STANDARD FORM ANNEX I
ANNUAL REPORT ABOUT THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS OF LISTED COMPANIES

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GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

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ANNUAL REPORT ABOUT THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS OF LISTED COMPANIES

A THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR

A.1 Explain the company's remuneration policy. This heading should include information on:

– General principles and bases of the remuneration policy.
– Most significant changes made in the remuneration policy compared with that applied in the previous financial year, as well as any modifications which have been carried out during the financial year of the conditions for the exercise of options already granted.
– Criteria used to establish the company's remuneration policy.
– Relative importance of the variable items of remuneration in relation to the fixed items of remuneration and criteria applied to determine the various components of the directors' remuneration package (*remuneration mix*).

Explain the remuneration policy
The general remuneration policy for directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. (hereinafter also referred to as "**Gamesa**" or the "**Company**") is included in the "Annual Directors' Remuneration Report for Listed Limited Liability Companies," which was approved via consultative ballot of the General Shareholders' Meeting (the "**GSM 2015**") on 8 May 2015, remained valid throughout 2016 and is still valid in 2017 as provided for under article 529 (r) and the transitory provision of *Law 31/2014 of 3 December, which amended the Corporate Enterprises Act to improve corporate governance.* This policy is scheduled to be subject to revision at the General Shareholders' Meeting for 2017 as a result of and subject to the effectiveness of the merger by absorption of Siemens Wind HoldCo, S.L. (Sole Proprietorship) by Gamesa (hereinafter referred to as the "**Merger**"), which determines the entry of a new significant shareholder into the Company's shareholders, namely Siemens Aktiengesellschaft, and, once the Merger has been entered onto the Companies Register, the modification of the structure of the Board of Directors of Gamesa, with a greater weight of external proprietary directors appointed for this particular purpose. The basic principles of the valid policy are as follows: <u>Quantitative limit</u>: In keeping with article 45.3 of the Bylaws, GSM 2015 established the annual gross maximum amount that the Company will allocate to the whole of its directors in their capacities as such for €3 million. This remuneration is independent and compatible with: (a) the establishment of remuneration systems referenced to the listed share price or entailing the delivery of shares or stock options.

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(b) remuneration and considerations established for executive directors for performing executive duties as established in the contract entered into by and between said directors and the Company for such a purpose and adjusted to the currently valid director remuneration policy.

The formalization of contracts drawn up under these terms must be approved by the Board of Directors with a vote in favor of at least two-thirds of its members.

Principle of moderation and adaptation to the post:

The Board of Directors must ensure that the remuneration of its members is reasonably proportionate to the importance of Gamesa, the current economic situation and market standards of similar entities, and oriented to promote the profitability and sustainability of the Company.

Thus, remuneration need not necessarily be the same for all directors, and will be determined individually on the basis of yet not restricted to criteria such as committee membership or not, performed roles and dedication of the director to his/her duties. It can be distinguished as follows:

I. Structure of the remuneration of directors due to their status as such:

a) Annual fixed remuneration for their membership and position on the Board of Directors and its committees.

b) Attendance allowances for attending sessions of the Board of Directors and committees, either in person or via the validly established remote communications systems.

The Chairman and CEO, as an exception, does not receive allowances.

II. Structure of remuneration for the performance of executive functions

Currently, the sole members of the Board of Directors who carry out executive functions are the Chairman and CEO, legal counsel and the secretary member of the Board of Directors (who is also the non-member secretary at committees).

As already mentioned, the remuneration of executive directors is established in the contracts signed between the directors themselves and the Company, and approved by a two-thirds majority vote of the Board of Directors.

These contracts contemplate a fixed remuneration for the performance of executive functions.

Variable remuneration is only granted to the Chairman and CEO when linked to the fulfillment of specific, quantifiable goals in line with corporate interests. Variable remuneration includes: (i) annual remuneration, and (ii) medium- or long-term remuneration. Their respective components are further detailed in section A4.

Relative importance of the variable remuneration of the CEO (*remuneration mix*): annual variable remuneration is calculated based on 60% of the fixed remuneration of the chairman and CEO established for this fiscal period, and may even reach 100% for exceptionally exceeding the set goals. Therefore, and as explained in greater detail in section A4, the combination of the annual variable remuneration and the medium- or long-term remuneration (based on the personal performance of the CEO and the degree of achievement of the

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objectives established for said remuneration) could even reach a value higher than the fixed remuneration components.

<u>Other benefits</u>

The Company pays for the premiums corresponding to policies undersigned thereby with insurance companies covering death and disability benefits, and third-party civil liability for the discharge of duties as directors, executives and employees. In general, the Company's remuneration policy does not contemplate recurrent contributions to social welfare systems such as pension or similar plans.

There were no significant changes in the remuneration policy in comparison with previous years. Only the following matters need be mentioned:

- Regarding the life/deferred savings mixed insurance policy undersigned in 2014 for a term of three years (maximum annual contribution to said policy is within the limit of €3 million mentioned above), its valid term expired in 2016 but was not renewed or extended.

