Second-Party Opinion

Siemens Energy Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Siemens Energy Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:

USE OF PROCEEDS Siemens Energy will use the proceeds to refinance the acquisition of its subsidiary Siemens Gamesa Renewable Energy or the existing debt of Siemens Gamesa Renewable Energy. The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category is expected to lead to positive environmental impact and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.

PROJECT EVALUATION AND SELECTION Siemens Energy intends to use the net proceeds from the green bond issuance under the Siemens Energy Green Bond Framework exclusively to refinance the acquisition of SGRE or the existing debt of SGRE. Siemens Energy adheres to its ESG due diligence process to identify and manage potential environmental and social risks associated with the eligible investments. Sustainalytics considers the risk management systems to be adequate and the project selection process to be in line with market expectations.

MANAGEMENT OF PROCEEDS Siemens Energy's Treasury and Corporate Finance team will manage net proceeds from the issuance under the Framework on a portfolio basis, and proceeds will be tracked using internal systems. Siemens Energy intends to allocate net proceeds within 24 months of issuance. Pending full allocation, unallocated proceeds will be managed in accordance with Siemens Energy's treasury policy and may be invested in cash, cash equivalents or overnight bank deposits on a temporary basis. This is in line with market expectations.

REPORTING Siemens Energy intends to report on the allocation and impact of proceeds on its website within one year of issuance and on an annual basis until full allocation. Allocation reporting will include the share of financing versus refinancing and the amount of unallocated proceeds. In addition, Siemens Energy is committed to reporting on relevant impact metrics. Sustainalytics views Siemens Energy's allocation and impact reporting commitments as aligned with market expectations.

Second-Party Opinion
Reviewed by:
MORNINGSTAR | SUSTAINALYTICS

Evaluation Date	January 18, 2023
Issuer Location	Munich, Germany

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Introduction

Siemens Energy (the "Company") is an energy technology company that offers products, solutions and services for power generation, transmission and storage, as well as industrial applications and hydrogen production for the conventional and renewable energy sectors. The Company also provides technical consultancy, and operation and maintenance services. Siemens Energy is organized into the following business areas: i) Gas Services; ii) Grid Technologies; and iii) Transformation of Industry.[1] Furthermore, the Company currently owns a 67% majority stake in Siemens Gamesa Renewable Energy ("SGRE") and is in the process of acquiring the remaining 33% of SGRE's shares, delist and fully integrate SGRE into its business. SGRE specializes in the design, development, manufacture, supply and installation of products and services for the renewable energy sector with a focus on wind turbines. Siemens Energy operates in more than 90 countries, employing approximately 92,000 personnel as of 2022. The Company was formed in 2019 following the spin-off of Siemens AG's Gas and Power division and is headquartered in Munich, Germany.

Siemens Energy has developed the Siemens Energy Green Bond Framework (the "Framework"), under which it intends to issue a green bond and use the proceeds to refinance, in whole or in part, existing and future projects that that are expected to facilitate the clean energy transition. The Framework defines eligibility criteria in one area:

1. Renewable Energy

Siemens Energy engaged Sustainalytics to review the Siemens Energy Green Bond Framework, dated January 2023, and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).[2] The Framework has been published in a separate document.[3]

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[4] opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.12, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Siemens Energy's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Siemens Energy representatives have confirmed (1) they understand it is the sole responsibility of Siemens Energy to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Siemens Energy.

[1] The Transformation of Industry business area comprises four independently managed business operations.
[2] The Green Bond Principles are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/.
[3] The Siemens Energy Green Bond Framework is available on Siemens Energy's website at: https://www.siemens-energy.com/global/en/company/investor-relations/publications-ad-hoc.html
[4] When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Siemens Energy is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Siemens Energy has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Siemens Energy Green Bond Framework

