

For fiscal year 2022, the following risks with significant sustainability relevance were reported within the ERM:

- Critical supply chain
- Market and price development (e.g., shift from conventional toward renewable energy in the markets)
- Technology/portfolio gap compared to competitors
- Threats to cybersecurity, including product and solution security
- Climate change and decarbonization trend
- Pandemic diseases
- Adverse environment, health and safety (EHS) events
- Adverse developments in financial and bank markets (e.g., financing restrictions due to sustainability prerequisites)
- Requirements arising from ESG standards
- Allegation of compliance violation

For information related to these risks, please refer to the ↗ [Siemens Energy Annual Report 2022, Report on material risks and opportunities](#). A detailed description of climate-related risks and opportunities can be found in our Task Force for Climate-Related Financial Disclosures (TCFD) section in the 📄 [Annex](#).

We are continually taking steps to reduce our sustainability-related risk exposure within the organization and across the value chain by implementing risk management systems adapted to specific industries and responsibilities. On the other hand, risk mitigation actions also represent opportunities for our business, for example innovations that support the energy transition and streamlining of internal processes.

With ongoing developments in national and international reporting requirements, we collaborate internally and with external partners to analyze new regulations and standards, voice our position on them in cross-industrial

Stakeholder engagement

Stakeholder group	 Shareholders and capital market	 Employees	 Customers	 Suppliers	 Politics, associations, civil society	 Banks, financial institutions
Formats of engagement	Quarterly earnings calls, Annual Report, annual shareholder's meeting, regular roadshows and conference participation, investor relations website	All hands meetings, open sessions between leaders and employees (ask me anything), location visits, letters by Board Members, emails, training sessions, Yammer communication, awards	Conferences, trade fairs, bilateral engagement, questionnaires (e.g., EcoVadis, NQC)	Initiatives (e.g., Responsible Minerals Initiative, European Partnership for Responsible Minerals (EPRM), OECD Multi-Stakeholder Steering Group (MSG), Copper Mark), supplier days, workshops, bilateral engagement	UN Global Compact, industry-specific forums and conferences, local engagement, participation in One Young World summit, industry associations, direct governmental contacts (ministries, parliament, etc.)	Mandatory reporting and information (e.g., Annual Report, Sustainability Report), bilateral meetings (know your customer process)
Topics we engage on	Sustainability Program and targets, sustainable portfolio, energy transition, social engagement and corporate governance topics	Health & safety, culture, inclusion & diversity, innovation, employee development, company strategy and organizational topics	Decarbonization roadmaps, Sustainability Program, product-related topics, project due diligence	Sustainability performance, decarbonization, responsible minerals sourcing	Sustainability, decarbonization, energy security, global challenges, business support	Sustainability performance, ESG-linked financing

associations and assess their importance for and effects on Siemens Energy. One example of this engagement is our participation in the Sustainable Finance Advisory Committee of the German Federal Government that aims to turn Germany into a leading location for sustainable finance.

Stakeholder engagement and collaborations

We firmly believe that sustainable development can only be achieved through the cooperation of a diverse set of actors. Regular dialogue with our stakeholders on the issues that affect our business and society is cen-

tral to our sustainability strategy. Their feedback helps us respond quickly to dynamic market requirements, global developments and future trends. This approach is in line with SDG 17, which calls for a global partnership that brings together governments, civil society, the private sector, the UN and other stakeholders.

Close collaboration with different stakeholders is necessary to tackle the complex challenges we are facing. Working on these problems across organizations using a full range of resources, perspectives and experience can

lead to better innovation and business outcomes that benefit society. In our new Corporate Center in Berlin, Energy Sphere, we aim to lead a dialogue with politicians, customers and other stakeholders from around the world and showcase technologies to master the energy transition.

The exchange of knowledge through these engagements creates value on all sides and reduces risks externally and internally. At Siemens Energy, we continuously analyze existing partnerships and memberships. We are also continually establishing new relationships with investors, customers, suppliers, employees, communities, policymakers, media, non-governmental organizations, business organizations and academia. We are a signatory to the ↗ **UN Global Compact (UNGC)**, pledging our commitment to its Ten Principles, and are a member of econsense, the German sustainability network.

We actively engage in political bodies, for example in the Roundtable on clean hydrogen in the energy sector, of which our CEO is the chairman, or in Nigeria with the Presidential Power Initiative. We partner closely with government think tanks, for example in China, where Siemens Energy collaborates with the State Power Investment Corporation (SPIC), one of the world's leading power generation companies with the largest installed capacity of solar power. Through our engagement on the board of Norwegian Energy Solutions we support business leaders in their endeavor to accelerate the energy transition, drawing on their broad expertise in the oil and gas industries.



Roadmap for low-carbon development in China

## Joint white paper on China's low-carbon energy development

In China, Siemens Energy has teamed up with the State Power Investment Corporation (SPIC), the world's largest solar power generation company and one of the largest energy companies in China, to study policy trends and the low-carbon development of counties across the nation. It also analyzed typical development patterns, drew comparisons between China and Germany and recommended roadmaps for the low-carbon development of China at the county level. The research was published in a white paper and released by Siemens Energy CEO Christian Bruch and SPIC Chairman Qian Zhimin in late 2022 to coincide with the 50th anniversary of German-Chinese diplomatic relations.

As part of our partnership with the International Renewable Energy Agency (IRENA), Siemens Energy is participating in a workstream that focuses on the assessment of energy healthcare facilities in Burkina Faso. In September 2022, the new IRENA Decarbonization Alliance was announced that aims to facilitate dialogue on decarbonization.

We are continuing to host our "Energy Weeks" throughout the year. The events consist of three-day virtual sessions that bring together global energy businesses, market leaders, policymakers and government representatives to discuss regional challenges and opportunities facing the energy sector in its transformation toward decarbonized energy systems.

R&D at SGRE is focused on developing the next generation of technology that will lead to improved and more cost-effective products, solutions and services. SGRE is developing reliable and efficient wind turbines for both onshore and offshore applications to reduce the Levelized Cost of Energy (LCoE) and solutions for hybridization that are designed to help utility customers optimize the use of renewable energy and its production of green hydrogen. SGRE is also exploring opportunities in adjacent business fields, including other renewable energy sources, hybrid parks and storage in order to deliver solutions for the system integration of renewables.

The SGRE innovation culture team specifically supports the above with company-wide design thinking training sessions and team workshops for employees as required. These include, for example, a series of in-person internal workshops on innovation tools to solve specific challenges, started in 2022.

Continuous product upgrades and designs of its onshore and offshore turbines to reduce the LCoE and/or increase annual energy production are aimed at strengthening the company's competitiveness. SGRE product inno-

ventions have received recognition in the industry. For example, the offshore turbine 14-222 DD won the "Product Innovation of the Year" award issued by the German Renewable Awards in November 2021.

For more details, please refer to the ➤ [SGRE Consolidated Non-Financial Statement 2022, A.1.6 Innovation, Research & Development](#).

