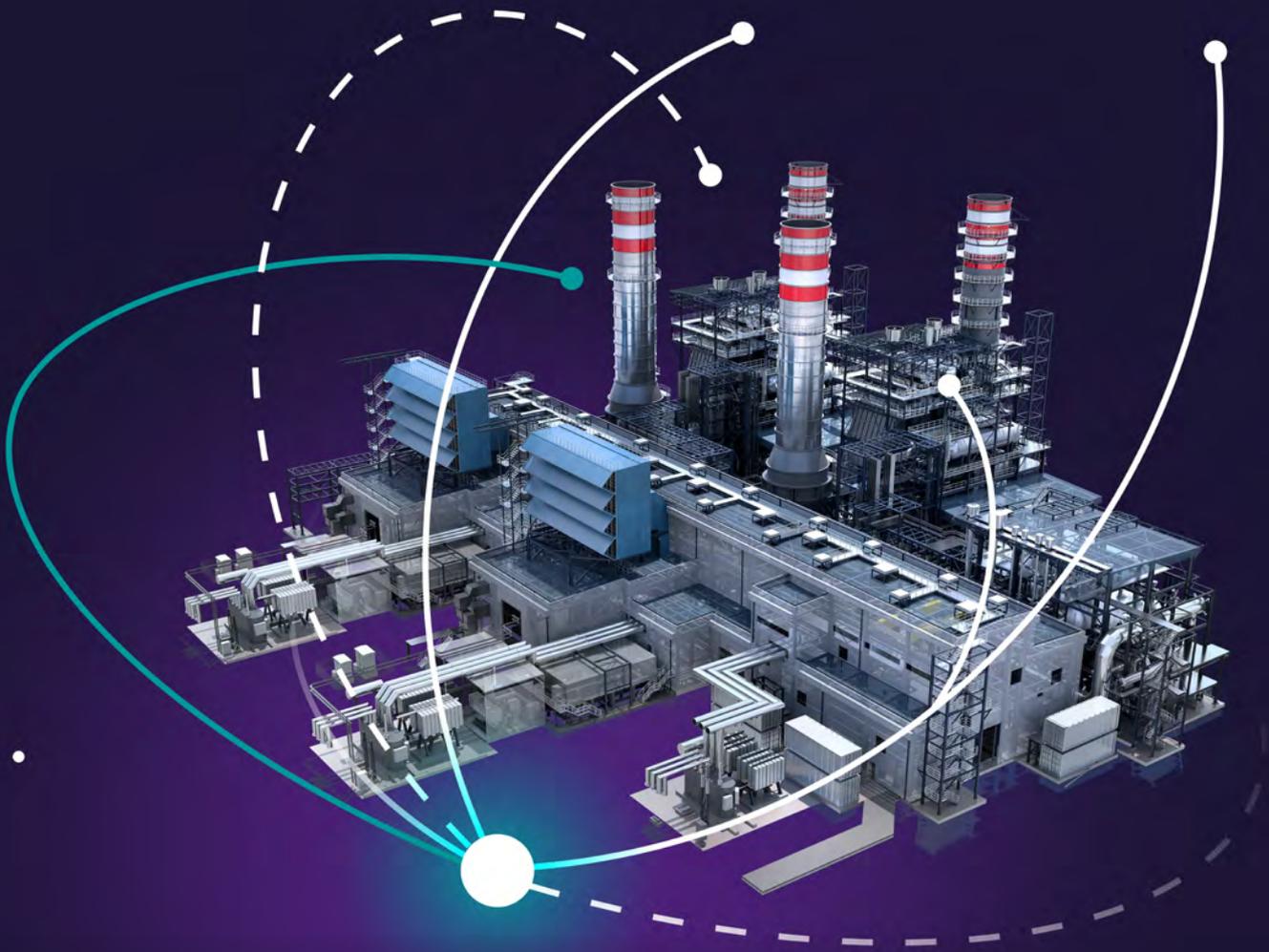


Siemens Energy (UK) Decarbonisation Programme



SIEMENS
ENERGY

Contents	Page
01 Introduction	03
02 Measuring our carbon footprint	04
03 Decarbonisation Programme	06
04 Governance	07
05 Communication	09

Siemens Energy (UK) Decarbonisation Programme

Introduction

Siemens Energy was formed on 1st April 2020 following a carve out from Siemens AG. The company has about 91,000 employees worldwide and 3,200 employees in the UK (as of March 31, 2020). Siemens Energy operates globally along nearly the entire energy value chain. Our products include gas turbines, steam turbines, generators, transformers, and compressors. Siemens Energy's 67 percent stake in Siemens Gamesa Renewable Energy makes it a global market leader in renewable energies.