- In a session on 16 December 2016, and in accordance with recommendation 48 of the Code of Good Governance for listed companies, the Company agreed to split the Appointments and Remuneration Committee into two separate committees. Thus, in the context of the Merger that the Company agreed to execute on 17 June 2016, the Company agreed to create an Independent Directors Committee for tracking the milestones of the operation until effectiveness. Both decisions resulted in an increase in the total amount of allowances incurred, albeit duly justified and within the quantitative limit established in the remuneration policy.

A.2 Information regarding the preparatory work and the decision-making process which has been followed in order to determine the remuneration policy and the role, if any, played by the remuneration committee and other supervisory bodies in the creation of the remuneration policy. This information shall include, where relevant, the mandate given to the remuneration committee, its composition and the identity of the external advisers whose services have been used to establish the remuneration policy. The nature of the directors, if any, that have been involved in the establishment of the remuneration policy shall also be indicated.

Explain the process for determining the remuneration policy

Within the frame established by law, the *Bylaws* and agreements adopted by the General Shareholders Meeting, the Board of Directors draws up the Gamesa remuneration policy, which will include all fixed components and variable items (indicating essential parameters and hypothetical or targets taken as a reference for calculation, along with assessment criteria), the main characteristics of prevention systems and the main conditions which the contracts of executive directors must fulfill.

The Remuneration Committee is vested with the powers to propose to the Board of Directors and oversee the remuneration policy of directors and senior management of the Company.

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In particular, the committee proposes the annual directors' remuneration system and amount, individual remuneration for executive directors and the remaining terms and conditions of their contracts. Likewise, it submits the *Annual Directors' Remuneration Report* to the Board of Directors for approval and subsequent consultative vote by the General Shareholders' Meeting.

As of 31 December 2016, the Remuneration Committee comprises three non-executive directors as listed below with their respective category:

- Chairman: Andoni Cendoya Aranzamendi (independent director).
- Voting Members:
    - Juan Luis Arregui Ciarsolo (independent director).
    - Francisco Javier Villalba Sánchez (proprietary director).

The non-member secretary of the Remuneration Committee is Carlos Rodríguez-Quiroga Menéndez.

The definition of the remuneration policy approved by the GSM 2015 received external counsel from PricewaterhouseCoopers, Asesores de Negocios S.L., Mercer Consulting S.L.U. and the law firms Uría Menéndez Abogados S.L.P. and J&A Garrigues S.L.P. In the application of the remuneration policy during 2016, external counsel was received from the consultant Mercer Consulting S.L.U. and law firms Uría Menéndez Abogados S.L.P. and J&A Garrigues S.L.P.

A.3 Indicate the amount and the nature of the fixed components, itemizing any remuneration for the performance of top management duties of the executive directors, the additional remuneration as chairman or member of a committee of the board, the allowances for participation in the board and its committees or other fixed remuneration as director, as well as an estimate of the annual fixed remuneration to which they may give rise. Identify other benefits which are not paid in cash and the fundamental criteria by which they are granted.

Explain the fixed components of the remuneration

<u>Remuneration of directors in their status as such</u>

For fiscal year 2017, the Board of Directors has agreed, at the proposal of the Remuneration Committee, not to increase the fixed remuneration of directors in their status as such and allowances for attendance. The established annual fixed remuneration is as follows on the basis of the position held:

- Vice Chairman: €150,000
- Coordinating Director: €20,000
- Committee Chairpersons: €120,000
- Committee Members: €100,000
- Board Members: €60,000

Internal rules and regulations establish that only one fixed remuneration may be accrued and, therefore, in the case of accumulation of positions, the director will be entitled to the highest remuneration.

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As an exception to the foregoing, in the special case of the Coordinating Director, given the singularity and importance of its functions, the fixed remuneration established for this post shall be added to the highest fixed remuneration to which he/she is entitled as a member of the Board of Directors or committee, as the case may be.

The amounts shall be proportional to the time holding the position.

Remuneration of directors for the performance of executive functions

The fixed remuneration amount of executive directors in their condition as such is established so as to be competitive with other comparable and similarly-sized entities in the sector, yet moderate in view of the particular circumstances of the Company (currently undergoing consolidation in the return to profitability and assumption of risks inherent to the merger process and regional expansion of activities).

As mentioned above, Gamesa currently has two executive directors: the chairman and CEO and the Secretary-Legal Counsel of the Board of Directors and non-member secretary of the committees thereof:

For the current transitional merger closing context, the gross fixed annual salary of the chairman and CEO was increased in 2017 by 2% to €663,000 (€650,000 in 2016), with a view to maintaining competitiveness, though it is expected that once the Merger has become effective, the remuneration policy as a whole will be subject to the review of the General Shareholders' Meeting held in 2017. Likewise, for executive duty performance, the Company settled the social security payment for the chairman and CEO (€11,472.24 in 2016) with recognized benefits of vehicle assignment and payment of the premiums for medical, healthcare and accident insurance (total of €13,018.37 in 2016).

