

Company response to act!onaid publication “Human Rights in Wind Turbine Supply Chains Update 2019”

10 February 2020

General reflections on the research methodology

The publication falls short of analyzing wind turbine manufacturers’ due diligence across their entire supply chain. There is significant emphasis given to due diligence, particularly in relation to human rights, in the upstream extraction and processing of minerals.

The report is based solely on desk-research from publicly reported information and the results stand risk of being related more to how a company communicates on its due diligence processes rather than assessing the actual implementation of the publicly communicated due diligence processes. We would like to comment in detail on the following points made in the report:

2.1 Step 1: Embed responsible conduct in policies and systems

“Siemens Gamesa, Nordex, MHI Vestas Offshore Wind and GE report on how they have embedded responsible business conduct into their policies and management systems. Siemens Gamesa has developed a Human Rights Policy, Business Conduct Guidelines and a Supplier Code of Conduct/Supplier Relationship Policy, which address adverse impacts on human rights and the environment in supply chains. In its Human Rights Policy, Siemens Gamesa states that it expects its suppliers to respect human rights to maintain fair operating and labour practices, to protect the environment and that it has zero tolerance for any form of child or forced labour. However, Siemens Gamesa does not specifically report on how it conducts due diligence in its supply chains for wind turbine materials.” (pg.9)

Siemens Gamesa makes clear statements about the conduct it expects from suppliers in the company’s [Code of Conduct for Suppliers and Third Party Intermediaries](#), and its corresponding [Booklet for Code of Conduct for Suppliers and Third Party Intermediaries](#), encompassing a broad scope of human rights topics that can be characterized as one of the most strict in the wind market.

The due diligence for such topics is described in our [website](#) and the [Booklet for Code of Conduct for Suppliers and Third Party Intermediaries](#). Associated KPIs are reported annually in our [Consolidated Non-Financial Statement 2019 \(former Sustainability Report\)](#).

We have established a [Supplier Relationship Policy](#) governing supplier relations and contracting, which provides a group-wide framework for the management and control of procurement activities. Siemens Gamesa ensures the impartiality and objectivity of our supplier selection processes and establishes the channels and mechanisms needed to ensure that our supplier conduct is ethical. To

this end, Siemens Gamesa is committed to taking action if any supplier violates the values and principles set forth in our Code of Conduct.

2.2. Step 2: Identify risks of adverse impacts

“Five of the companies that are examined in this report have attempted to map risks associated to their operations (GE, Nordex, MHI Vestas Offshore Wind, Siemens Gamesa and Goldwind), although in many cases these assessments appear to be focused on risks to the company rather than risks on adverse impacts on stakeholders. GE has the most elaborate risk identification process in place, although it only targets risks associated to conflict minerals. None of the other companies reports on specific risks in its mineral supply chains.” (pg. 11)

Siemens Gamesa implements a risk-based due diligence process to assess compliance with our Code of Conduct, identifying any areas of non-compliance and highlighting opportunities to promote improved performance. This includes systematic screening of new and existing suppliers through background checks and risk assessments associated with the sector and countries of operation. If relevant, suppliers are selected to go through one or more detection modules. As described in the [Booklet for Code of Conduct for Suppliers and Third Party Intermediaries](#), detection modules may be: audits and inspections, sustainability self-assessments, performance evaluations, sustainability risk assessments, external sustainability audits or incident driven inspections.

These detection modules are reported annually in our [Consolidated Non-Financial Statement 2019 \(former Sustainability Report\)](#). We also disclose related information to the Dow Jones Sustainability Index.

“However, Siemens Gamesa does not specifically report on how it identifies adverse impacts regarding the sourcing of minerals in its supply chains or whether the ‘CSR diagnosis’ or supplier screening has also included issues and suppliers in mineral supply chains.” (pg. 12)

Regarding conflict minerals specifically, Siemens Gamesa implemented its due diligence in partnership with Siemens AG and strictly adheres to what is required by the EU (identifying risky suppliers, making assessments and audits, acting in case of findings). All of this is described in in our [Consolidated Non-Financial Statement 2019 \(former Sustainability Report\)](#) (pg. 71-72). We also disclose related information to several sustainability ratings and indexes, such as the Dow Jones Sustainability Index.