With a strong and resilient portfolio along significant parts of the energy value chain, we are a partner of choice for our stakeholders and shaper of the energy transition worldwide. While supporting the company purpose "We energize society", we contribute to most of the United Nations' Sustainable Development Goals (SDGs) directly or indirectly. To ensure maximum impact, we focus our activities on SDG 5, 7, 8, 9, and 13.

For Siemens Energy, the cost of finance with interest on our loans directly linked to our performance. Siemens Energy have defined key performance indicators (KPI) referring to environmental, social and corporate governance criteria and specifically the reducing the emission of greenhouse gases (CO₂ Equivalent).

Our global Sustainability Programme sets the framework for decarbonising our business:

- Decarbonising products services and solutions for our customers
- Climate Neutral in our Operations by 2030
- Decarbonised Supply Chain



Fig. 1: Global Sustainability Programme (Global Sustainability Report 2020)



Measuring our carbon footprint

Siemens Energy approach to decarbonisation is described in the global Sustainability Report 2020: Getting Started. In the UK, we follow the Siemens Energy global approach, looking in more detail at the risks and opportunities for decarbonation in our region and UK businesses.

[Link to Siemens Energy Sustainability Report 2020: Getting Started](#)

Siemens Energy (UK) Carbon Footprint

In the UK we will baseline our carbon footprint in Business Year 2021 (October 2020 – September 2021) as our first full year operating as Siemens Energy.

We have mapped the carbon footprint of our operations (Scopes 1 & 2) to understand the risks and opportunities to enable the company to establish a UK decarbonisation programme.

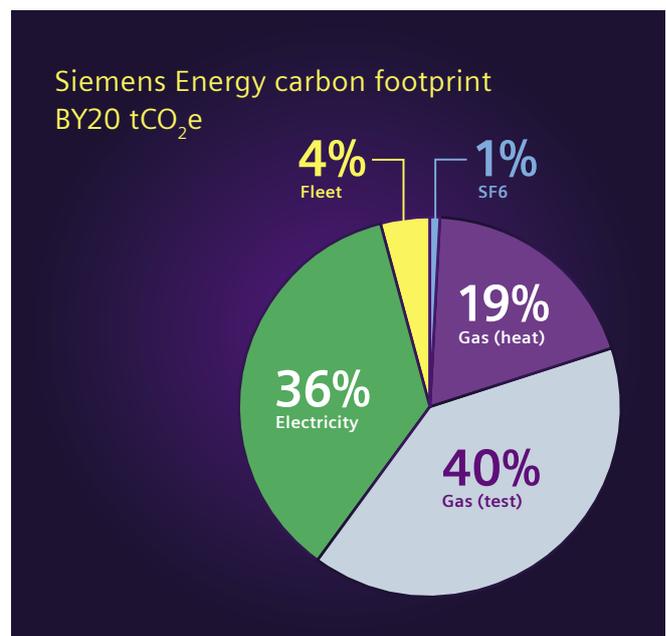
Scope 1 emissions

Scope 1 emissions are from the gas consumed at manufacturing sites, offices, and temporary site locations plus fuel for fleet. The fuel burnt in commercial vehicles and fuel used in processes on-site is included in scope. The sulphur hexafluoride (SF6) used as an insulator in electrical transmission equipment is included in Scope 1 emissions.

Scope 2 emissions

Scope 2 emissions are those associated with the electricity purchased to power our manufacturing sites, offices, and temporary sites. To determine the greenhouse gases released in the production of this electricity we use carbon conversion factors provided by Defra that represent the current mix of energy sources supplying the national grid.

Siemens Energy has a Renewable Energy Contract with Guarantees of Origin (REGO) for all operations, but we choose to report electricity on our carbon footprint, acknowledging that electricity is a resource, and we should look to improve energy efficiency.