The legal counsel, secretary of the Board of Directors and non-member secretary of the committees thereof have the following remuneration:

- For functions as secretary-legal counsel of the Board of Directors: €210,000

- For duties as secretary of committees:
    - Audit and Compliance Committee: €47,250
    - Appointments Committee: €47,250
    - Remuneration Committee: €47,250
    - Delegated Executive Committee: €68,250
    - Independent Directors Committee: €47,250

Internal regulation contemplates no variable remuneration for the secretary-legal counsel.

Allowances

The members of the Board of Directors receive attendance per diems (allowances) for each session of the Board of Directors and committee meetings that they actually attend, regardless of the number of sessions held, yet restricted to the maximum limit established in section A.1, i.e., three million euros.

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The valid amounts for the various posts and members are as follows:

- For the vice chairman of the Board of Directors and chairmen of the committees: €3,600
- For the members of the Board of Directors and committees: €1,800

As a special and transitional case within the framework of tracking the Merger, the Board of Directors has agreed to create an Independent Directors Committee, for which the following attendance allowances were established:

- Independent Directors Committee Chairman: €7,200
- Voting members of the Independent Directors Committee: €3,600

The above amounts are established for the normal case of attendance of the director in person. In the case of attendance via video conference or other valid mediums of remote communication, the per diem will be 50% of the above amounts.

The right to the per diem allowance is void when a representative attends the meeting.

The chairman of the Company in his condition as such receives no fixed remuneration or further per diem allowances in addition to the recognized fixed and variable remuneration as executive director.

<u>Other benefits</u>

As part of the fixed components of their remuneration as directors, they are entitled to insurance covering death and disability (for a total of €52,928.60) and third-party civil liability for the discharge of duties (a total of €53,499.60 allocated in 2016).

A.4 Explain the amount, the nature and the principal characteristics of the variable components of the remuneration systems.

In particular:

- Identify each of the remuneration plans of which the directors are beneficiaries, its scope, its date of approval, date of implementation, period of validity as well as its principal characteristics. In the case of stock option plans and other financial instruments, the general characteristics of the plan shall include information regarding the conditions for exercise of such options or financial instruments for each plan.
- Indicate any remuneration in the form of profit share or bonuses, and the reason why they are granted.
- Explain the fundamental criteria and basis of any system of annual bonuses.
- The classes of directors (executive directors, external proprietary directors, independent external directors or other external directors) that are beneficiaries of remuneration systems or plans which include variable remuneration.

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- The basis of such systems of variable remuneration or plans, the criteria chosen for evaluation of performance, as well as the evaluation components and methods to determine whether or not such evaluation criteria have been observed and an estimation of the absolute amount of the variable remuneration to which the remuneration plan in force would give rise, depending on the degree of fulfillment of the assumptions or objectives which is adopted as a reference.
- Where relevant, any periods of deferral or postponement of payment which have been established shall be reported and/or the periods for withholding shares or other financial instruments if they exist.

Explain the variable components of the remuneration systems
The Chairman and CEO is the sole director to benefit from a variable remuneration component, which is linked to the fulfillment of specific, quantifiable goals in line with corporate interests. The establishment of these goals and assessment of their degree of achievement correspond to the Board of Directors at the proposal of the Remuneration Committee. Noteworthy within variable remuneration are annual variable remuneration and medium and long-term remuneration. (i) Annual variable remuneration: Percentage of the fixed remuneration calculated on the basis of pre-established criteria and 60% of the fixed remuneration. This percentage may even reach 100% for exceptionally exceeding the set goals. Criteria for payment: linked to the performance of the chairman and CEO and the results of the Company. The degree of achievement is determined on the basis of indicators regarding the fulfillment of activity, financial and sustainability goals and objectives of the Company and group of companies of which Gamesa, in the meaning established by law, is the parent company (hereinafter referred to as the "**Group**"). The specific parameters and objectives, and their weighting are described further in section D.2. Assessment of the degree of achievement of goals or objectives linked to the variable remuneration corresponds to the Board of Directors at the proposal of the Remuneration Committee. During 2016, a conclusion was reached that the chairman and CEO fulfilled 95% of the objectives of the Group and exceeded operating results objectives, hence the annual variable remuneration of the chairman and CEO is 97% of the fixed remuneration. (ii) Medium- and long-term variable remuneration linked to strategic goals: The Company also contemplates the implementation of incentive programs linked to the fulfillment of medium- or long-term strategic goals with a view to retaining and providing incentives to the Chairman and CEO, thus sustainably increasing Gamesa's value over time.