In fiscal year 2022, Siemens Energy invested €1,078 million in R&D (fiscal year 2021: €1,155 million). The resulting research intensity, defined as the ratio of R&D expenses to revenue, was 3.7% (fiscal year 2021: 4.1%). Additions to capitalized development expenses amounted to €193 million (fiscal year 2021: €188 million) in fiscal year 2022. Around 18,300 (September 30, 2021: 18,300) patents were held by Siemens Energy as of September 30, 2022. On average, we had about 5,300 (fiscal year 2021: 4,900) R&D employees in fiscal year 2022.



Hywind Tampen, pioneering floating offshore wind technology

### Floating wind farms

Floating wind farm technology is offering new opportunities to harness clean offshore wind energy further out to sea, where the winds are stronger and more consistent but the sea is too deep to build fixed turbines. Siemens Gamesa Renewable Energy is a pioneer in the floating wind farm market and is involved in several projects in the North Sea, including the Karmoy demonstration project off the coast of Norway and the Hywind Scotland commercial wind farm. Its latest project, Hywind Tampen, was installed in 2022, 140 kilometers off the coast of Norway, at a water depth of 260 to 300 meters. The 11 turbines are moored on floating cylindrical spar buoys and anchored to the seabed by chains.

Summary page

# Sustainable supply chain management

We apply stringent environmental and social standards to contribute to a sustainable supply chain.



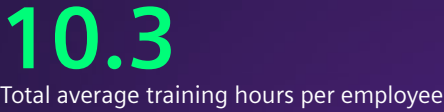
# Working at Siemens Energy

Our People Agenda promotes a thriving environment, game-changing leaders and a vibrant workforce.

## Share of females

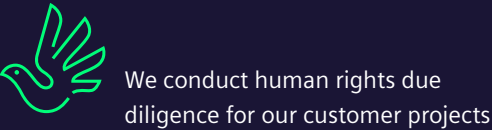


## Training hours



# Human rights

We are committed to ensuring respect for human rights along the value chain within our sphere of influence.



# Compliance & integrity

Our company-wide zero-tolerance approach aims to ensure a strong culture of business ethics and compliance.



# Societal engagement

Our global engagement addresses needs in the countries in which we operate.



## Health and safety culture provides the foundation

Siemens Energy is committed to not only protecting the environment but also managing the health, safety and well-being of our employees, partners and other stakeholders who may be affected by our business and operational activities. That is why our priority is a strong Zero Harm Framework, which is driven by our essentials, behaviors and principles (see graphic on Zero Harm).

The GP Zero Harm Framework intends to promote Zero Harm culture, placing responsibility on each local manager to develop and implement the principles, discuss elements that will be included in their program with their teams, and then reinforce them as part of daily work.

With our global EHS reporting tool, we can continuously monitor any concerns raised by employees, with each case treated locally according to our reporting process. GP is currently implementing a new global software solution covering Environmental, Health, Safety, Security and Product Safety incidents. The software is flexible, able to grow with our company requirements, and will be fully operational in fiscal year 2023. SGRE is implementing the same software for health, safety and environment (HSE) topics.

SGRE also continues to instill a strong Zero Harm culture across the global business. Its initiatives include “Safety is My Choice” and the 10 Life-Saving Rules.

In fiscal year 2022, SGRE created a strategic plan with the aim of enhancing their Zero Harm culture focused on prevention and based on scientific facts to achieve Zero Harm in HSE and to continuously improve the well-being of employees. The strategic plan was built around three main pillars: Engage, Empower and Ensure. Particular elements of the plan deemed strategic priorities for 2022 included:

## Zero Harm at Siemens Energy

### Principles

Foundation for strong and well-connected governance and assurance at all levels in our organization



Zero Harm is achievable



We do not compromise



We take care of each other



We develop locally and share globally

### Behaviors

To be demonstrated by everyone in our company, no matter the type of work



Risk assessment



Driving



STOP!



Incident management



Health



Environment

### Essentials

Must be complied with by everyone performing this type of high-risk activity



Confined space



Cranes and lifting



Vehicle safety



Electrical safety



Working at height



Hazardous energy control



Machine guarding and interlocking



Explosive gases and vapors

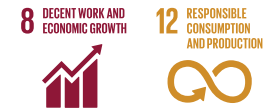
- Operational risk control, including the deployment of a global Setting to Work procedure that outlines the process by which work activities should be approached safely
- Contractor management, including performance monitoring and the launch of new requirements
- HSE competence using a competency assessment tool for HSE professionals that allows employees and managers to perform competency self-assessments and then develop appropriate action plans
- Data-driven actions with a sharp focus on eliminating incidents
- A simple and aligned safety system, including the release of an updated HSE Principles procedure

For further information please refer to ➤ [SGRE Consolidated Non-Financial Statement 2022 B2. Health & Safety](#).

GP has implemented an EHS training tool that provides employees with the opportunity to develop both individual and team-based EHS skills and knowledge, meet regulatory requirements associated with their job roles, and integrate the Zero Harm Framework. As an improvement to the corporate training tool, we have reviewed the EHS courses and aligned them with the Zero Harm Framework to provide a core set of training courses that are directly aligned with each Zero Harm element.

SGRE has a standardized training platform with the required EHS training courses made available to employees and contractors.

# Sustainable supply chain management



Sustainable business requires a sustainable supply chain. We work in partnership with our global suppliers to uphold international standards for social and environmental responsibility.

- **Supplier management processes apply strict criteria for selection**
- **Increased supply chain risks addressed through preventative action**
- **Corporate Responsibility Self-Assessments are an integral part of the supplier qualification process**

Our supplier network extends across 139 countries worldwide. As international regulations for corporate responsibility tighten and global disruptions due to conflict, the pandemic and climate change increase, it is crucial we manage our supply chain sustainably, transparently and responsibly to make it more resilient. We aim to achieve this through solid relationships with suppliers that share our values and are equally committed to the protection of human rights, fair labor practices, anti-corruption measures and the environment.

By anchoring sustainability criteria in the selection, qualification, assessment and development of our suppliers, we are contributing to the UN SDGs. With approximately 30,000 suppliers and a procurement volume of €21.5 billion in fiscal year 2022 (fiscal year 2021: €17.3 billion), we see our biggest contributions to SDG 8 “Decent Work and Economic Growth” and SDG 12 “Responsible Consumption and Production”. To meet these SDGs, we carefully consider labor conditions throughout upstream production processes and monitor the impact of our activities closely. We have also

rolled out a global supplier decarbonization program to further increase transparency around our carbon emissions in our supply chain (see chapter ➤ **Decarbonization**) and address climate protection within our supply chain. This, in turn, addresses SDG 13 “Climate Action”.

While it is evident that climate change will have a major impact on global supply chains, it is vital we are prepared for other risks, such as global pandemics. Since the onset of COVID-19, there have been multiple and ongoing disruptions to supply chains worldwide. With the war in Ukraine and a further COVID-19 outbreak in China, the situation has become even more challenging. These events are compounding the existing logistics shortages and interruptions. Siemens Energy Procurement has been working together with operations and our project teams to mitigate the effects and safeguard customer commitments. By establishing a systematic supply chain resilience and crisis management procedure, we have been able to detect risks early, prepare preventive action and define mitigation measures to reduce risk exposures.