Sustainalytics is of the opinion that the Siemens Energy Green Bond Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - Siemens Energy intends to raise a green bond under the Framework and may use the proceeds to refinance the acquisition of SGRE or the existing debt of SGRE.
  - The eligible category, Renewable Energy, is aligned with those recognized by the GBP.
  - Sustainalytics notes that the proceeds from the issuance under the Framework may be used to refinance general corporate purpose debt of SGRE which may have financed opex. The Framework has not defined a look-back period for its refinancing activities. Sustainalytics considers it to be good practice to set a look-back period of three years for refinancing opex.
  - Under the Renewable Energy category, Siemens Energy will invest in the following through the refinancing of SGRE's existing debt: i) the design, development, manufacture and installation of onshore and offshore wind turbines; and ii) the operation and maintenance of onshore and offshore wind farms. The Company may also refinance the acquisition of SGRE, which is considered a pure play company.[5]
    - Siemens Energy has confirmed to Sustainalytics that SGRE's facilities will be dedicated to the manufacture of components for renewable energy technologies, namely wind turbines.
    - Siemens Energy has confirmed to Sustainalytics that the use of proceeds for the refinancing of the acquisition of SGRE will be linked to the fair value of eligible assets of SGRE.
    - The Company will use the proceeds to refinance debt provided for general corporate purposes to SGRE, a pure play company. Sustainalytics recognizes that the GBP favours project-based financing and that there is generally less transparency with non-project-based financing. Nevertheless, Sustainalytics recognizes that the financing of pure play companies is commonly accepted as an approach which can generate positive impact.
    - Sustainalytics considers investments under this category to be in line with market expectations.
- Project Evaluation and Selection:
  - Siemens Energy intends to use net proceeds from the green bond issuance under the Framework exclusively to refinance the acquisition of SGRE or the existing debt of SGRE.

[5] Pure play companies are defined as entities that derive 90% or more of their revenues from activities meeting the eligibility criteria in the Framework

  - The Company's ESG due diligence process is applicable to current and future investments and is founded on the IFC's minimum standards and the Company's internal Environment, Health and Safety guidelines. The process is based on a set of ESG criteria related to laws and regulations, working standards and environmental, social and governance considerations. Additionally, Siemens Energy has a dedicated team to conduct human rights due diligence in the sales phase of projects. For additional details, see Section 2.
  - Based on the exclusive use of proceeds and the presence of adequate environmental and social risk management systems, Sustainalytics considers this process to be in line with market expectations.
- Management of Proceeds:
  - Siemens Energy's Treasury and Corporate Finance team will manage net proceeds from the green bond issuance under the Framework on a portfolio basis and the allocation of proceeds will be tracked using internal systems.
  - The Company intends to allocate net proceeds within 24 months of issuance. Pending full allocation, unallocated net proceeds will be managed in accordance with Siemens Energy's treasury policy and may be invested in cash, cash equivalents or overnight bank deposits on a temporary basis.
  - Based on clear definitions of how proceeds will be tracked, held and disbursed, Sustainalytics considers this process to be in line with market expectations.
- Reporting:
  - Siemens Energy is committed to reporting on the allocation and impact of proceeds on its website within one year of issuance and on an annual basis until full allocation or later in the case of material changes.
  - Allocation reporting will include an overview of the outstanding green bond, the share of financing versus refinancing and the amount of unallocated proceeds.
  - Where feasible, impact reporting will include information on qualitative and quantitative environmental outcomes of the use of proceeds of the green bond issued. The impact report may also include impact metrics, such as installed wind power capacity, net to Siemens Energy (measured in GW); R&D related to Wind Power, net to Siemens Energy (measured in millions of EUR); and capex invested in Wind Power, net to Siemens Energy (measured in millions of EUR).
  - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market expectations.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Siemens Energy Green Bond Framework aligns with the four core components of the GBP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of Siemens Energy

Contribution to Siemens Energy's sustainability strategy

Sustainalytics is of the opinion that Siemens Energy, through its majority stake in SGRE, supports positive environmental outcomes through the design, development, manufacturing, supply, installation and maintenance of products and solutions for wind turbines. Sustainalytics considers that Siemens Energy's acquisition of the remaining shares of SGRE and its subsequent delisting and integration into the Company is expected to facilitate the global clean energy transition.[6] SGRE demonstrates a commitment to environmental sustainability through its focus on the following environmental areas: i) decarbonization; and ii) recyclability.[7]

SGRE has targeted carbon neutrality in its own operations without the use of carbon offsets by 2030 and aims to become carbon positive in its own operations by 2040.[8] SGRE aims to achieve its targets by implementing energy reduction, substitution and efficiency measures; sourcing energy from renewable sources; switching to low-carbon transportation to reduce fleet emissions; and launching awareness campaigns to encourage

