

# Report: item sixteen on the Agenda

Report in connection with item sixteen on the Agenda for the General Meeting of Shareholders regarding authorisation to the Board of Directors to issue convertible and/or exchangeable debentures and bonds, prepared by the Board of Directors of “**Siemens Gamesa Renewable Energy, S.A.**”

**At its meeting of 17 June 2020, the Board of Directors approved this report in connection with the proposed delegation to the Board of Directors of the power to issue convertible and/or exchangeable debentures or bonds, included in item sixteen on the agenda for the General Meeting of Shareholders of “Siemens Gamesa Renewable Energy, S.A.”, which will be held in Bilbao (Biscay), at 12:00 on 22 July 2020, on first call, or on 23 July 2020, at the same place and time, on second call.**

## **1. Object of the report**

This report has been drawn up by the Board of Directors of Siemens Gamesa Renewable Energy, S.A. (“**Siemens Gamesa**” or the “**Company**”) pursuant to the provisions of sections 511 of the Corporate Enterprises Act (*Ley de Sociedades de Capital*) and 319 of the Regulations of the Commercial Registry (*Reglamento del Registro Mercantil*), applying the provisions of section 297.1.b) of the Corporate Enterprises Act by analogy, to provide a rationale for the proposal regarding authorisation to the Board of Directors, with express power of substitution, to issue debentures or bonds that are convertible into and/or exchangeable for shares of the Company or of other companies within or outside of the group of companies of which the Company is the controlling entity, within the meaning established by law (the “**Group**”), warrants on newly-issued shares or outstanding shares of the Company or of other companies within or outside of its Group, and securities that require the holders thereof to acquire shares of the Company or of any other company.

## **2. Purpose of and rationale for the proposals**

The Board of Directors regards it as highly desirable to have the delegated powers allowed by current legislation in order to be at all times in a position to raise, on the primary securities markets, the funds that are necessary to satisfy the corporate interest.

The purpose of the delegation is to provide the Company’s management decision-making body with the manoeuvrability and responsiveness required by the competitive environment in which the Company operates, and in which the success of a strategic initiative or a financial transaction often depends on the possibility of dealing with it quickly, without incurring the delays and costs that inevitably ensue from the call to and holding of a General Meeting of Shareholders. The Board of Directors of the Company will thus be empowered, if necessary, to raise a significant volume of funds within a short period of time.

This flexibility and agility is especially desirable in the current economic environment, where changing market circumstances make it advisable for the Company’s Board of Directors to have the necessary means to have recourse, at any time, to the different sources of financing available, in order to obtain the most advantageous financial terms. The dynamics of commercial companies, and particularly listed companies, certainly requires that their governance and management bodies have the most appropriate instruments at all times to respond to the needs that arise in the course of trade in which large companies operate.

This being so, the issue of debentures that are convertible into and/or exchangeable for shares is one of the available and legally allowed instruments for the financing of companies by raising funds of a certainly hybrid nature, as they have a component of own funds and a component of third-party funds. These securities provide an advantage to both Siemens Gamesa and the investor in that they offer investors the possibility of converting their receivables from the Company into shares, receiving a potential return in excess of that offered by other debt instruments. As for Siemens Gamesa, they may allow it to increase its equity. In addition, the convertible or exchangeable nature thereof means that the coupon on these debentures is generally lower than the cost of simple fixed-income securities and of bank financing, because the interest rate of the debentures reflects the value of the investors’ option to convert them into shares of the Company.

For such purpose, pursuant to the provisions of section 319 of the Regulations of the Commercial Registry and of the general rules regarding issues of debentures, and in accordance with article 14.f) of the By-Laws which gives the shareholders at the General Meeting of Shareholders the ability to delegate to the Board of Directors the power to issue the negotiable securities covered by the proposal, the resolution proposed under item sixteen on the agenda is submitted to the shareholders for consideration at the General Meeting of Shareholders.