An important factor in our risk management is our relationship to our suppliers. We therefore have processes and policies in place that aim to ensure suppliers meet specific ESG requirements.

## Binding Code of Conduct for suppliers

All GP suppliers and third-party intermediaries must sign the Code of Conduct (CoC) for Suppliers and Third-Party Intermediaries. The CoC is based on the Business Conduct Guidelines (BCG) and Principles of the UNGC.

The CoC requires specific environmental, compliance and labor standards to be established across all countries of operations. In June 2022, we expanded our CoC to include a cybersecurity clause. It now includes the following topics:

- **Human rights and labor practices, including** (among others):
  - › Prohibition of forced labor
  - › Prohibition of child labor
  - › Health and safety of employees
  - › Grievance mechanism
- **Environmental protection**
- **Fair operating practices, including** (among others):
  - › Anti-corruption and bribery
  - › Anti-money laundering, terrorism financing
  - › Data privacy and cybersecurity
- **Responsible minerals sourcing**
- **Compliance with the CoC principles in the supply chain of the supplier**

Similarly, SGRE requires its suppliers to comply with its CoC for Suppliers and Third-Party Intermediaries, established in line with SGRE principles and values according to its BCG and its Global Corporate Social Responsibility Policy. Its requirements aim to ensure that working conditions in the



supply chain are safe, that workers are treated with respect and dignity, and that business operations with suppliers are ethically, socially and environmentally responsible. Next to the CoC, SGRE's Supplier Relationship Policy, General Purchasing Conditions, and internal rules and procedures all set minimum requirements for suppliers to comply with. For further information please refer to SGRE's [SGRE Consolidated Non-Financial Statement 2022, E3. Responsible Supply Chain](#).

## Comprehensive supplier management

GP's supply chain management approach defines strategic procurement processes to sustain the company's long-term success, which are overseen by the Head of Procurement, reporting to the Executive Board. The approach includes purchasing materials and services cost-effectively, ascertaining high quality standards along the entire supply chain, identifying and exploiting opportunities to create value through procurement competence and fostering compliance and sustainability.

The supplier management process in place encompasses an extensive range of procedures and tools to enable transparency and awareness regarding expenses, supplier data and related risks and opportunities in the supply chain. It helps managers leverage the potential of our supplier network. The GP procurement process applies strict criteria for supplier selection and qualification. These include financial stability, quality and

## Supplier awards

At Siemens Energy, we celebrate our diverse small suppliers with an annual awards ceremony. This fiscal year, Siemens Energy honored four small businesses – three women-owned small businesses and one minority business – for their contribution to the success of Siemens Energy by being agile, innovative, responsive to Siemens Energy's requests and delivering on time while offering competitive prices.

availability, together with overriding sustainability criteria, such as contractor safety, substance declarations and sustainability self-assessments. In June 2022, GP added a cybersecurity (CYS) assessment process for all suppliers for which CYS is relevant.

SGRE has introduced an upgraded ESG Risk & Performance Management Framework, advancing from risk-based assessments to risk- and impact-based assessments. This framework is composed of several complementary steps designed to accelerate sustainability throughout our supply chain. Based on an initial supplier impact screening, it encourages suppliers to provide further details on how they are working with sustainability across their own operations and supply chains.

While the framework aims to identify and reward high-performing suppliers, SGRE also helps suppliers who are not yet achieving the highest standards but are eager to improve their performance. Accordingly, SGRE will incentivize "best-in-class" and "best-in-progress" suppliers as part of the supplier selection process.

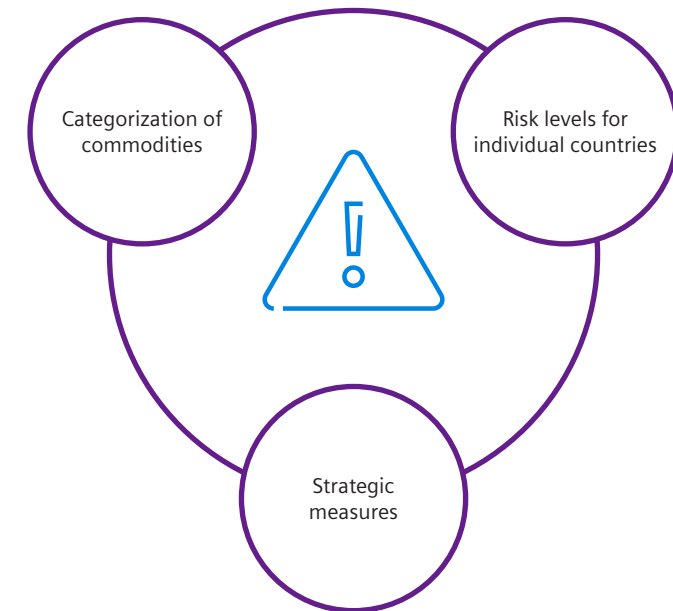
As part of Siemens Energy's overall approach to decarbonize its operations throughout the entire value chain, we are actively encouraging our suppliers to also reduce their carbon emissions. For more information, see chapter [Decarbonization](#).

### Risk awareness

Using our sustainability risk analysis system, we systematically identify potential risks in our supply chain every year. The cornerstones of this system are:

- Identification of risks and categorization of commodities
- Establishment of risk levels for individual countries (determined using sustainability indicators for key areas such as compliance with laws, bribery and corruption, human rights in the workplace, child labor, etc.), making use of information supplied by internationally recognized organizations
- Use of different strategic measures, for example, special preparation of projects with large, local procurement volumes

## Cornerstones of our risk analysis system



To further strengthen GP's supplier sustainability risk management system, we initiated the calculation of social risk hours for our suppliers and their scope of supply. These are working hours in our supply chain that might be exposed to social risks, such as those in the areas of human rights or health and safety. This risk indication is not limited to country risks, but also includes commodity-specific risks. It additionally supports buyers through the prioritization and nomination of high-risk suppliers for conducting external sustainability audits.

Supplier assessment

We use Corporate Responsibility Self-Assessments (CRSAs), covering all major aspects of the CoC, as part of the supplier qualification process that is regularly reviewed and updated as necessary to reflect new standards and regulations. New potential suppliers undergo a qualification process, while existing suppliers are reevaluated every three years. Siemens Energy screens suppliers regarding all aspects of the CoC.

In fiscal year 2022, GP expanded the implementation of its CRSAs to include all suppliers<sup>1</sup>, not just those from high-risk countries.

Compared with fiscal year 2021, the number of CRSAs increased by 106% to 3,466 conducted self-assessments. This can be mainly explained by GP's expansion to all countries and for two reasons at SGRE – a high number of new CoC registrations that increased the number of self-assessments, as well as the rollout of the ESG Risk and Performance Management Framework.

Furthermore, we conduct quality audits that include questions about sustainability that cover major aspects and requirements of the CoC. In fiscal year 2022, we conducted 961 on-site audits worldwide, compared to 424 supplier quality audits in fiscal year 2021. This significant increase was due to SGRE's integration of Senvion and Adwen and the qualification of a larger range of suppliers.

