



Audit and Compliance Committee of Gamesa Corporación Tecnológica, S.A.

Report of the Audit and Compliance Committee on its activities in 2016 concerning operations or transactions made by the Company or the companies forming part of its group which may have involved conflicts of interest with shareholders holding a significant interest or represented on the Board of Directors and their related parties (related-party transactions).

March 22, 2017

Introduction and Background

As provided for by Recommendation 6 of the new Code of Good Governance for Listed Corporations, the Audit and Compliance Committee of Gamesa Corporación Tecnológica, S.A. places at the disposal of shareholders a report on the operations or transactions made by the Company or the companies forming part of its group it has reported on which may have involved conflicts of interest with shareholders holding a significant interest or represented on the Board of Directors and their related parties during 2016 (related-party transactions) upon the announcement of the Annual General Meeting.

Legal Framework - Legal Grounds for the Audit and Compliance Committee's Intervention

It falls within the powers of the Board of Directors to approve operations or transactions that may involve a conflict of interest with Directors, significant shareholders or shareholders represented on the Board (Articles of Association, Article 37.4 and Board of Directors Regulations, Articles 31 and 33). The Audit and Compliance Committee's prior intervention is envisaged through the issuance of a report under the terms set forth in its Regulations (Article 12).

Said transactions should be made under market conditions and respect the principle of equal treatment for shareholders.

According to the legislation which applies in the case of transactions within the normal course of business, which are usual and recurrent, a generic prior authorization by the Board of Directors of the line of transactions should be sufficient.

Furthermore, any member of the Audit and Compliance Committee who is involved in a potential conflict of interest for being a Proprietary Director put forward by a significant shareholder with whom negotiations are being held on the transactions in question should not take part at the meeting or intervene in any way in the deliberations and decision-making according to internal regulations.

Proposal for Audit and Compliance Committee Resolutions

Under the aforementioned framework, the Audit and Compliance Committee examines the background and information required, along with the documents collected and provided by the Company's Divisions and Units having an interest in the operation or transaction in question and issues the relevant report, issuing a favorable opinion, if appropriate, to the Board of Directors for its approval.

The Audit and Compliance Committee's assessment considers both qualitative and quantitative aspects and, after examining the contents of the rights and obligations contained in the agreements negotiated, issues an opinion on whether the transaction is carried out under market conditions and respects the principle of equal treatment for shareholders.

Operations or Transactions with a Shareholder Owning a Significant Interest Which Have Involved the Audit and Compliance Committee's Intervention in 2016

During 2016, the Audit and Compliance Committee in the performance of its duties has analyzed the following operations or transactions with Iberdrola, S.A., a shareholder holding a significant interest, and/or the companies forming part of its group:

Operation/Transaction with shareholder holding a significant interest	Analysis by the committee at meeting held on	Committee report (*)
<i>Wind turbine supply agreement</i>	5 July 2016	Yes
<i>Wind turbine supply agreement</i>	November 4/10, 2016	Yes
<i>Wind turbine supply agreement</i>	December 15, 2016	Yes
<i>Installation and activation of "Energy Thrust" enhancements</i>	December 15, 2016	Yes

(*) The date the committee report brought before the Board of Directors coincides with the date on which the relevant meeting for its assessment was held.

To conclude, the Audit and Compliance Committee vouches for the Company's compliance of both the external and internal rules on related-party transactions through this report.

Moreover, the related-party transactions reflected herein also appear in the Annual Corporate Governance of Gamesa Corporación Tecnológica, S.A. for 2016.