[6] Siemens Energy, "Siemens Energy Sustainable Report 2022", (2022), at: https://assets.siemens-energy.com/siemens/assets/api/uuid:49bc59fb-7af0-47fc-a764-a3550d4153dc/siemens-energy-sustainability-report-2022.pdf?ste_sid=e3c846d43fd52df2eb00014f6f7762ce
[7] Siemens Gamesa, "Consolidated Non-Financial Statement 2022" (2022), at: https://www.siemensgamesa.com/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-consolidated-non-financial-statement-2022-en.pdf
[8] Siemens Gamesa, "Our action plan to become carbon positive", at: https://www.siemensgamesa.com/en-int/explore/journal/2022/09/carbon-positive-sustainability-decarbonization

employees to make environmental improvements.[9] SGRE has sourced 100% of its electricity from renewable sources since 2020 and has an SBTi-verified target to reduce its scope 1 and 2 GHG emission intensity by 70% per MW installed by 2025 relative to a 2017 baseline.[10] Since more than 95% of its carbon footprint is generated in its supply chain, SGRE aims to ensure that 30% of its suppliers by spend – covering purchased goods and services, transportation and distribution – have science-based targets by 2025 and 50% by 2040.[11,12]

Regarding recyclability, SGRE aims to ensure that all turbines it manufactures by 2040 will be 100% recyclable and that turbine blades will be fully recyclable by 2030.[13] SGRE achieved a recyclability rate of 95% for its turbines in FY2022.[14] In 2022, it launched RecyclableBlade, the world's first recyclable rotor blade for commercial offshore use, and installed the first turbine blades in 2022.[15] Furthermore, SGRE participates in multiple wind turbine recycling initiatives, such as the DecomBlades consortium and EnergyLOOP initiative.[16,17,18]

Sustainalytics is of the opinion that the Siemens Energy Green Bond Framework is aligned with the Company's overall sustainability initiatives and will further the Company's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards the acquisition of SGRE and toward eligible projects executed by SGRE that are expected to have positive environmental and social impact. However, Sustainalytics is aware that the intended acquisition or investments in such projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues related to product and service design and life cycle management; emissions, effluents and waste; occupational health and safety; and community relations. As a subsidiary of Siemens Energy, SGRE has its own policies and procedures in place, which Sustainalytics has commented on below.

- To mitigate ESG-related risks that may arise from mergers and acquisitions, Siemens Energy has established a questionnaire for target companies to obtain and identify relevant risks. The questionnaire includes queries for the target company regarding sustainability policies, sustainability-related targets, initiatives, sustainability structure, sustainability reporting, ESG ratings and operations in disputed areas, among other topics.
- SGRE undertakes life cycle assessments (LCAs) of its products and operations in accordance with the ISO 14040[19] and applicable product category rules. The LCAs are used to quantify and document the environmental impact across the product life cycle and to identify opportunities to improve both product- and operation-related environmental performance in future designs and processes, respectively. To improve product-related environmental performance, SGRE undertakes initiatives such as using replacement materials to reduce the amount of material used and component weights. To improve operation-related performance, SGRE implements action plans for the materials and substances used, waste generated, energy consumed, and volatile organic compounds emitted. Furthermore, SGRE follows its global Code of Conduct for Suppliers and Third-Party Intermediaries,[20] which establishes standards for third parties to ensure safe working conditions. Additionally, SGRE defines specifications for and maintains

[9] Siemens Gamesa, "Consolidated Non-Financial Statement 2022" (2022), at: Siemens Gamesa, "Consolidated Non-Financial Statement 2022" (2022), at: https://www.siemensgamesa.com/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-consolidated-non-financial-statement-2022-en.pdf
[10] Ibid.
[11] Ibid.
[12] Siemens Gamesa, "Sustainability Vision towards 2040", at: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/sustainability-strategy-2040.pdf
[13] Siemens Gamesa, "Consolidated Non-Financial Statement 2022", (2022), at: https://www.siemensgamesa.com/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-consolidated-non-financial-statement-2022-en.pdf
[14] Ibid.
[15] Siemens Gamesa, "Siemens Gamesa pioneers wind circularity: launch of world's first recyclable wind turbine blade for commercial use offshore", (2021), at: https://www.siemensgamesa.com/newsroom/2021/09/launch-world-first-recyclable-wind-turbine-blade
[16] The DecomBlades consortium is a three-year project providing the basis for commercialization of sustainable recycling of wind turbine blades. DecomBlades: https://decomblades.dk/
[17] EnergyLoop pursues innovation and technology for the recycling of wind turbine blades. EnergyLoop: https://energyloop.info/en/about-us/
[18] Siemens Gamesa, "Consolidated Non-Financial Statement 2022" (2022), at: https://www.siemensgamesa.com/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-consolidated-non-financial-statement-2022-en.pdf
[19] ISO, "ISO 14040:2006 – Environmental management", at: https://www.iso.org/standard/37456.html
[20] Siemens Gamesa, "Code of Conduct for Suppliers and Third Party Intermediaries", at: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/code-of-conduct/code_of_conduct_for_suppliers_and_third_party_intemediaries_en.pdf

dialogue with its suppliers for the supply of environmentally improved materials, articles and components.[21]