We see external sustainability audits (ESA) as the most effective means of reviewing our suppliers' sustainability performance. Focusing on quality and objectivity, external audit partners conduct the ESAs. We assign repeat or follow-up audits if necessary. In fiscal year 2022, Siemens Energy conducted 167 ESAs. This number increased from 157 audits in fiscal year 2021, despite ongoing COVID-19 restrictions. Furthermore, we accepted 76 ESAs of suppliers where audits have been initiated by other companies. We only accept audits that fulfill our requirements and where the full audit documentation is provided to us.

Throughout the supplier assessment processes, we remain committed to the partnership with our suppliers and to helping them improve. However, if problems persist and/or the suppliers do not show a willingness to take

<sup>1</sup> To be conducted by all suppliers with a purchasing volume > €10,000 p. a.

Reducing supplier emissions in China

With reducing its supply chain emissions (Scope 3) in mind, the China Procurement team has developed a "Decarb Toolbox" for Siemens Energy suppliers. The toolbox aims to transfer knowledge and broaden the decarbonization capabilities of suppliers by communicating guidance and methodologies regarding decarbonization in their own operations. The toolbox has been shared with 156 suppliers based in China.

The team is also working closely with three suppliers to identify CO<sub>2</sub> reduction lighthouse projects. Following an initial questionnaire and on-site survey, Siemens Energy provided a comprehensive review of the supplier's own operations emissions and both long-term and short-term improvement suggestions. The project aims to support our suppliers in their sustainability journey.

necessary corrective action, we remove them from our list of approved suppliers. All local instances of blocked suppliers are reported to Corporate Procurement, where the need for a worldwide block is discussed and decided. In 2022, no supplier was dismissed, as all suppliers with negative results are collaborating and implementing corrective actions.

In addition to the processes described above, we have a "Central Warning Message" system in place. This facilitates a fast, efficient response to violations of the CoC requirements. The responsible Procurement departments at Siemens Energy are authorized to agree on a series of remedial steps with the supplier. Potential misconduct can be reported via the whistleblower hotlines "Speak Up" at GP and "Integrity Hotline" at SGRE. There were no cases reported in fiscal year 2022.

To inform Siemens Energy employees, suppliers and further external stakeholders, GP developed and published a web-based training in fiscal year 2022 that explains GP's approach to promoting sustainability in its supply chain.

Supplier quality audits with integrated sustainability questions	Fiscal year	
	2022	2021
Europe, C.I.S. <sup>1</sup> , Africa, Middle East	615	227
Americas	148	98
Asia, Australia	198	99
Total	961	424

<sup>1</sup> Commonwealth of Independent States.

Procurement in Latin America promoting supplier sustainability

A series of supplier sustainability awareness sessions held in May and June 2022 aimed to inform around 200 suppliers across Latin America about Siemens Energy's sustainability strategy and its goal to decarbonize the value chain. The sessions were coordinated by a cross-functional team from the Siemens Energy Latin American Hub and included further topics such as compliance risks, environmental protection and inclusion & diversity in the workforce.

The Latin American Procurement team received responses from over 80% of their suppliers in the region.

Finally, Siemens Energy Procurement in Brazil and Colombia have developed a robust EHS assessment program for service providers to promote sustainability and manage EHS risks during purchasing. The program includes a supplier analysis to support transparency, accuracy and compliance with county laws.



## Supplier sustainability assessments



	Fiscal year	
Corporate Responsibility Self-Assessments (CRSA) <sup>1</sup>	2022	2021
<b>Number</b>		
Europe, C.I.S. <sup>2</sup> , Africa, Middle East	1,256	614
Americas	768	355
Asia, Australia	1,442	716
<b>Total</b>	<b>3,466</b>	<b>1,685</b>
<b>Agreed upon improvement measures<sup>3</sup></b>		
Legal compliance/prohibition of corruption and bribery	305	233
Respect for the basic human rights of employees	154	145
Prohibition of child labor	7	–
Health and safety of employees	282	77
Environmental protection	455	106
Supply chain	150	24
Responsible minerals sourcing	9	2
<b>Total</b>	<b>1,362</b>	<b>587</b>

<sup>1</sup> GP: To be conducted by all suppliers with a purchasing volume > €10,000 p.a.;  
SGRE: To be conducted mainly by suppliers from non-OECD countries with a purchasing volume > €50,000 p.a.  
Questionnaires initiated and completed in the year under review.

<sup>2</sup> Commonwealth of Independent States.

<sup>3</sup> Improvement measures agreed with suppliers relate either to actual deviations from the Code of Conduct for Suppliers and Third-Party Intermediaries or to structural improvements to management systems and the lack of specific processes and guidelines at the supplier. SGRE data reported from May 2022 onward. Number of CRSAs at SGRE amounted to 1,863.

	Fiscal year	
External sustainability audits (ESA)	2022	2021
<b>Number</b>		
Europe, C.I.S. <sup>1</sup> , Africa, Middle East	61	48
Americas	16	24
Asia, Australia	90	85
<b>Total</b>	<b>167</b>	<b>157</b>
<b>Agreed upon improvement measures<sup>2</sup></b>		
Legal compliance/prohibition of corruption and bribery	392	438
Respect for the basic human rights of employees	915	972
Prohibition of child labor	27	35
Health and safety of employees	895	985
Environmental protection	52	56
Supply chain	111	99
<b>Total</b>	<b>2,392</b>	<b>2,585</b>
<b>Accepted ESAs</b>	<b>76</b>	<b>85</b>

<sup>1</sup> Commonwealth of Independent States.

<sup>2</sup> Improvement measures agreed with suppliers relate either to actual deviations from the Code of Conduct for Suppliers and Third-Party Intermediaries or to structural improvements to management systems and the lack of specific processes and guidelines at the supplier.

## Responsible minerals sourcing

We are committed to preventing the use of minerals from conflict-affected and high-risk areas in their supply chain that are affected by the risks defined in Annex 2 of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

To this end, we have a Responsible Minerals Sourcing Policy (formerly “Conflict Minerals Policy”) in place to provide a uniform, company-wide supply chain management standard. To determine the use, sources and origin of these minerals in our supply chains, we investigate the smelters involved. Siemens Energy is part of the steering committee of the Responsible Minerals Initiative (RMI), which provides an assessment program for smelters (Responsible Minerals Assurance Process).

When surveying our approximately 1,600 (fiscal year 2021: 1,800) relevant suppliers, we use the RMI’s Conflict Minerals Reporting Template to obtain the necessary information on smelters producing tin, tantalum, tungsten, and gold (3TG). We are actively involved in the Responsible Minerals Assurance Process by screening smelters for eligibility and encouraging uncertified smelters to take part in RMI’s assessment programs. All newly reported smelters are shared with RMI.