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In connection with the 2013-15 Plan approved by the Gamesa General Shareholders' Meeting held on 19 April 2013, configured as a long-term incentive package comprising the delivery of a cash bonus and shares in the Company linked to the attainment of key objectives in the 2013-2015 Business Plan, whose measurement period concluded on 31 December 2015, the following is particularly noteworthy for 2016:

According to the characteristics of the program, after determining the degree of compliance with the objectives, the liquidation and payment will be made as 50% in the first 90 calendar days in 2016 with the remaining 50% in the first 90 calendar days in 2017.

In accordance with the foregoing:

- Regarding the cash part: the total amount accrued at the close of the measurement period, amounting to €1,250,000, was included in the remuneration accrued in 2015. 50% of said amount (€625,000 gross) was liquidated on 31 March 2016 after the corresponding resolution by the Board of Directors. The remaining 50%will be liquidated during the first 90 days in 2017.

- Regarding the part of the incentive entailing shares, the chairman and CEO has been allocated the value corresponding to the acknowledgment of 94,880 shares in the company amounting to €1.5 million (15.81 euros per share according to the listing price on the date of the resolution to do so by the Board of Directors), representing 50% of the share acknowledged by the cited 2013-15 Plan (after the corresponding withholding tax, 61,672 shares were delivered in 2016). The remaining 50% (94,879 shares after the corresponding withholding tax), will be delivered within the first 90 days in 2017.

  The amount corresponding to the shares that will be delivered in 2017 will likewise be included in the deeds and reports corresponding thereto with the same calculation method.

Upon expiration of the 2013-15 Plan, on 22 February 2017 the Board of Directors approved an incentive plan for 2016-2017 (the "Plan") with a twofold objective: (i) provide continuity to earlier multi-year programs, considering that the Company has yet to approve a long-term program to cover 2016-17 and in light of the context of the negotiations and developments in the merger process; (ii), serve as an instrument of retention and permanence for key management team members who should contribute to the objectives of the Merger. The general characteristics of the plan are:

- Beneficiaries: including, in addition to the chairman and CEO, a group of approximately 100 managers and key personnel in the Gamesa Group. In accordance with Company policy, no other member of the Board of Directors may be beneficiary of the Plan.

- Dates and terms:
  - Measurement start date: 1 January 2016.
  - Measurement end date: end of the first quarter 2017 ("Base case") or on the effective merger date.
  - Payment dates:
    - 50% in February 2018 ("Initial Payment Date").
    - 50% in February 2019 ("Final Payment Date").

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Consequently, the plan's valid period spans between the measurement start date and the Final Payment Date ("Plan Validity Period"), thus from 1 January 2016 to February 2019.

- Permanence requirement. Permanence on the respective payment dates is a general requirement to be able to collect the incentive, though the termination of the relationship with the Company for any cause not attributable to the beneficiary will not extinguish the right to the incentive. In case of termination of the relationship linking the beneficiary thereof with the Company by mutual agreement, payment of the incentive will depend on the mutual agreement reached in this regard.

- Target (base case): achieve an absolute EBIT of the Gamesa Group accumulated during 2016 and the first quarter 2017 of between €612 million (50% fulfillment) and €620 million (100% fulfillment). Between the minimum and maximum levels, the calculation will be made by linear interpolation.

- Maximum amount: the maximum amount that the chairman and CEO may accrue through this incentive is €942,500, corresponding to fulfillment of the entire (100%) objective.
- Clawback and malus clauses. Possibility of incentive annulment. The Plan includes clauses by virtue of which the payment of pending amounts may be suspended and, as the case may so require, even claim unduly paid amounts on the basis of the new appraisal conducted thereafter when certain circumstances justify a new appraisal or revision of the degree of fulfillment with the objective by the Board of Directors, or in the case of infringements of regulations or Company's codes of conduct.

Finally, the company's remuneration policy permits the establishment of extraordinary *bonuses* linked to the achievement of objectives or specific strategic operations of particular relevance for the Company, and the Company expects to acknowledge a *bonus* linked to the effectiveness of the Merger, an operation that entails a substantial step forward in Gamesa's business plan and for its strategic positioning in the market. This effectiveness of the Merger should occur at the end of the first quarter in 2017. The concretion of the *bonus* will be established by the Board of Directors after the effectiveness of the Merger (i) at the proposal of the Remuneration Committee for the chairman and CEO, and (ii) at the proposal of the chairman and CEO (or only the CEO when these offices are held separately) following a prior report from the Remuneration Committee for other beneficiaries thereof.

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A.5 Explain the principal characteristics of the long-term saving systems, including retirement and any other survivor's benefit, financed in whole or in part by the company, whether allocated internally or externally, with an estimate of their amount or equivalent annual cost, indicating the type of plan, whether it is defined contribution or defined benefit, the conditions for vesting of the pecuniary rights in favor of the directors and their compatibility with any kind of compensation due to early rescission termination of the contractual relationship between the company and the director.

Indicate also the contributions for the director's benefit to defined-contribution pension plans; or the increase of the directors vested rights, in the case of contributions to defined-benefit plans.