Scope 3 emissions – Decarbonised Supply Chain

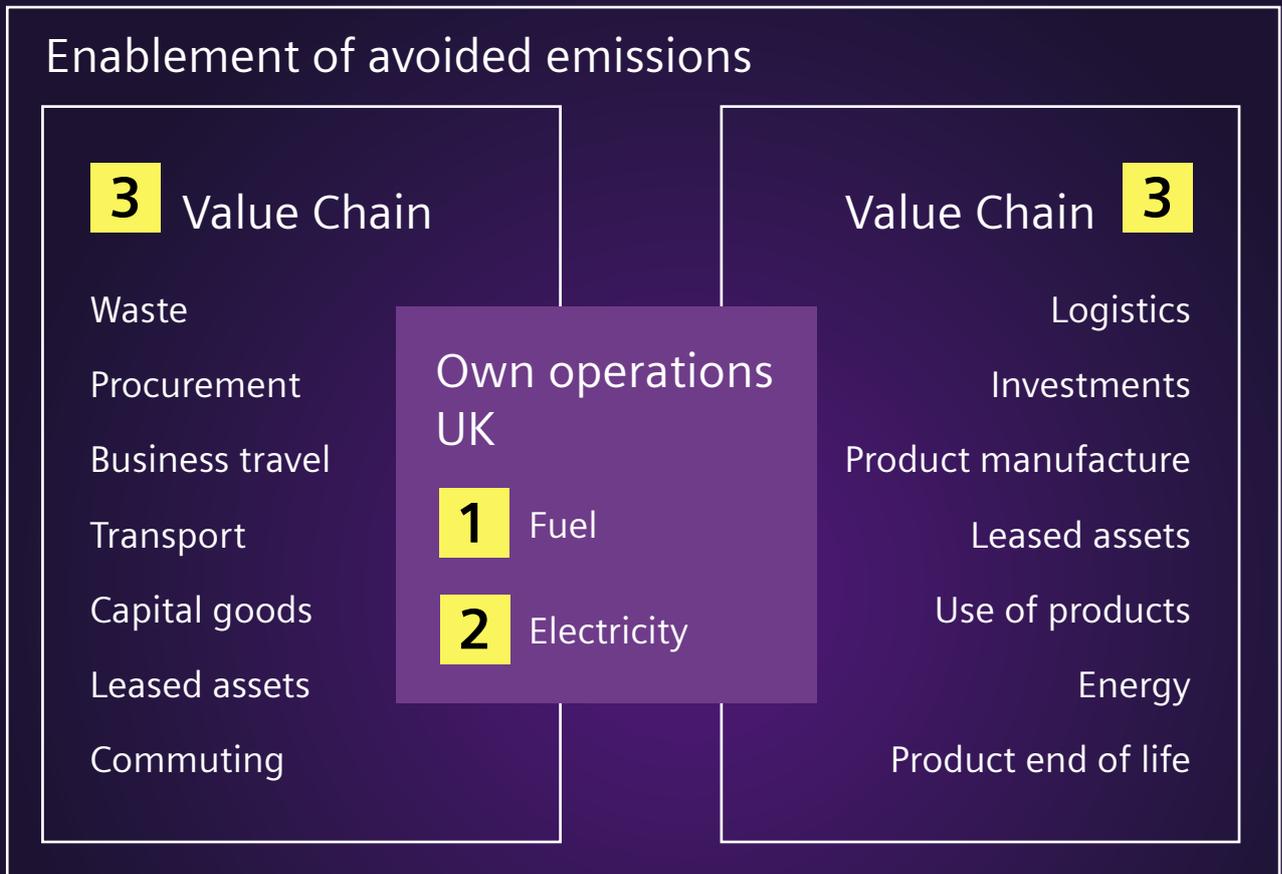
Scope 3 covers any indirect emissions related to the company activities. Scope 3 sources are not currently included within our carbon footprint reporting. As specified within the GHG Protocol, companies have discretion over which Scope 3 categories they choose to report, in order to focus on accounting and reporting for activities that are relevant to their business, and to avoid double counting of emissions between companies.

Broadening our carbon footprint reporting to include Scope 3 emission sources remains a challenge, primarily because of the difficulties in gathering reliable data. However, it is recognised that increasing the number of Scope 3 emission sources included within the reporting boundary is necessary to better understand and reduce the impacts of operations as well as those of the supply chain. Scope 3 emissions for the supply chain are included in our programme with targets to improve the accuracy of measurement and reporting. In the next phase, the scope of the programme will be extended to consider other scope 3 impacts for example business travel and commuting.