Based on risk sources identified by the EU, which cover armed conflicts, weak governance and human right abuses, Siemens Energy also conducts a specific mineral risk assessment to identify other relevant minerals apart from 3TG. After cobalt, we added copper to our supply chain due diligence processes according to the 5-step framework of the OECD Due Diligence Guidance. In addition to our RMI membership and strategic partnership with the European Partnership for Responsible Minerals, we also became a member of the Copper Mark at the end of 2021.

SGRE has revised its Rare Earth Due Diligence Program to allow for close sustainability monitoring throughout the whole permanent magnet supply chain. The program aims to foster supply chain transparency and monitor compliance with SGRE’s Code of Conduct. We are therefore closely collaborating with our direct suppliers to identify all relevant indirect suppliers throughout the lower tiers. Based on this transparency, we are conducting sustainability assessments to identify risks and improvement opportunities.

### Anchoring our commitment

Our commitment to respecting human rights is written into Siemens Energy’s BCG, with special emphasis on our company values: caring, agile, respectful and accountable. The BCG are binding for all executives and employees worldwide. All employees must agree to them and are given mandatory web-based training sessions on the guidelines (see [☞ Compliance training program](#)).

Due to its legal independence, SGRE has implemented its own BCG, which, in line with the group-wide approach and underpinned by a human rights policy, aim to define respect for human rights as an integral part of corporate responsibility. To enforce this commitment, employees are trained in the requirements of the BCG, and the sales team must use evaluation and approval processes that take human rights into account. SGRE carries out compliance risk

### Dimensions of human rights



assessments (CRAs), complemented by ongoing monitoring and reporting by SGRE’s Chief Compliance Officer. For further information please refer to [➤ SGRE Consolidated Non-Financial Statement 2022, D2. Human Rights](#).

In fiscal year 2022, GP further raised awareness of human rights in its business with a training video on the topic. Following a gap-analysis regarding the requirements of the German Supply Chain Due Diligence Act, our Executive Board as well as the Sustainability Council were briefed on the next steps regarding the implementation of the law.

We maintain regular exchange with networks such as econsense, a German sustainability network of internationally operating companies, particularly with a view to the German Supply Chain Due Diligence Act.

#### Respect for human rights in employee relations

We are committed to human rights in our employee relations. For more information, see chapter [☞ Working at Siemens Energy – Thriving environment through inclusion and diversity](#), and for safe and healthy working conditions, see chapter [☞ Occupational health and safety](#).

#### Respect for human rights in the supply chain and in business partner relations

Our business partners are required to comply with the Siemens Energy CoC for Suppliers and Third-Party Intermediaries, which is based on the principles of the UNGC and the ILO but contains more far-reaching requirements. The CoC particularly emphasizes respect for the basic human rights of employees, including fair remuneration, freedom of association, health and safety standards and prohibition of discrimination, forced labor and child labor.

To support our suppliers, we continue to offer training on sustainability in the supply chain.

According to our implemented sustainability risk management system, we systematically identify potential human rights risks in our supply chain and conduct supplier assessments. For more information, see chapter [☞ Sustainable supply chain management](#).

#### Human rights due diligence in customer projects

We have a dedicated team that conducts human rights due diligence on customer projects. This is mandatory in the sales phase for projects that meet defined risk criteria, and the process conforms with the UNGPs. Here we rely on external ESG databases focusing on country-, customer- and project-related risks. The results of the due diligence guide the project’s decision-making process. We are continuously striving to improve our due diligence process. In 2022 we analyzed the effectiveness of the criteria that trigger a mandatory human rights project due diligence. We thereby aim to capture projects with relevant risks for our business.

### Transparency and human rights-related query channels

We are aware that some of our business activities take place in difficult business environments and are a controversial topic of discussion among our stakeholders. We regularly report on controversial topics via ratings and rankings, such as specific human rights aspects in critical projects.

Any violations of human rights associated with our areas of influence can be reported via our grievance mechanisms, including communication channels such as our “Speak Up” reporting system and ombudsperson. Please see the chapter [☞ Compliance and integrity](#) for more information. Siemens Energy is not aware of any confirmed human rights-related violations submitted via these channels in the reporting period.

# Compliance and integrity

Compliance is a company-wide effort, and it starts at the top. We strive to ensure all our actions are aligned with our values, at every level of the organization.

- **Our motto: 100% Energy, 100% Compliance**
- **Strong ethical culture supported by awareness activities and ongoing communication**
- **Zero-tolerance approach for compliance violations**

As we operate globally with customers from a wide range of industries in the private and public sectors, we are confronted with complex regulatory requirements coupled with increasing stakeholder expectations regarding integrity and risk management. In this context, we are committed to a strong culture of ethics and compliance. We pursue a zero-tolerance approach toward corruption, violations of the principles of fair competition and other breaches of the law. When such cases do occur, we take immediate action.

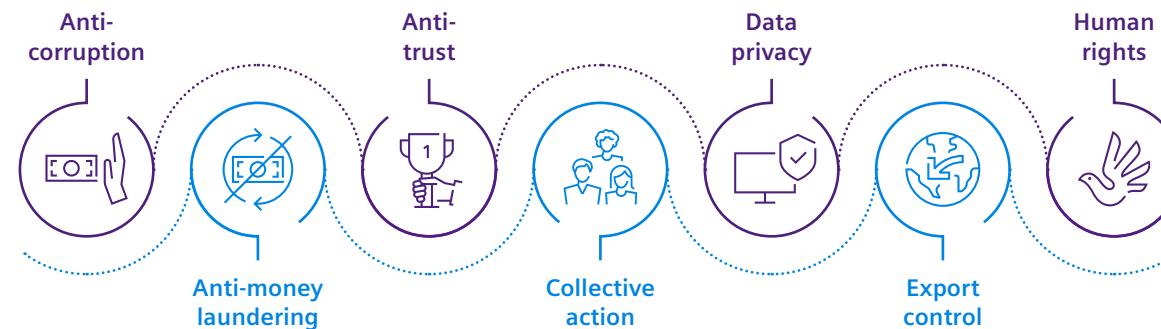
We support international organizations that strengthen responsible business practices, including the United Nations Convention against Corruption and the Anti-Bribery Convention of the OECD. Moreover, we contribute to the achievement of SDG 16 “Peace, Justice and Strong Institutions”, which calls on companies to reduce bribery and corruption in all forms. This in turn promotes fair competition – which benefits innovation-driven companies like Siemens Energy. Anti-corruption measures combined with strong compliance systems protect companies as well as their employees and shareholders from the risk of possible misconduct. Countries also benefit from stopping corruption, as corruption impedes economic growth and hampers sustainable societal development.

For Siemens Energy, compliance means more than adhering to laws and the internal regulations described in our BCG. Compliance is the basis for all our decisions and activities. Our premise is: 100% Energy, 100% Compliance. This applies worldwide and at all levels of the organization. Consequently, compliance is a top management priority. The Legal and Compliance department reports directly to our CEO, and our Group Compliance Officer reports regularly on GP and SGRE compliance matters to the Executive and Supervisory Boards.