Explain the long-term saving systems
In general, the Company's remuneration policy does not contemplate recurrent contributions to social welfare systems such as pension or similar plans. The life/deferred savings mixed insurance policy undersigned in 2014 for a term of three years (maximum annual contribution to said policy is within the limit of €3 million mentioned above) was not renewed or extended.

A.6 Indicate any compensation agreed or paid in the event of termination of the duties as director.

Explain the compensation
Company regulations contemplate no compensation for directors upon termination of their mandate or position before expiration of the period for which they were appointed. Notwithstanding the foregoing, the Chairman and CEO's contract contemplates compensation and economic considerations of up to two years of salary –fixed and at the last perceived annual variable- in the case of termination of the relationship with the Company, so long as such termination occurs neither at the Chairman and CEO's free will nor as a consequence of breach of contract thereby.

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A.7 Indicate the conditions which must be observed by contracts of those who carry out senior management functions as executive directors. Inter alia, the duration, the limits on amounts of compensation, period of minimum service clauses, and prior notice periods shall be reported, as well as payment in lieu of the above-mentioned prior notice period, and any other clauses relating to recruitment incentives, as well as compensation or golden handshakes for early rescission or termination of the contractual relationship between the company and the executive director. Include, inter alia, non-competition, exclusivity, minimum service or fidelity and post-contractual non-competition clauses or agreements.

Explain the conditions of the contracts of executive directors
In accordance with the law and the Company's internal regulations, at the proposal of the Remuneration Committee, the Board of Directors is responsible for approving the basic terms and conditions of the chairman and CEO's contract, as well as other executive directors (including any possible compensation for dismissal or termination of office) for undertaking executive duties. 1.- Overall terms and conditions of the Chairman and CEO's contract: Applicable legislation The regulations applicable to the Chairman and CEO's contract are the same as those for service provision contracts and, in particular, article 249.3 of the Spanish Corporate Enterprises Act. Duration and compensation for termination of the contract The contract has an indefinite duration. It contemplates compensation and economic considerations of up to two years of salary –fixed and at the last perceived annual variable- in the case of termination of the relationship with the Company, so long as such termination occurs neither at the Chairman and CEO's free will nor as a consequence of breach of contract thereby. Exclusivity, permanence, post-contractual competition and advance notice The contract establishes exclusivity in the professional relationship with the exception of holding non-executive offices in administrative bodies indicated and kept updated on the corporate website. It likewise establishes a post-contractual no-compete obligation of 2 years. In case of voluntary termination of the contract, the party seeking to terminate the contractual relationship must provide notice thereof to the other party within three (3) months before the effective termination date. On failure to comply with the duty to provide advance notice, the defaulting party must pay compensation to the other party of an amount corresponding to the annual fixed remuneration of the chairman and CEO approved for the corresponding year and pro-rated based on the breached term.

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Confidentiality

The Chairman and CEO must observe the duty of confidentiality during the effective contract period and after expiration thereof.

2.- General terms and conditions of contracts for the secretary-legal counsel of the Board of Directors:

Signed individual contracts for the provision of professional services as secretary-legal counsel to the Board of Directors and as secretary of the different committees. The main characteristics of these contracts are as follows:

- Indefinite duration.

- No exclusivity, permanence, post-contractual non-competition or advance notice of termination clauses are contemplated.

- Likewise, no compensation for contract termination is contemplated.

- The duty of confidentiality must be observed during the effective contract period and after expiration thereof.

A.8 Explain any supplementary remuneration earned by directors as consideration for services rendered other than those inherent in their office.

Explain supplementary remuneration
Gamesa directors have earned no remuneration for this concept.

A.9 Indicate any remuneration in the form of advance payments, credit facilities and security granted, indicating the interest rate, their essential characteristics and the amounts possibly repaid, as well as the obligations assumed on their behalf by way of security.

Explain advance payments, credit facilities and guarantees granted
Gamesa directors have earned no remuneration for this concept.

A.10 Explain the principal characteristics of remuneration in kind.

Explain remuneration in kind
Regarding the members of the Board of Directors as a whole, the sole established remuneration in kind corresponds to the amount of the premiums paid for insurance covering death and disability and third-party civil liability undersigned for the discharge of their duties. Regarding the chairman and CEO, remuneration in kind comprises: (i) the assignment of the right to use a vehicle; and (ii) coverage of health and accident contingencies, for which the Company has undersigned the corresponding insurance.

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A.11 Indicate the remuneration earned by the director due to the payments which may be made by the listed company to a third entity in which the director renders services, when such payments are for the purpose of remunerating his services at the company.

Explain the remuneration earned by the director due to payments which may be made by the listed company to a third entity in which the director renders services
Gamesa directors have earned no remuneration for this concept.

A.12 Any other item of remuneration other than the aforementioned, irrespective of its nature or the entity of the group which pays it, especially when it is considered a transaction between related parties or the issue thereof distorts the true and fair view of the total remuneration earned by the director.