The proposal specifically grants the Board of Directors the power to issue, whether on one or more occasions, exchangeable and/or convertible debentures or bonds, as well as warrants and other similar instruments giving the right (or including an obligation) to subscribe newly-issued shares or to acquire outstanding shares of the Company or of any other entity and to resolve, when appropriate, to effect the increase in share capital required to accommodate the conversion or the exercise of the option to subscribe for the shares, provided such increase, individually or added to any increases resolved to be carried out in reliance on other authorisations proposed by the Board of Directors to the shareholders at a General Meeting of Shareholders pursuant to the provisions of section 297.1.b) of the Corporate Enterprises Act, does not exceed 50% of the share capital on the date of the resolution. The amount of the increases in capital, if any, carried out to accommodate the conversion or exchange of debentures, warrants or other securities pursuant to this delegation will be deemed to be included within the limit available at any time to increase the share capital.

The proposed resolution submitted to the shareholders for approval at the General Meeting of Shareholders also establishes the standards to determine the basis of and terms and conditions applicable to the conversion or exchange, although it entrusts to the Board of Directors, in the event that it resolves to use this authorisation, the specific determination of some of such terms and conditions in respect of each specific issue within the limits and in accordance with the standards established by the shareholders at the General Meeting of Shareholders. Thus, it will be the Board of Directors that determines the specific conversion ratio, and for such purpose, when approving the issue of convertible and/or exchangeable securities, shall issue a report describing the specific basis and forms of conversion to apply, which shall also be covered by a corresponding report of the statutory auditor referred to in sections 414 and 511 of the Corporate Enterprises Act, with the understanding that, in accordance with a systematic interpretation after the amendments made by Law 22/2015 of 20 July on Statutory Auditing to the Corporate Enterprises Act, and especially section 417.2.b) thereof, the reference in that act to a "statutory auditor" other than the Company's statutory auditor should be understood as made to an "independent expert" other than the Company's statutory auditor.

Specifically, the proposed resolution submitted by the Board of Directors for the approval of the shareholders at the General Meeting of Shareholders provides that, in case of a fixed conversion ratio, fixed-income securities shall be valued at their nominal value for purposes of the conversion, and the shares at the exchange rate established in the resolution of the Board of Directors making use of this authorisation, or at the determinable exchange rate indicated by the Board itself and based on the listing price of the Company's shares on the Spanish regulated markets on the date(s) or period(s) used as a reference in the resolution itself, with or without a premium or with or without a discount, and in any case with a minimum of the higher of (i) the average (whether arithmetic or weighted) exchange rate for the shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market), in accordance with the closing prices, average prices or another listing price reference, for a period to be determined by the Board of Directors of not more than three months or less than three calendar days, which must end no later than the day before the adoption by the Board of the resolution approving the issues of the securities, and (ii) the exchange rate for the shares on the same Exchanges in accordance with the closing prices on the day prior to the date of adoption of said resolution approving the issue. In no event may the discount established on the price per share be greater than 25% of the value of the shares used as a reference as set forth above.

It may also be resolved that the convertible and/or exchangeable fixed-income securities be issued at a variable conversion and/or exchange ratio. In this case, the price of the shares for purposes of the conversion and/or exchange shall be the price resulting from the average (whether arithmetic or weighted) of the closing prices, average prices or another listing price reference of the shares of the Company on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market), during a period to be determined by the Board of Directors of not more than three months or less than three calendar days, which must end no later than the day before the date of conversion and/or exchange, with a premium or any discount on such price per share. The premium or discount may be different for each date of conversion and/or exchange of each issue (or for each tranche of an issue, if any), provided, however, that if a discount is established on the price per share, it shall not be greater than 25% of the value of the shares used as a reference as set forth above. A minimum and/or maximum reference price for the shares may also be established for purposes of the conversion thereof, upon the terms determined by the Board of Directors.

The Board of Directors thus considers it is given an adequate degree of flexibility to set the value of the shares for purposes of the conversion on the basis of market conditions and other applicable considerations.

The Board of Directors believes that the limit of the authorisation requested from the shareholders at the General Meeting of Shareholders is reasonable and sufficiently broad to allow for the raising of required funds in the capital markets, within the context of the financing needs expected for compliance with the current strategic plan.