## The compliance system is essential for a company-wide zero-tolerance approach

Our zero-tolerance approach requires a holistic compliance system of measures to ensure that business is always carried out in full accordance with the law as well as our internal rules. The Siemens Energy-wide compliance approach is based on the three levels of action “prevent, detect, respond”, centering around management’s responsibility and comprising focus areas

### Compliance focus areas

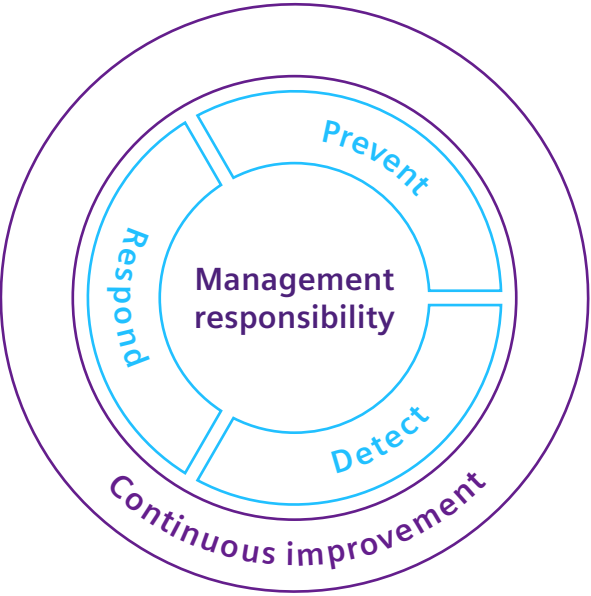


such as anti-corruption, anti-money laundering, antitrust, collective-action (GP only), data privacy, export control and human rights, which are also reflected in the BCG. For more information, see chapter 3 **Human rights**.

SGRE has implemented its own compliance system and BCG that are in line with GP. For further information please refer to the **SGRE Consolidated Non-Financial Statement 2022, D1. Ethics, Integrity and Anti-Corruption**.

Preventive measures include the Siemens Energy training program, whistleblower and reporting channels such as our “Speak Up” reporting system at GP, the GP ombudsperson, the “Integrity Hotline” at SGRE, our compliance risk management system and the respective BCG.

**Our compliance system:**  
**Management responsibility is the focus**



The BCG for GP and SGRE set out our internal regulations. They express the values, compliance-related responsibilities and behavioral framework for all managers, employees and Executive Board members worldwide.

Internal investigations, including regular and ad-hoc audits, are essential for detecting and clarifying misconduct. Misconduct is met with a clear response and immediate consequences.

We continuously update our compliance system to mitigate challenges and risks arising from changing market conditions and our business activities.

**Holistic implementation of the compliance system**

Our compliance system combines strong central governance with the work of qualified compliance officers, who aim to ensure its worldwide implementation.

The entire management team is required to commit to compliance to ensure that all business decisions and activities conform to the relevant legal requirements and follow our own values and company policies.

We expect the same commitment from all our employees and conduct regular surveys on integrity to obtain feedback from them. For example, the global employee engagement survey that we conducted this year at GP includes compliance and integrity topics. Based on the feedback we received, we created a centralized legal and compliance team development approach. In online workshops, for example, employees as well as external partners can hereby present topics from all areas relevant for the function.

**Middle East Legal Awards – Compliance Innovator of the Year**

Siemens Energy took the award for Compliance Innovator of the Year at the 2022 Middle East Legal Awards. Held in Dubai in May, the award honored Siemens Energy’s work in conducting anti-corruption training with officials from the Ministry of Electricity in Iraq in June 2021 (see Siemens Energy Sustainability Report 2021). The training was part of Siemens Energy’s Roadmap for the Electrification of the New Iraq, a series of projects launched to revamp the country’s ailing electricity sector and provide Iraqis with the reliable and efficient energy necessary for economic growth.

**Compliance training program**

Our global compliance training program requires all managers and employees in positions with a specific risk profile to complete compliance training. The compliance officers of each company unit identify which managers and employees are required to participate and ensure they attend.

We aim to maintain ongoing compliance awareness. In this reporting period, this included ad hoc training in the field of export control to ensure the correct handling of sanctions (especially on Russia) and specific awareness activities. Dedicated compliance and integrity topics are communicated group-wide through continuous messaging on company social media (e.g., Yammer) and through integrity dialogues, which provide a forum for managers to discuss current compliance issues with their teams.

	September 30	
Compliance training¹	2022	2021
Training on Business Conduct Guidelines		
Employees targeted that completed the module (no.)	67,248	60,519
Share of employees that completed the module (%)	94	83
Training on antitrust²		
Employees targeted that completed the module (no.)	44,951	43,304
Share of employees that completed the module (%)	95	95
Training on export control		
Employees targeted that completed the module (no.)	62,934	60,154
Share of employees that completed the module (%)	93	85
Training on data privacy³		
Employees targeted that completed the module (no.)	64,637	–
Share of employees that completed the module (%)	86	–

¹ GP as well as SGRE address the same overarching topics but may vary in detailed content. Figures contain employees that were trained in the respective modules, incl. prior years.

² Without SGRE.

³ Prior year figures are not reported.

## Compliance risk management

We believe reliable compliance risk analysis is key to the success of our business. By identifying risks early, we can make informed decisions on how best to avoid or mitigate them. We design and integrate bottom-up and top-down processes and tools to identify potential risk scenarios and take rapid and consistent action.

In this context, the annual CRA was conducted for GP in fiscal year 2022. At SGRE, the regular CRA is processed biennially and was also conducted in fiscal year 2022. Identified risks were addressed through local and central measures and followed up on in dedicated workshops. CRAs are an integral part of the quarterly updated company-wide ERM that creates further transparency throughout the risk environment.

## Collaboration with business partners

Under certain circumstances, Siemens Energy can be held legally responsible for the actions of its business partners. We counter this risk by taking a comprehensive approach to selecting our partners, by contractually obliging them to adhere to our CoC and by monitoring ongoing collaborations. The CoC is based on the Ten Principles of the UNGC and is mandatory for all Siemens Energy business partners. It covers legal compliance in general as well as our anti-corruption policies, including provisions against anti-competitive practices and conflicts of interest. Our process covers the entire life cycle of the business partnership. Our compulsory company-wide Business Partner Compliance Tool supports the implementation of the process and ensures the documentation of relevant information and activities. We are continuously enhancing our business partner due diligence process. We do this by systematically harnessing the potential of big data, using dashboards and analytics to improve risk management.

## Channels for reporting misconduct

We offer all employees and external third parties confidential channels for reporting potential violations. In doing so, they help identify and eliminate misconduct, while protecting themselves and the company against any damage that may result. Such channels include:

- Managers
- Group Compliance Officer
- Compliance department and Legal department
- Human Resources department
- Whistleblower hotlines: “Speak Up” at GP, “Integrity Hotline” at SGRE
- Ombudsperson
- Employee representatives

Information on possible violations can be given confidentially and anonymously. We do not tolerate retaliation against complainants or whistleblowers and will treat any cases thereof as a compliance violation. We apply the same principles to reports of wrongdoing brought forward by third parties.