- Regarding emissions, effluents and waste, SGRE focuses on improving the recyclability of turbine components to minimize waste produced. SGRE has facilities dedicated to repairing components, such as gearboxes, generators, electrical boards and blades, and returning them to operation.[22] Waste generation and management at SGRE are governed by its internal global waste management procedure, which details systems for recording different types of waste, obligations for local waste management plans and for waste segregation, labelling and storage to make sure there is no contamination from spills while ensuring proper disposal.[23]
- SGRE has an Occupational Health and Safety Management System, which is certified to ISO 45001:2018.[24] The certification's scope covers all areas and processes related to the sale, design, development, procurement and manufacturing of wind turbines and other mechanical and electrical components for all applications. Furthermore, SGRE continually implements health and safety improvements, such as its Safety is My Choice and 10 Life-Saving Rules,[25,26] at its production facilities and operational and project sites, which are monitored and verified by internal systems. SGRE governs incident management through a global procedure and internal controls that outline criteria for classifying, recording, notifying, investigating and analyzing incidents to detect their underlying cause, implement corrective actions and detect opportunities to implement preventive action and continuous improvement.[27]

Sustainalytics' research identified the presence of controversies surrounding SGRE's operations in Western Sahara, specifically regarding the continued delivery and installation of wind turbines since 2013. Reports from human rights organizations indicate that SGRE's operations in Western Sahara may have been carried out without community consent. Additionally, it is alleged that the energy produced is used for the controversial phosphate export and not for the benefit of local communities. This poses a risk that Siemens Energy, through SGRE's operations, may be involved in human rights violations.[28]

While Siemens Energy and SGRE have in place Business Conduct Guidelines[29,30] and a Code of Conduct for Suppliers and Third Party Intermediaries[31,32] to assess and mitigate potential human right risks, Sustainalytics acknowledges the controversy stemming from these operations and encourages Siemens Energy and SGRE to transparently report on the human rights due diligence efforts taken to address and mitigate actual and potential negative impact.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics explains below how the project category contributes to the expansion of wind energy and its role in the decarbonization of the energy sector globally.

Importance of financing wind energy to facilitate the clean energy transition

Energy-related CO_2 emissions rose to 36.3 gigatonnes globally in 2021, an increase of 6% compared to 2020 levels.[33] According to the IEA's roadmap to achieve net zero emissions by 2050, increased supplies of clean

[21] Siemens Gamesa, "Consolidated Non-Financial Statement 2022", at: https://www.siemensgamesa.com/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-consolidated-non-financial-statement-2022-en.pdf
[22] Ibid.
[23] Ibid.
[24] ISO, "ISO 45001:2018 – Occupational health and safety management systems", at: https://www.iso.org/standard/63787.html
[25] Siemens Gamesa, "Business Conduct Guidelines", (2018), at: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/business-conduct-guidelines/siemens-gamesa-business-conduct-guidelines-en.pdf
[26] The 10 Life-Saving Rules cover the most critical safety hazards and are the minimum expectation that must be fulfilled in all SGRE activities.
[27] Ibid.
[28] Sustainalytics, "Global Standards Screening: Siemens Gamesa Renewable Energy SA"
[29] Siemens Energy, "Siemens Business Conduct Guidelines", at: https://assets.siemens-energy.com/siemens/assets/api/uuid:c37de761-64d8-4d89-ac06-b5659b468f88/se-scm-code-of-conduct-brochure.pdf?ste_sid=bf03dbf6952ce82bb9f626ed7f99bb42
[30] Siemens Gamesa, "Business Conduct Guidelines", at: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/business-conduct-guidelines/siemens-gamesa-business-conduct-guidelines-en.pdf
[31] Siemens Energy, "Siemens Energy Code of Conduct for Suppliers and Third Party Intermediaries", at: https://assets.siemens-energy.com/siemens/assets/api/uuid:ee808d08-a638-4a55-9905-c9e989e38de8/code-of-conduct-en.pdf
[32] Siemens Gamesa, "Code of Conduct for Suppliers and Third Party Intermediaries", at: https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/code-of-conduct/code_of_conduct_for_suppliers_and_third_party_intemediaries_en.pdf
[33] IEA, "Global CO2 emissions rebounded to their highest level in history in 2021", (2022), at: https://www.iea.org/news/global-co2-emissions-rebounded-to-their-highest-level-in-history-in-2021