Explain the other items of remuneration
Gamesa does not pay other items of remuneration to directors.

A.13 Explain the actions adopted by the company in relation to the system of remuneration in order to reduce the exposure to excessive risks and to adapt it to the company's long-term objectives, values and interests, which shall include, where relevant, a reference to: measures provided to guarantee that the company's long-term results are taken into account in the remuneration policy, measures which establish an adequate balance between the fixed and variable components of the remuneration, measures adopted in relation to the categories of personnel whose professional activities have a significant effect on the entity's risk profile, recovery formulas or clauses in order to be able to claim the repayment of variable components of the remuneration based on results when such components having been paid on the basis of data the inaccuracy of which has been clearly shown afterwards and measures provided to avoid conflicts of interests, if any.

Explain the actions adopted to reduce risks
The payment of the Chairman and CEO's annual and multi-annual variable remuneration is linked to his performance and essentially referenced to operating results, indicators, financial and corporate social responsibility parameters. Annual objectives are established based on the annual budget and market guidelines. Multi-annual objectives are established based on the strategic objectives borne of the Company's Business Plan, though others are drawn up, as the case may be, specifically. According to specific cases, some figures of reference used for this purpose include: (i) shareholder's return on investment; (ii) operating profitability (iii) coverage of the activity by orders; (iv) financial soundness of the balance; or (v) occupational health and safety or performance in terms of sustainability.

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Performance assessment corresponds to the Board of Directors at the proposal of the Remuneration Committee. In turn, the Remuneration Committee bases its assessment proposal on the consolidated results contained in the yearly financial statements audited by an outside auditor, and reported by the Internal Audit Area of the Company, which functionally reports to the Audit and Compliance Committee.

It should be noted that multi-annual variable remuneration is linked to the performance of the Chairman and CEO, and of the Company per se during a measurement period of normally three years, and payment thereof cannot be satisfied until the Board of Directors completes the corresponding verification of the degree of compliance with the goals of the Business Plan following a briefing from the Remuneration Committee. Moreover, the possible liquidation is expected to differ normally in two or three years (with the 2013-15 Plan -section A.4.- the measurement period entailed 2013-15, for which liquidation and payment was verified as 50% in 2016 and the remaining 50% will be verified in 2017), and loss of the right to deferred collection is expected if there is unjustified voluntary resignation or termination of the relationship on failure to fulfill the inherent obligations of the position during the term of permanence. Likewise, the plan validity period of the 2016-17 incentive plan approved on 22 February 2017, while acknowledging the singularity of the same given the context in which it was created, exceeds three years, deferring in the payment thereof. Additionally, *clawback and malus* clauses are in line with international standards currently existing in the market.

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B REMUNERATION POLICY PROVIDED FOR FUTURE YEARS
(section removed)

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C OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE CLOSED FINANCIAL YEAR

C.1 Explain in summary form the principal characteristics of the structure and items of remuneration of the remuneration policy applied during the financial year closed, which gives rise to the description of the individual remuneration earned by each of the directors that is shown in section D of this report, as well as a summary of the decisions taken by the board for the application of such items.

Explain the structure and items of remuneration of the remuneration policy applied during the financial year
The structure and concepts of remuneration of the remuneration policy applied during the 2016 fiscal year do not differ from section A of the present report.

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D DESCRIPTION OF THE INDIVIDUAL REMUNERATION EARNED BY EACH OF THE DIRECTORS

D.1 Complete the following tables in relation to the individual remuneration of each of the directors (including the remuneration for the performance of executive duties) earned during the financial year.

a) Remuneration earned at the company the subject of this report:

i) Cash remuneration (in thousands of €)

Name/ Type/ Accrual period year t	Salary	Fixed remuneration	Allowances	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership of board committees	Compensation	Other items	Total year t	Total year t-1
Ignacio Martín San Vicente	674	0	0	654	0	0	0	10	1.338	2.397
Carlos Rodríguez-Quiroga Menéndez	444	60	28	0	0	0	0	8	540	468
Juan Luis Arregui Ciarsolo	0	150	78	0	0	0	0	4	232	237
Luis Lada Díaz	0	100	45	0	0	0	0	11	156	198
José María Aracama Yoldi	0	100	86	0	0	0	0	11	197	173
José María Aldecoa Sagastasoloa	0	120	44	0	0	0	0	16	180	160
Sonsoles Rubio Reinoso	0	100	55	0	0	0	0	5	160	149
José María Vázquez Egusquiza	0	100	77	0	0	0	0	11	188	160
Gloria Hernández García	0	120	129	0	0	0	0	6	255	121
Francisco Javier Villalba Sánchez	0	100	49	0	0	0	0	9	158	127
Andoni Cendoya Aranzamendi	0	120	92	0	0	0	0	9	221	133
Codes Calatrava, Gerardo	0	30	16	0	0	0	0	2	48	0
Gema Góngora Bachiller	0	70	26	0	0	0	0	4	100	93