Similar standards shall be used, with any changes that may be required and to the extent applicable, for the issue of debentures (or warrants) exchangeable for shares of other companies (in this case, any references to the Spanish Stock Exchanges shall be deemed to be references to the markets where such shares are listed).

In the case of warrants on newly-issued shares, the rules on convertible debentures set forth in the proposed resolution shall apply, to the extent that they are consistent with the nature thereof.

Furthermore, and as provided in section 415 of the Corporate Enterprises Act, (i) the resolution authorising the delegation to the Board of Directors of the power to issue convertible securities provides, for purposes of the conversion thereof, that the nominal value of the debentures may not be less than the par value of the shares, and (ii) convertible debentures may not be issued for an amount less than their nominal amount.

In addition, it is stated for the record that the authorisation to issue convertible and/or exchangeable securities as well as warrants or similar securities that may carry the right (or include the obligation), directly or indirectly, to subscribe for or acquire shares of the Company includes, pursuant to the provisions of sections 308, 417 and 511 of the *Corporate Enterprises Act*, the grant to the Board of Directors of the power to totally or partially exclude the pre-emptive rights of the shareholders when so required to raise funds on the markets or as otherwise justified by the corporate interest, as provided by the provisions of law and the By-Laws.

The Board of Directors believes that the exclusion of pre-emptive rights allows for a significant reduction in the financial cost and the costs associated with the transaction (including, in particular, the fees of the financial institutions participating in the issue), as compared to an issue with pre-emptive rights, while causing less distortion in the trading of the shares of the Company during the issue period.

In sum, it is an instrument whose use within the framework of a specific issue can be critical to its success. A failure to grant it might entail the loss of a significant advantage vis-à-vis companies competing with Siemens Gamesa in raising funds on primary markets.

In any event, pursuant to the provisions of section 511 of the Corporate Enterprises Act, in the event that the Board of Directors decides to exclude the pre-emptive rights of the shareholders in connection with a specific issue (which is only a power, not an obligation), it must, when adopting the respective resolution to effect the issue, issue a report specifying the reasons of corporate interest that justify such measure, on which there shall also be prepared a corresponding report of an independent expert appointed by the Commercial Registry that is not the Company's auditor, pursuant to the systematic interpretation deriving from the terms set forth in section 511.3, read together with sections 308, 417.2 and 505, of the Corporate Enterprises Act. This report must contain a technical opinion regarding the reasonableness of the data contained in the Board of Directors' report and regarding the fairness of the conversion ratio and, if applicable, of the adjustment formulas to offset a possible dilution of the financial interest of the shareholders.

In case of the exercise of such power to totally or partially exclude pre-emptive rights, pursuant to the provisions of section 506 of the Corporate Enterprises Act, the report of the directors and of the independent expert shall be made available to the shareholders on the Company's corporate website and disclosed to them at the first General Meeting of Shareholders held after the capital increase resolution is adopted.

On the other hand, in view of the internationally recognised best corporate governance practices, the authorisation to totally or partially exclude pre-emptive rights in increases in capital carried out pursuant to this authorisation and the authorisation contemplated in item fourteen on the agenda (increase in share capital with power to exclude pre-emptive rights) shall be limited to a maximum amount equal, in the aggregate, to 20% of the Company's current share capital.

It is also expected that the securities issued pursuant to this delegation may be admitted to trading on the relevant Spanish or foreign, official or unofficial, organised or other secondary market.

Furthermore, to have access to the best financing terms, it may sometimes be desirable for a subsidiary, instead of the controlling company, to issue these securities, with the guarantee of the controlling company, a circumstance expressly provided for in the By-Laws. This alternative may be particularly appropriate when seeking financing in the international markets. Accordingly, it is deemed to be of interest for the shareholders at the General Meeting of Shareholders to authorise the Board of Directors to guarantee, in the name of the Company, within the limits describe above, such new issues of convertible and/or exchangeable fixed-income securities, warrants or similar securities as may be made by subsidiaries of the Company during the effective period of this resolution, in order that the Board of Directors may be granted the utmost degree of flexibility in structuring the issues of securities in such manner as may be most appropriate in the circumstances.