energy combined with measures to save energy are needed to reduce CO_2 emissions in the energy sector.[34] An abatement of 36.9 Gt of annual CO_2 emissions is achievable between 2022 and 2050 through six technological avenues, including increasing the share of renewables.[35] Global energy investments are set to increase by 8% in 2022 to reach a total of USD 2.4 trillion, with the majority of investments expected to finance clean energy solutions.[36] IRENA's 1.5°C scenario will require an investment of USD 5.7 trillion per year until 2030, including a redirection of investments of USD 700 billion per year from fossil fuels.[37] Despite this growth, IRENA described the global energy transition as "far from being on track" to achieve the 1.5°C scenario.[38]

Global renewable energy-based electricity generation reached an all-time high in 2021, increasing by 500 TWh compared to 2020 levels and exceeding a total of 8,000 TWh.[39] Wind electricity generation increased globally by 273 TWh in 2021, an increase of 55% compared to 2020 levels and the highest among all renewable power technologies.[40] Wind energy is expected to play a key role in driving future growth in renewables and needs to achieve an electricity-generation level of approximately 7,900 TWh by 2030 under the IEA's Net Zero Emissions by 2050 Scenario, implying an average expansion of approximately 18% per year between 2022 and 2030.[41]

Based on the above context, Sustainalytics is of the opinion that the continued proliferation of clean energy technologies is critical to reducing CO_2 emissions in the energy sector and that Siemens Energy's acquisition of SGRE is expected to facilitate the decarbonization of the energy sector and support the clean energy transition.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Siemens Energy Green Bond Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Conclusion

Siemens Energy has developed the Siemens Energy Green Bond Framework, under which it intends to issue a green bond and use an amount equal to the net proceeds to refinance the acquisition of SGRE or the existing debt of SGRE. Sustainalytics is of the opinion that the acquisition, entity and projects funded by the proceeds from the green bond issuance are expected to support the clean energy transition.

The Siemens Energy Green Bond Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Siemens Energy Green Bond Framework is aligned

[34] IEA, "World Energy Outlook 2022", (2022), at: https://iea.blob.core.windows.net/assets/830fe099-5530-48f2-a7c1-11f35d510983/WorldEnergyOutlook2022.pdf
[35] IRENA, "World Energy Transition Outlook 2022 1.5° C Pathway", (2022), at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2022/Mar/IRENA_World_Energy_Transitions_Outlook_2022.pdf?rev=353818def8b34effa24658f475799464
[36] IEA, "Record clean energy spending is set to help global energy investments grow by 8% in 2022", (2022), at: https://www.iea.org/news/record-clean-energy-spending-is-set-to-help-global-energy-investment-grow-by-8-in-2022
[37] IRENA, "Energy Transition Holds Key to Tackle Global Energy and Climate Crisis", (2022), at: https://www.irena.org/News/pressreleases/2022/Mar/Energy-Transition-Holds-Key-to-Tackle-Global-Energy-and-Climate-Crisis
[38] IRENA, "World Energy Transition Outlook 2022 1.5° C Pathway", (2022), at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2022/Mar/IRENA_World_Energy_Transitions_Outlook_2022.pdf?rev=353818def8b34effa24658f475799464
[39] IEA, "Global Energy Review: CO_2 emissions in 2021", (2022), at: https://www.iea.org/reports/global-energy-review-co2-emissions-in-2021-2
[40] IEA, "Wind Electricity Tracking Report", (2022), at: https://www.iea.org/reports/wind-electricity
[41] Ibid.

with the overall sustainability strategy of the Company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7 and 9. Additionally, Sustainalytics is of the opinion that Siemens Energy has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the acquisition and eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Siemens Energy is well positioned to issue a green bond and that the Siemens Energy Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Siemens Energy
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Siemens Energy Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	January 18, 2023
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

☒	Use of Proceeds	☒	Process for Project Evaluation and Selection
☒	Management of Proceeds	☒	Reporting

ROLE(S) OF REVIEW PROVIDER

☒	Consultancy (incl. 2nd opinion)	☐	Certification
☐	Verification	☐	Rating
☐	Other *(please specify)*:		

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

Siemens Energy will use the proceeds to refinance the acquisition of its subsidiary Siemens Gamesa Renewable Energy or the existing debt of Siemens Gamesa Renewable Energy. The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category is expected to lead to positive environmental impact and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.