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ii) Share-based remuneration systems

Name/ Type/ Accrual period year t	Name of the Plan and date of implementation	Ownership of options at the beginning of year t				Options assigned during year t					Shares provided in year t
		No. options	No. Shares affected	Exercise Price (€)	Exercise period	No. options	No. Shares affected	Exercise Price (€)	Exercise period	Conditions for exercise thereof	No./ Price/ Amount
Ignacio Martín San Vicente/ Executive	Long Term Incentive Plan 2013-2015 (April 19, 2013)	0	0	0.00	No option plan exists at the beginning of the fiscal year	0	0	0.00	No option plan exists during the fiscal year	Option plan does not exists	94,880 shares 15.81 euros 1,500 thousand of euros

Name/ Type/ Accrual period year t	Name of the Plan and date of implementation	Options exercised in year t				Options expired and not exercised	Options at the end of year t				
		No. options	No. Shares affected	Exercise price (€)	Gross Profit (€)	No. options	No. options	No. Shares affected	Exercise price (€)	Exercise period	Other requirements for exercise
Ignacio Martín San Vicente / Executive	Long Term Incentive Plan 2013-2015 (April 19, 2013)	0	0	0.00	0	0	0	0	0.00	No option plan exists at the end of the fiscal year	Other requisites do not exist

iii) Long-term saving systems

Name/ Type/ Total accrual period in years	Contribution for the year by the company (thousands €)		Amount of accumulated funds (thousands €)	
	Year t	Year t-1	Year t	Year t-1
Carlos Rodríguez-Quiroga Menéndez	50	50	150	100
Juan Luis Arregui Ciarsolo	50	50	150	100
Luis Lada Díaz	50	50	150	100
José María Aracama Yoldi	50	50	150	100
José María Aldecoa Sagastasoloa	50	50	150	100
Sonsoles Rubio Reinoso	50	50	150	100
José María Vázquez Egusquiza	50	50	150	100

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iv) Other benefits (in thousands of €)

	Remuneration in the form of advance payments, credit facilities granted		
Name/ Type	**Interest rate of the transaction**	**Essential characteristics of the transaction**	**Amounts possibly repaid**
Director 1			
Director 2			

Name/ Type	Life insurance premiums		Security granted by the company for directors	
	Year t	**Year t-1**	**Year t**	**Year t-1**
Ignacio Martín San Vicente	5	6		
Carlos Rodríguez-Quiroga Menéndez	4	4		
Juan Luis Arregui Ciarsolo	0	0		
Luis Lada Díaz	7	7		
José María Aracama Yoldi	6	6		
José María Aldecoa Sagastasoloa	11	10		
Sonsoles Rubio Reinoso	1	1		
José María Vázquez Egusquiza	6	9		
Gloria Hernández García	2	1		
Francisco Javier Villalba Sánchez	5	4		
Andoni Cendoya Aranzamendi	5	3		
Gerardo Codes Calatrava	0	0		
Gema Góngora Bachiller	1	1		

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b) Remuneration earned by the company's directors for their membership of boards of other group companies:

i) Cash remuneration (in thousands of €)

Name/ Type/ Accrual period year t	Salary	Fixed remuneration	Allow ances	Short-term variable remunerati on	Long-term variable remunerati on	Remuneratio n for membership of board committees	Compensatio n	Other items	Total year t	Total year t-1
Director 1										
Director 2										

ii) Share-based remuneration systems

Name/ Type/ Accrual period year t	Ownership of options at the beginning of year t				Options assigned during year t					Shares provided in year t
	No. options	No. Shares affected	Exercise Price (€)	Exercise period	No. options	No. Shares affected	Exercise Price (€)	Exercise period	Conditions for exercise thereof	No. Price Amount
Director 1										

Name/ Type/ Accrual period year t	Options exercised in year t				Options expired and not exercised	Options at the end of year t				
	No. options	No. Shares affected	Price of listing (€)	Gross Profit (€)	No. options	No. options	No. Shares affected	Exercise price (€)	Exercise period	Other requirements for exercise
Director 1										

iii) Long-term saving systems

Name/ Type/ Total accrual period in years	Contribution for the year by the company (thousands €)		Amount of accumulated funds (thousands €)	
	Year t	Year t-1	Year t	Year t-1
Director 1				

iv) Other benefits (in thousands of €)

	Remuneration in the form of advance payments, credit facilities granted		
Name/ Type	Interest rate of the transaction	Essential characteristics of the transaction	Amounts possibly repaid
Director 1			

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Director 2			

Name/ Type	**Life insurance premiums**		**Security granted by the company for directors**	
	Year t	**Year t-1**	**Year t**	**Year t-1**
Director 1				
Director 2				

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c) Summary of remuneration (in thousands of €):

The summary should include the amounts of all the items of remuneration included in this report which have been earned by the director, in thousands of Euros.

