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 the implementation of effective existing control measures.

**Respond:** This phase focuses on the 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 and Board members.

**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.



For more on the company's ERM system, Overview of Risks, and Risks Monitoring see pages 12 & 13 of the FY21 Consolidated Non-Financial Statement



See: General Risk Control and management policy

# Forward looking information

This material has been prepared by Siemens Gamesa Renewable Energy, and is disclosed solely for information purposes.

This document contains declarations which constitute forward-looking statements, and includes references to our current intentions, beliefs or expectations regarding future events and trends that may affect our financial condition, earnings and share price. These statements may be identified by words such as “expect”, “look forward to”, “anticipate”, “intend”, “plan”, “believe”, “seek”, “estimate”, “will”, “project”, or words of similar meaning. We may also make forward-looking statements in other reports, prospectuses, in presentations, in material delivered to shareholders, and in press releases. These forward-looking statements do not constitute a warranty as to future performance and imply risks and uncertainties. Therefore, actual results may differ materially from those expressed or implied by the forward-looking statements, due to different factors, risks and uncertainties, such as economical, competitive, regulatory or commercial factors. The value of any investment may rise or fall and, furthermore, it may not be recovered, partially or completely. Likewise, past performance is not indicative of future results.

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Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such publicly available information having taken all such professional or other advice as it considers necessary or appropriate in its circumstances and not in reliance on the information contained in this document.

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