Our Compliance department investigates relevant reports based on pre-assessments and takes appropriate actions as per formal company-wide processes.

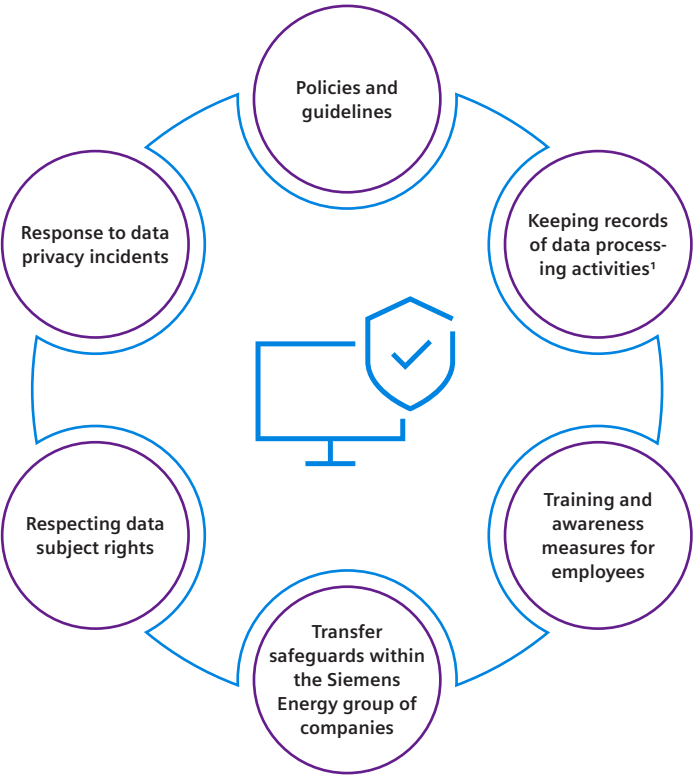
## Data privacy

The protection of personal data plays an important role in our digitized world. We aim to handle it carefully and responsibly, respecting everyone’s privacy. Personal data is processed confidentially and only for legitimate, predetermined purposes.



To comply with data protection laws, including the General Data Protection Regulation, we have implemented the Siemens Energy data privacy management system, which aims to ensure the protection of our customers’ business partners’ and employees’ personal data. Although we predominantly operate in a B2B environment where our customers are not end consumers, we nevertheless process business-related personal data, such as customers’ and partners’ employee data, (e.g., business contact information).

Data privacy management system



¹ Documentation of the purpose, risk and security safeguards for processing activities within the group.

We are not aware of any substantiated complaints made in this reporting period relating to the protection of customer data.

Key compliance indicators

We respond to all allegations of possible violations of external and internal rules as per applicable formal company-wide processes and take appropriate disciplinary action in the event of proven violations. Once we complete a compliance investigation and identify compliance violations, our internal processes provide guidance to ensure we take appropriate action with the employees concerned. We evaluate and define consequences through disciplinary processes at central or local level and systematically monitor implementation.

The evidence demonstrates that our compliance system is well-designed and implemented effectively. Based on the nature of our businesses, the environments in which we work and the wide range of different geographical regions, we do not regard the number of incidents as unusual. With

Compliance indicators	Fiscal year	
	2022	2021
Compliance cases reported	118	103
Disciplinary sanctions¹	188	49
thereof warnings	55	29
thereof dismissals	110	18
thereof other²	23	2

¹ Numbers for disciplinary sanctions in a fiscal year do not necessarily correspond to cases reported during that period: sanctions are frequently not implemented in the same year in which the case was reported or the investigation – which follows a due process – was completed. In addition, a single case may result in multiple sanctions, or none at all.  
² Includes loss of variable and voluntary compensation components, transfer and suspension, but not the revocation of signatory rights.

respect to disciplinary sanctions, the year-over-year increase in overall number is mainly due to cases in SGRE India.

Siemens Energy is not aware that it has been convicted of any corruption, bribery or antitrust violations during fiscal year 2022.

Achievements

Siemens Energy reached a number of milestones in fiscal year 2022. These included:

- Developing the compliance system further by adapting the due diligence processes
- Enhancing compliance processes by further modernizing the GP compliance tool landscape
- Implementing the Compliance Projects Marketplace at GP to gain new ideas and encourage internal cooperation
- Continuing to develop the compliance training program and improving the onboarding process for new legal and compliance employees at GP
- Celebrating an integrity week across Siemens Energy to raise compliance and integrity awareness at GP, and
- Conducting extensive on-site training at SGRE India to raise awareness on compliance and integrity.

In fiscal year 2023, GP will go live with the Governance, Risk and Compliance Tool that we initiated in 2022. GP will continue to explore the possibilities of digitalization for further efficiency and to strengthen the compliance monitoring system. The cross-functional implementation of the German Supply Chain Due Diligence Act will also be a major task of fiscal year 2023 for GP as well as for SGRE.

In general, we will continue to tailor our compliance system to the individual risks and opportunities of our business and the organizational structure of Siemens Energy.

Our holistic I&D Framework in GP supports our ambition and contributes to the promotion of I&D. At GP, among others, the following measures were taken in fiscal year 2022, in addition to the measures established in past years, such as mandatory diverse interview panels to reduce bias in the hiring process:

- The I&D Coalition of Allies at GP was established. It is chaired by the Chief Inclusion & Diversity Officer and meets on a quarterly basis to develop action plans.
- We launched a pilot Female Leadership@Scale program to accelerate the development of future female leaders (this is in addition to our Catalista female development program).
- Diversity KPIs are shown and measured across our key succession pipelines in a succession dashboard.
- Facility upgrades of 40 offices initiated (to be completed by the end of the calendar year 2022) to provide a barrier-free workplace for employees and visitors.
- In cooperation with our partner, Catalyst, one pilot MARC (Men Advocating Real Change) session was completed for our executive team in Europe to encourage male leaders to become better allies for women in the workplace.
- An ombudsperson was appointed to investigate complaints made by employees who feel they have been mistreated or experienced discrimination.

Our Inclusion & Diversity approach

Three focused strategy drivers serve as the foundation for a global and local program of action

01

Equal opportunity



We are committed to fair and transparent practices for the attraction, promotion, development and retention of diverse people with different skills, abilities and ideas.

02


Belonging



We make our mix work by creating an inclusive culture where people feel respected, engaged, able to speak up and be themselves.

03

Society & partnerships



We work together, internally and externally, with customers and partners to support us in becoming more diverse and inclusive.

Strategic intent

SGRE’s Diversity and Inclusion (D&I) strategy is set over a two-year period and cascaded across the business. Strategic objectives are backed by specific action plans. Its efforts have been recognized by the Bloomberg Gender Equality Index for the third year in a row. Over the last year, progress was made in a number of areas:

- The D&I Governance Board, chaired by the Global Head of D&I, was founded, and regional D&I councils were established.
- A global program was initiated on preventing workplace harassment and discrimination that includes a formal complaint process and company-wide training.
- New flexible working models (including working from home part of the week) and improved digital disconnection guidelines were established.
- An inclusive leadership training was delivered for 55% of senior managers and a high rate of participation in D&I courses in LinkedIn Learning achieved.
- Equal opportunities plan implemented to increase the participation of women and other underrepresented groups.
- Transparency was created on the gender pay gap by professional category and relevant locations.