2.3 Step 3: Take action to cease, prevent or mitigate adverse impacts

“Siemens Gamesa addresses responsible business conduct issues through its ‘CSR Master Plan 2018-2020’. For example, Siemens Gamesa works on improving health & safety issues in its supply chains (suppliers and contractors) in the wind sector and attaining carbon-neutral operations by 2025. The company does not specifically report on taking action to prevent or mitigate adverse impacts related to the sourcing of minerals.” (pg. 14)

Regarding conflict minerals specifically, Siemens Gamesa implemented its due diligence in partnership with Siemens AG and strictly adheres to what is required by the EU (identifying risky suppliers, making assessments and audits, acting in case of findings). All of this is described in our [Consolidated Non-Financial Statement 2019 \(former Sustainability Report\)](#) (pg. 71-72). We also disclose related information to several sustainability ratings and indexes, such as the Dow Jones Sustainability Index.

2.4 Step 4: Track implementation and results

“Siemens Gamesa, Goldwind and Nordex do not provide a clear overview of goals and indicators to measure their progress in addressing adverse impacts. They do not report on the implementation and results of any measures to address adverse impacts in wind turbine supply chains.” (pg. 16)

The ‘CSR Strategy 2018-2020’ goals and our progress in relation to them are reported annually in our [Consolidated Non-Financial Statement 2019 \(former Sustainability Report\)](#).

2.5 Step 5: Communicate transparently

“Siemens Gamesa, Nordex and Goldwind publish annual sustainability reports, but these do not include clear reporting on their due diligence processes.” (pg. 16)

“Some of the companies indicate which risks they have prioritized (GE, Siemens Gamesa, Nordex and Goldwind), but none provide information about how and why they selected these risks for prioritization. None report systematically on the specific outcomes of actions to address specific risks.” (pg. 17)

We disagree that our due diligence processes are not clearly reported in our [Consolidated Non-Financial Statement 2019 \(former Sustainability Report\)](#), (which also include gender-sensitive information) and other sources in our website. It is also important to emphasize that desk-research alone, does not provide enough information for a reflective comparison, and interviews and/or audits could supplement the research findings.

2.6 Step 6: Provide remedy where appropriate

“Siemens Gamesa has an Integrity Hotline/Compliance Whistleblowing Hotline, to which any stakeholder can report alleged breaches of the Siemens Gamesa Code for Suppliers. Siemens Gamesa does not report on whether this system is used and how it deals with complaints. The company does report that it did not receive stakeholder complaints that involved authorities regarding environmental incidents.” (pg. 18)

As stated in the [Siemens Gamesa Compliance internet](#) page, all complaints coming from the Integrity Hotline are managed by a third-party supplier who ensures the protection of the data and anonymity. The data supplied is then maintained on secure servers in Germany and complaints are handled exclusively by Siemens Gamesa Compliance Investigations & Regulatory team.

All allegations go through the process of a) plausibility check, b) if allegations are plausible the investigation is mandated, c) the investigation is conducted and d) the investigation is closed with remediation measures.

All allegations and investigations are reported at a minimum quarterly basis to the Siemens Gamesa Executive Committee and to the Audit, Compliance and Related Party Transactions Committee.

In addition, the topic of human rights under the responsibility of Siemens Gamesa Compliance department is covered as follows:

- Human rights is part of the Compliance trainings.
- Human rights is a module of the Compliance Risk Evaluation (CRE) within the SBA - sales business approval process.
- Human rights risks as a mandatory element of the Compliance Risk Assessment (CRA).
- Human rights is part of the regular compliance reporting by the Chief Compliance Officer.