Decarbonising Products services and solutions

Siemens Energy contributes to climate protection primarily through our portfolio, which enables our customers to reduce their emissions. The concept of avoided emissions is that a solution (product or service) enables the same function to be performed with significantly less greenhouse gas (GHG) emissions. Activities and customer offerings that support Decarbonisation are clustered in three areas: Efficiency increase, Fuel shift/ Hybridization and Deep Decarbonisation.

Methodologies will be adopted to enable corporate inventory accounting to measure the impact on the climate. However, the primary focus currently for Siemens Energy (UK) Decarbonisation programme is on scope 1 and 2 emissions, whilst starting to measure Scope 3 and setting science-based reduction targets for these emissions.



GHG protocol emissions

1 Scope 1 emissions

2 Scope 2 emissions

3 Scope 3 emissions

Fig. 2: GHG Protocol Scope of carbon emissions (credit Carbon Trust)

Decarbonisation Programme

The global sustainability programme establishes the objectives for decarbonising our business:

- Decarbonising products services and solutions for our customers
- Climate Neutral in our operations by 2030
- Decarbonised supply chain.

Currently, the overriding aim of the Decarbonisation programme is to reduce the energy use and carbon emissions from operations to meet our global target to be Climate Neutral by 2030. The decarbonisation programme and targets will be reviewed annually and updated every three years.

Decarbonisation Programme Targets (UK)

Targets (Scope 1 & 2)

1. Reduction in absolute carbon emissions (CO₂e) by 5% year-on year
2. Annual energy performance targets for all Siemens Energy manufacturing sites and offices
3. Replace natural gas used for heating on manufacturing sites and offices by 2030
4. Reduction of carbon emissions from testing gas turbines by 5% year-on year (normalised against test demand)
5. Transition Siemens Energy vehicle fleet to be 100% low emission vehicles by 2025.

Targets (Scope 3)

6. Engage our supply chain to understand how they monitor their scope 1, 2 and 3 emissions and develop improvement plans (3-year plan)

Baseline

Siemens Energy was previously part of the Siemens plc UK business which adopted 2014/15 as the baseline year. Siemens Energy businesses made reductions in emissions in the period from 2014/15 to 2019 but following the carve out in April 2020 it is necessary to re-baseline.

Siemens Energy will baseline our carbon footprint in Business Year 2021 (October 2020 – September 2021) as our first full year operating as Siemens Energy. Progress in delivering targets will be reviewed against this baseline from Business Year 2022.

We will review annually to take into account significant events and changes in circumstances such as site closures.