It is also proposed to expressly empower the Board of Directors such that, if the resolution proposed herein is adopted, it may delegate all of the powers, so as to further contribute to achieving the purpose of expediting the proposed transactions.

Finally, it is proposed to deprive of effect the authorisation to issue debentures or bonds that are exchangeable for or convertible into shares of the Company and warrants on newly-issued or outstanding shares of the Company granted to the Board of Directors by the shareholders at the General Meeting of Shareholders held on 8 May 2015.

### **3. Proposed resolution submitted to the shareholders at the General Meeting of Shareholders**

The proposed resolution submitted to the shareholders for approval at the General Meeting of Shareholders reads as follows:

**“Item Sixteen on the Agenda: “Authorisation to the Board of Directors, with express power of substitution, for a term of five years, to issue debentures or bonds that are exchangeable for and/or convertible into shares of the Company or of other companies and warrants on newly-issued or outstanding shares of the Company or of other companies, with a maximum limit of 1,500 million euros. The authorisation includes the delegation of such powers as may be required to: (i) determine the basis of and terms and conditions applicable to the conversion, exchange or exercise; (ii) increase share capital to the extent required to accommodate requests for conversion; and (iii) exclude the preemptive rights of the shareholders in connection with the issues, limited to a maximum nominal amount of 20% of the share capital, including such amount as may arise from the approval and implementation of the proposed resolution set forth in item fourteen of the agenda.”**

### **1. Authorisation to the Board of Directors to issue securities**

To authorise the Board of Directors, pursuant to the provisions of section 319 of the Regulations of the Commercial Registry, to issue debentures and bonds exchangeable for shares of the Company or of any other company and/or convertible into shares of the Company, as well as warrants (options to subscribe for new shares of the Company or to acquire outstanding shares of the Company or of any other company) and securities that require the holders thereof to acquire shares of the Company or of any other company.

### **2. Term**

The issue of the securities covered by the authorisation may be effected on one or more occasions within a maximum period of five years following the date of approval of this resolution.

### **3. Maximum amount**

The maximum total amount of the issue(s) of securities approved under this authorisation shall be 1,500 million euros or the equivalent thereof in another currency. In the case of warrants, the sum of the issue prices of each issue that is approved shall be taken into account for purposes of calculating the aforementioned limit, and the sum of the issue prices and exercise prices shall be taken into account if they are settled by physical delivery. Securities without a fixed-income component that require the holders thereof to acquire shares of the Company or of any other company shall be calculated in the same manner, with any changes that may be required.

### **4. Scope**

For each issue, the Board of Directors shall be authorised to, among other things, determine the amount thereof, always within the above-mentioned overall quantitative limit, the place of issue (in Spain or abroad) and the domestic or foreign currency and, in the case of foreign currency, its equivalence in euros; the specific instrument to be issued, whether bonds or debentures, including subordinated bonds or debentures, warrants (which may in turn be settled by means of the physical delivery of the shares or, if applicable, through the payment of differences in price), or any other form permitted by law; the denomination thereof; the date or dates of issue; the number of securities and the nominal value thereof, which, in the case of convertible and/or exchangeable bonds or debentures, shall not be less than the par value of the shares; in the case of warrants and similar securities, the issue price and/or premium, the exercise price (which may be fixed or variable) and the procedure, period and other terms and conditions applicable to the exercise of the right to subscribe for the underlying shares or, if applicable, the exclusion of such right; the interest rate (whether fixed or variable); the dates and procedures for payment of the coupon; whether the instrument issued is perpetual or subject to repayment and, in the latter case, the period for repayment and the maturity date or dates; guarantees, redemption rate, premiums and lots; the form of representation, as securities or book entries; the establishment of anti-dilution provisions; the rules applicable to subscription; the rank of the securities and the subordination

*clauses, if any; the law applicable to the issue; the power to make application, where appropriate, for the trading of the securities to be issued on Spanish or foreign, official or unofficial, organised or other secondary markets, subject to the requirements established by applicable regulations in each case and, in general, any other terms of the issue, as well as, if applicable, the appointment of the security-holders' syndicate representative (comisario) and the approval of the basic rules that are to govern the legal relations between the Company and the syndicate of holders of the securities to be issued in the event that such syndicate must or is decided to be created.*