For further information please refer to ➤ [SGRE Consolidated Non-Financial Statement 2022, B3. Diversity and Equal Opportunity](#).



Speaking up against discrimination in the workplace

Allyship at Siemens Energy

Many people in society still experience discrimination due to their ethnic origin, gender, religion, disability, age, sexual orientation, gender identity and/or gender expression – and it is often in the workplace. At GP, we are determined for this change. To support employees at GP to feel safe to speak up honestly when mistreated, we have launched the Allyship campaign. It is a result of discussions from the diversity networks where some members came forward with stories of disrespect or racism. The campaign aims to change the internal culture and transform Siemens Energy into a truly inclusive and diverse company. It seeks to encourage kindness, respect, valuing differences and mutual support.

# UN Global Compact – Communication on Progress

Siemens Energy has been a participant in the United Nations Global Compact since 2020 and is committed to its Ten Principles. Index according to the Ten Principles of the Global Compact.

Principle	System	Measures	Achievements
<b>Principle 1</b> Support of human rights	Our Siemens Energy Business Conduct Guidelines (BCG) provide the ethical and legal framework within which we conduct our business activities. They contain basic principles and rules for our conduct internally and externally, for example on human rights and labor standards. The BCG are binding for all executives and employees worldwide. The Siemens Energy-wide compliance approach is based on the three levels of action "prevent, detect, respond", centering around management's responsibility and comprising focus areas such as anti-corruption, anti-money laundering, antitrust, data privacy, export control and human rights, which are also reflected in the BCG.	All employees must agree to the BCG and are given mandatory web-based training sessions on the guidelines.	Siemens Energy has identified material human rights topics based on an internal materiality analysis from the following perspectives: "supply chain", "workplace" and "customer projects". They reflect our value chain and have been sorted according to relevance for our business.
<b>Principle 2</b> Exclusion of human rights abuses		Preventive measures include the Siemens Energy training program, communication channels such as our "Speak Up" reporting system at GP, the GP ombuds-person, the "Integrity Hotline" at SGRE, our compliance risk management system and the respective BCG. Internal investigations, including regular and ad-hoc audits, are essential for detecting and clarifying misconduct. Misconduct is met with a clear response and immediate consequences.	Awareness of human rights issues was raised in the reporting period in the Siemens Energy Sustainability Council, for example, the Siemens Energy Executive Board as well as the Supervisory Board were briefed on relevant topics, such as the implementation of the German Supply Chain Due Diligence Act.
<b>Principle 3</b> Assurance of freedom of association			
<b>Principle 4</b> Elimination of all forms of forced labor	Our actions go beyond compliance with applicable laws and regulations; they include, among others, our commitment to the International Bill of Human Rights, European Convention on Human Rights, International Labour Organization (ILO), Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, ILO Declaration on Fundamental Principles and Rights at Work (in particular, on the following topics: elimination of child labor, abolition of forced labor, prohibition of discrimination, freedom of association, the right to collective bargaining, and fundamental freedoms), United Nations Guiding Principles on Business and Human Rights (UNGPs) and OECD Guidelines for Multinational Enterprises.	Human rights due diligence is mandatory in the sales phase for projects that meet defined risk criteria, and the process conforms with the UN Guiding Principles on Business and Human Rights (UNGPs). The results are decisive for the project's decision-making process.	In fiscal year 2022, 94% of our employees were trained on the BCG. Around 75% of employees are covered by collective bargaining agreements worldwide.
<b>Principle 5</b> Abolition of child labor		Using our sustainability risk analysis system, we systematically identify potential risks in our supply chain, including bribery, corruption and human rights issues, among others. The cornerstones are the identification of risks and categorization of commodities, the establishment of risk levels for individual countries and the use of different strategic measures. Following this risk-based analysis, we have implemented Corporate Responsibility Self-Assessments (CRSAs) for suppliers in identified high-risk countries, whereby they are screened with regard to all aspects of the CoC. Furthermore, we conduct quality audits including questions about sustainability that cover major aspects and requirements of the CoC. We see external sustainability audits (ESAs) as the most effective means of reviewing our suppliers' sustainability performance and therefore increased our target for this fiscal year.	In the year under review, we conducted 3,466 CRSAs for suppliers. Compared to fiscal year 2021, the number increased by 106%. Furthermore, we conducted 961 quality audits with integrated sustainability questions. Compared to fiscal year 2021, the number increased by 127%. In addition, we conducted 167 ESAs, which is an increase of 6% compared to fiscal year 2021. When surveying our approximately 1,600 relevant suppliers, we use the RMI's Conflict Minerals Reporting Template to obtain the necessary information on smelters producing tin, tantalum, tungsten and gold (3TG). <a href="#">Sustainable supply chain management, pages 53-57</a> <a href="#">Human rights, pages 60-61</a>

Principle	System	Measures	Achievements
<b>Principle 10</b> <b>Measures against corruption</b>	<p>We pursue a zero-tolerance approach toward corruption, violations of the principles of fair competition and other breaches of the law, which requires a holistic compliance system consisting of measures to ensure that business is always carried out in full accordance with the law as well as our internal rules. When such cases do occur, we take immediate action.</p> <p>Compliance is the basis for all our decisions and activities. The Siemens Energy-wide compliance approach is based on the three levels of action “prevent, detect, respond”, centering around management’s responsibility and comprising focus areas such as anti-corruption, anti-money laundering, antitrust, data privacy, export control and human rights, which are also reflected in the BCG. The BCG are binding for all employees worldwide.</p> <p>We support international organizations that strengthen responsible business practices, including the United Nations Convention against Corruption and the Anti-Bribery Convention of the OECD.</p> <p>➔ <a href="#">Compliance and integrity, pages 62-65</a></p>	<p>The Siemens Energy compliance system combines strong central governance with the work of qualified compliance officers, who aim to ensure its worldwide implementation. The entire management team is required to commit to compliance to ensure that all business decisions and activities conform to the relevant legal requirements and follow our own values and company policies. We expect the same commitment from all our employees and conduct regular surveys on integrity to obtain direct feedback from them. Siemens Energy continuously maintains and develops its compliance system. Our global compliance training program requires all managers and employees in positions with a specific risk profile to complete compliance training.</p> <p>➔ <a href="#">Compliance and integrity, pages 62-65</a></p>	<p>On September 30, 2022, 94% of our employees were trained on the BCG, 95% on antitrust, 93% on export control and 86% on data privacy.</p> <p>Additionally, we developed the Compliance Awareness Campaign to strengthen internal compliance communication and revised the compliance training program to adapt it to specific requirements. In this reporting period, this included ad hoc training in the field of export control to ensure the correct handling of sanctions (especially on Russia) and specific awareness activities.</p> <p>➔ <a href="#">Compliance and integrity, pages 62-65</a></p>