Use of proceeds categories as per GBP:

☒	Renewable energy	☐	Energy efficiency
☐	Pollution prevention and control	☐	Environmentally sustainable management of living natural resources and land use
☐	Terrestrial and aquatic biodiversity conservation	☐	Clean transportation
☐	Sustainable water and wastewater management	☐	Climate change adaptation
☐	Eco-efficient and/or circular economy adapted products, production technologies and processes	☐	Green buildings
☐	Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	☐	Other *(please specify)*:

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Siemens Energy intends to use the net proceeds from the green bond issuance under the Siemens Energy Green Bond Framework exclusively to refinance the acquisition of SGRE or the existing debt of SGRE. Siemens Energy adheres to its ESG due diligence process to identify and manage potential environmental and social risks associated with the eligible investments. Sustainalytics considers the risk management systems to be adequate and the project selection process to be in line with market expectations.

Evaluation and selection

☒	Credentials on the issuer's environmental sustainability objectives	☒	Documented process to determine that projects fit within defined categories
☒	Defined and transparent criteria for projects eligible for Green Bond proceeds	☒	Documented process to identify and manage potential ESG risks associated with the project
☐	Summary criteria for project evaluation and selection publicly available	☐	Other *(please specify):*

Information on Responsibilities and Accountability

☐ Evaluation / Selection criteria subject to external advice or verification

☒ In-house assessment

☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Siemens Energy's Treasury and Corporate Finance team will manage net proceeds from the issuance under the Framework on a portfolio basis, and proceeds will be tracked using internal systems. Siemens Energy intends to allocate net proceeds within 24 months of issuance. Pending full allocation, unallocated proceeds will be managed in accordance with Siemens Energy's treasury policy and may be invested in cash, cash equivalents or overnight bank deposits on a temporary basis. This is in line with market expectations.

Tracking of proceeds:

☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner

☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds

☐ Other *(please specify)*:

Additional disclosure:

☐ Allocations to future investments only

☒ Allocations to both existing and future investments

☐ Allocation to individual disbursements

☒ Allocation to a portfolio of disbursements

☒ Disclosure of portfolio balance of unallocated proceeds

☐ Other *(please specify)*:

4. REPORTING

Overall comment on section (if applicable):

Siemens Energy intends to report on the allocation and impact of proceeds on its website within one year of issuance and on an annual basis until full allocation. Allocation reporting will include the share of financing versus refinancing and the amount of unallocated proceeds. In addition, Siemens Energy is committed to reporting on relevant impact metrics. Sustainalytics views Siemens Energy's allocation and impact reporting commitments as aligned with market expectations.

Use of proceeds reporting:

☐ Project-by-project

☐ On a project portfolio basis

☒ Linkage to individual bond(s)

☐ Other *(please specify):*

Information reported:

☒ Allocated amounts
☐ Green Bond financed share of total investment
☐ Other *(please specify):* share of financing vs refinancing, balance of unallocated proceeds

Frequency:

☒ Annual
☐ Semi-annual
☐ Other (please specify):

Impact reporting:

☐ Project-by-project
☒ On a project portfolio basis
☐ Linkage to individual bond(s)
☐ Other (please specify):

Information reported (expected or ex-post):

☐ GHG Emissions / Savings
☐ Energy Savings
☐ Decrease in water use
☐ Other ESG indicators (please specify): Installed wind power capacity, net to Siemens Energy (measured in GW), R&D related to Wind Power, net to Siemens Energy (measured in millions of Euros) and capex invested in Wind Power, net to Siemens Energy (measured in millions of Euros)

Frequency

☒ Annual
☐ Semi-annual
☐ Other (please specify):

Means of Disclosure

☐ Information published in financial report
☐ Information published in sustainability report
☐ Information published in ad hoc documents
☒ Other (please specify): Siemens Energy's website (link mentioned below in Useful Links)
☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

https://www.siemens-energy.com/global/en/company/investor-relations/publications-ad-hoc.html#QuarterlyandAnnualResultsSPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- ☐ Consultancy (incl. 2nd opinion)
- ☐ Certification
- ☐ Verification / Audit
- ☐ Rating
- ☐ Other *(please specify):*

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.

ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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For more information, visit www.sustainalytics.com

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