In the case of long-term Saving Systems, the contributions or allocations made to this type of systems shall be included:

	Remuneration earned at the Company				Remuneration earned at the group companies				Total		
Name/ Type	Total cash remuneration	Amount of shares granted	Gross profit of the options exercised	Total year t company	Total cash remuneration	Amount of shares granted	Gross profit of the options exercised	Total year t group	Total year t	Total year t-1	Contribution to saving systems during the year
Ignacio Martín San Vicente	1.338	1.500	0	2.838	0	0	0	0	2.838	2.397	0
Carlos Rodríguez-Quiroga Menéndez	540	0	0	540	0	0	0	0	540	468	50
Juan Luis Arregui Ciarsolo	232	0	0	232	0	0	0	0	232	237	50
Luis Lada Díaz	156	0	0	156	0	0	0	0	156	198	50
José María Aracama Yoldi	197	0	0	197	0	0	0	0	197	173	50
José María Aldecoa Sagastasoloa	180	0	0	180	0	0	0	0	180	160	50
Sonsoles Rubio Reinoso	160	0	0	160	0	0	0	0	160	149	50
José María Vázquez Egusquiza	188	0	0	188	0	0	0	0	188	160	50
Gloria Hernández García	255	0	0	255	0	0	0	0	255	121	0
Francisco Javier Villalba Sánchez	158	0	0	158	0	0	0	0	158	127	0
Andoni Cendoya Aranzamendi	221	0	0	221	0	0	0	0	221	133	0
Gerardo Codes Calatrava	48	0	0	48	0	0	0	0	48	0	0
Gema Góngora Bachiller	100	0	0	100	0	0	0	0	100	93	0
Total:	3.773	1.500	0	5.273	0	0	0	0	5.273	4.416	350

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D.2 Report on the relationship between the remuneration obtained by the directors and the results or other measurements of performance of the entity, explaining, where relevant, how the variations in the company's performance may have influenced the variation in the directors' remuneration.

While the Gamesa Corporate Bylaws permit the establishment of variable remuneration systems for directors, variable remuneration is currently only recognized for the Chairman and CEO and must be linked to the fulfillment of specific and quantifiable objectives aligned with corporate interests.

During 2016, in line with the policy of recent years, the annual remuneration of the chairman and CEO has been linked to certain consolidated magnitudes of the Group, including: (i) operating returns (profitability), determined by a target EBIT for the Group of €430 million; (ii) fiscal year sales, determined in equivalent MW, greater than 3,950 MWe; (iii) portfolio of orders greater than 2,700 MW for subsequent years; (iv) working capital to sales ratio at the end of the year equal to or under 2.5%; and (v) satisfaction of the occupational health and safety parameters established in the annual plan (improvement of 3% on the accident severity and frequency indicators during the year). All the aforementioned indicators were met in the year at 100%, with the exception of the improvement in the safety severity index indicator, which, while improved, failed to reach the fixed objective of 3%. In this regard, the Group's objective fulfillment is 95%. Nonetheless, the operating profitability parameter exceeded the objectives and, therefore, the annual variable remuneration of the chairman and CEO corresponding to performance during 2016 is 97% of the fixed remuneration for that year.

Thus, in relation with the 2013-15 Plan, comprising a combination plan that delivers cash and company shares, the performance of the company during the plan validity period had a highly relevant and positive impact on the listing price of the share, which thus increased the value corresponding to the incentive and consequently the amount of the remuneration attributable to the chairman and CEO.

D.3 Report on the result of the consultative vote of the shareholders' meeting on the annual report on remuneration of the previous financial year, indicating the number of votes against which may have been cast:

	Number	**% of total**
Votes cast	**162,999,722**	**58.37 %**

	Number	**% of votes cast**
Votes against	**5,246,124**	**3.22**
Votes in favor	**156,269,767**	**95.87**
Abstentions	**1,483,831**	**0.91**

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E OTHER INFORMATION OF INTEREST

If there is any relevant aspect in relation to the directors' remuneration which could not be included in the rest of the sections of this report, but which it is necessary to include so as to contain the fullest and most reasoned information regarding the company's remuneration structure and practices in relation to its directors, describe them briefly.

D.1.a). i)

In addition to the information provided in section D.1.a).i), the following was included in the column entitled "Other concepts": (i) the imputation of premiums paid for civil liability insurance for directors and officers (D&O) amounting to €53,499.60, and (ii) the amount of the premiums from life insurance subscribed by the Company for directors, with the exception of the Chairman and CEO, and accident insurance for the latter, raising the total cost of these recent concepts for the company in 2016 to €52,928.60.

This annual remuneration report was approved by the Board of Directors of the Company at its meeting held on February 22, 2017.

Indicate whether there are directors who have voted against or who have abstained in relation to the approval of this report.

Yes ☐ No X

Name or corporate name of the members of the board of directors who have not voted in favor of the approval of this report	Reasons (against, abstention, absence)	Explain the reasons

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