*In addition, the Board of Directors is authorised such that, when it deems it appropriate and subject, if applicable, to any appropriate authorisations being secured and to the consent of security-holders coming together at a meeting of the corresponding syndicates of security-holders, it may modify the terms and conditions applicable to the repayment of the fixed-income securities issued as well as the respective period thereof and the rate of interest, if any, accrued by the securities included in each of the issues effected under this authorisation.*

##### **5. Basis for and terms and conditions applicable to the conversion and/or exchange**

*In the case of issue of convertible and/or exchangeable debentures or bonds, and for purposes of determining the basis and terms and conditions for conversion and/or exchange, it is resolved to establish the following standards:*

*(a) The securities issued pursuant to this resolution shall be exchangeable for shares of the Company or of any other company and/or convertible into shares of the Company, in accordance with a fixed or variable conversion and/or exchange ratio determined or to be determined, with the Board of Directors being authorised to determine whether they are convertible and/or exchangeable, as well as to determine whether they are mandatorily or voluntarily convertible and/or exchangeable, and if voluntarily, at the option of the holder thereof or of the Company, at the intervals and during the period established in the resolution providing for the issue, which may not exceed thirty years from the date of issue. This term shall not apply to securities of a perpetual nature that are convertible.*

*(b) In the event that the issue is convertible and exchangeable, the Board of Directors may also provide that the issuer reserves the right at any time to elect between conversion into new shares or the exchange thereof for outstanding shares of the Company, with the nature of the shares to be delivered being determined at the time of conversion or exchange, and may also elect to deliver a combination of newly-issued shares and existing shares of the Company and even to pay the difference in cash. In any event, the issuer shall afford equal treatment to all holders of fixed-income securities converting and/or exchanging their securities on the same date.*

*(c) In case of a fixed conversion ratio, fixed-income securities shall be valued at their nominal value for purposes of the conversion, and the shares at the exchange rate established in the resolution of the Board of Directors making use of this authorisation, or at the exchange rate determinable on the date or dates indicated by the Board itself and based on the listing price of the Company's shares on the Spanish regulated markets on the date(s) or period(s) used as a reference in the resolution itself, with or without a premium or with or without a discount, and in any case with a minimum of the higher of (i) the average (whether arithmetic or weighted) exchange rate for the shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Sistema de Interconexión Bursátil) (Continuous Market), in accordance with the closing prices, average prices or another listing price reference, for a period to be determined by the Board of Directors of not more than three months or less than three calendar days, which must end no later than the day before the adoption by the Board of the resolution approving the issues of the securities, and (ii) the exchange rate for the shares on the same Exchanges in accordance with the closing prices on the day prior to the date of adoption of said resolution approving the issue. In no event may the discount established on the price per share be greater than 25% of the value of the shares used as a reference as set forth above.*

*(d) In the case of variable conversion ratios, the price of the shares for purposes of the conversion and/or exchange shall be the average (whether arithmetic or weighted) of the closing prices, average prices or another listing price reference of the shares of the Company on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market), during a period to be determined by the Board of Directors of not more than three months or less than three calendar days, which must end no later than the day before the date of conversion and/or exchange, with a premium or any discount on such price per share. The premium or discount may be different for each date of conversion and/or exchange of each issue (or for each tranche of an issue, if any), provided, however, that if a discount is established on the price per share, it shall not be greater than 25% of the value of the shares used as a reference as set forth above. A minimum and/or maximum reference price for the shares may also be established for purposes of the conversion thereof, upon the terms determined by the Board of Directors.*

*(e) Whenever a conversion and/or exchange is admissible, any fractional shares to be delivered to the holder of the debentures shall be rounded downwards by default to the immediately lower integer, and each holder shall receive in cash, if so provided in the terms of issue, any difference that may arise in such case.*

*(f) In no event may the value of the shares for purposes of the ratio for conversion of debentures into shares be less than the par value thereof. Furthermore, debentures may not be converted into shares if the nominal value of the former is less than that of the latter.*