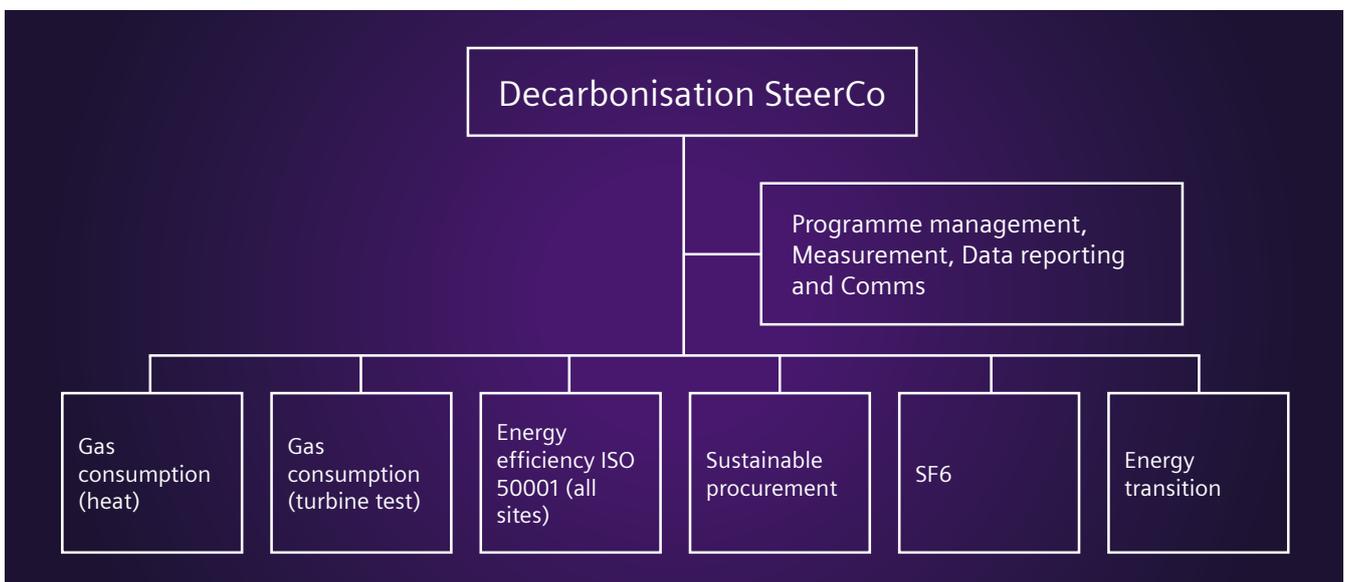
Governance

Structure, roles, and responsibilities

Clear leadership and collective responsibility is a key to success in delivering the our decarbonisation programme. Everyone in the company is responsible for achieving Energy Performance (ISO 50001:2018).

A Decarbonisation Steering Committee, supported by Senior Managers and the Vice President of Siemens Energy in the UK (SteerCo) meets quarterly to review progress against targets.

Workstreams have been established to focus on delivery of the Decarbonisation Programme targets.





Performance

Performance against targets is reported to the Decarbonisation SteerCo each quarter and annually to the extended Board.

Data and reporting

Data is collected from across the business to report against several Key Performance Indicators (KPIs), to help gauge the company's long-term performance. We report our emissions and carbon footprint each calendar year through the global Siemens Energy Sustainability Report. This data is collected and reported via our in-house information systems as well as third party systems.

Conversion factors

Siemens Energy applies the Defra greenhouse gas conversion factors to calculate carbon and fugitive emissions. Our carbon footprint is reported in tonnes of carbon dioxide equivalence (CO₂e). The Kyoto Protocol specifies prominent greenhouse gases with varying global warming potential (GWP): carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). Reporting CO₂e allows emissions of these gases to be reported on a like-for-like basis relative to one unit of CO₂.

Assurance and verification

In 2020 Siemens Energy has engaged an independent third party, BSI to verify annual energy performance through ISO 50001:2018.

Siemens Energy have made a commitment to target certification and verification to the Carbon Trust Standard. The Standard requires an organisation to measure and report its carbon emissions and to demonstrate an on-going commitment, through investment and the implementation of projects and plans, to achieving a reduction in emissions over defined periods. The Carbon Trust will verify the Siemens Energy baseline Carbon Footprint in 2021.

Embedded carbon in solutions and products will be calculated using methodology in the standard PAS2080 (Carbon Mgt. in Infrastructure) and ISO 14021 (Environmental Product Declarations). Initially this will be used in Siemens Energy Transmission business with plans to extend to other business units. The quality of our solutions will be measured using CEEQUAL assessment.

Communication

Siemens Energy is an industry leader in low carbon technology and is committed to raising the standards within our sectors, lobbying for policy change that will reduce national carbon emissions, improve our energy security and address fuel poverty.

Internal

Employee engagement

Siemens Energy in the UK supports global programmes to drive improvements in sustainability and decarbonisation. The 'Let's Innovate' initiative was launched in December 2020 and encourages all employees to contribute their ideas and passion to shape how Siemens Energy will innovate the energy system to keep the global temperature within 1.5°C in line with the Paris Agreement and get closer to our company plans of climate neutrality by 2030.

Our businesses have committed to our targets for improving energy performance and reducing carbon emissions. We encourage accountability of all employees to take action to improve the sustainability of our business.

Changing behaviours

Our business purpose will be delivered through the energy transition. We expect our employees to support significant changes in the way we operate to become a more sustainable business.

We are committed to providing access to learning and development opportunities on Sustainability to support our employees to be more sustainable in their activities both at home and in the workplace.

External engagement

Siemens Energy in the UK is an active member of industry groups to support change in the sectors in which we operate.

Siemens Energy will actively seek to influence policy to enable the energy transition and to promote a sustainable low-carbon economy, through our membership of industry groups.



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