*(g) In the event that the issue is convertible and exchangeable, the Board of Directors may provide that the issuer reserves the right at any time to elect between conversion into newly-issued shares or the exchange thereof for outstanding shares, with the nature of the shares to be delivered being determined at the time of conversion or exchange, and may also elect to deliver a combination of new shares and existing shares. In any event, it must afford equal treatment to all holders of securities converting or exchanging their securities on the same date.*

*(h) When approving an issue of convertible and/or exchangeable debentures or bonds under the authorisation granted in this resolution, the Board of Directors shall issue a directors' report, elaborating on and specifying, on the basis of the standards described above, the basis and terms and conditions for conversion that are specifically applicable to the respective issue. This report shall be accompanied by the corresponding report of the statutory auditors as provided by law, with the understanding that, in accordance with a systematic interpretation after the amendments made by Law 22/2015 of 20 July on Statutory Auditing to the Corporate Enterprises Act, and especially section 417.2.b) thereof, the reference in that act to a "statutory auditor" other than the Company's statutory auditor should be understood as made to an "independent expert" other than the Company's statutory auditor.*

**6. Basis for and terms and conditions applicable to the exercise of warrants and other similar securities**

*In the case of issues of warrants, it is resolved to establish the following standards:*

*(a) In the case of issues of warrants, to which the provisions of the Corporate Enterprises Act on convertible debentures shall apply by analogy, the Board of Directors is authorised to determine, in the broadest terms, in connection with the basis for and terms and conditions applicable to the exercise of such warrants, the standards applicable to the exercise of rights to subscribe for or acquire shares of the Company or of another company, or to a combination thereof, arising from the securities of this kind issued under this authorisation. The standards set forth in section 5 above shall apply to such issues, with such adjustments as may be necessary in order to bring them into compliance with the legal and financial rules governing these kinds of securities.*

*(b) The preceding standards shall apply, with any changes that may be required and to the extent applicable, to the issue of fixed-income securities (or warrants) that are exchangeable for shares*

of other companies. Where appropriate, all references to the Spanish Stock Exchanges shall be deemed made to the markets, if any, on which the respective shares are listed.

#### **7. Admission to trading**

The Company shall, when appropriate, make application for the admission to trading of the convertible and/or exchangeable debentures and/or bonds or warrants issued by the Company under this authorisation on Spanish or foreign, official or unofficial, organised or other secondary markets, and the Board of Directors shall be authorised as broadly as required to carry out all acts and formalities that may be required for admission to listing with the appropriate authorities of the various Spanish or foreign securities markets.

It is expressly stated for the record that if application is subsequently made for delisting, it shall be made in compliance with the same formalities as the application for listing, to the extent any such formalities are required, and in such case, the interests of the shareholders or debenture-holders opposing or not voting in favour of the resolution shall be safeguarded as provided by applicable law. In addition, it is expressly stated that the Company undertakes to abide by stock market regulations, whether now existing or as may hereafter be issued, particularly as regards trading, continued trading and removal from trading.

#### **8. Guarantee in support of issues of convertible and/or exchangeable fixed-income securities or warrants by subsidiaries**

The Board of Directors is also authorised to guarantee, on behalf of the Company and within the limits set forth above, new issues of convertible and/or exchangeable fixed-income securities or warrants carried out by subsidiaries during the effective period of this resolution.

#### **9. Delegation of powers to the Board of Directors**

This authorisation to the Board of Directors also includes, without limitation, the delegation thereto of the following powers:

The power of the Board of Directors, pursuant to the provisions of sections 308, 417 and 511 of the Corporate Enterprises Act, to totally or partially exclude the pre-emptive rights of the shareholders. In any event, if the Board of Directors decides to exclude the pre-emptive rights of the shareholders in connection with any specific issue of convertible bonds or debentures, warrants and other securities similar thereto that it ultimately decides to effect under this authorisation, at the time of approval of the issue and pursuant to applicable laws and regulations, the Board shall issue a report setting forth the specific reasons based on the corporate interest that justify such measure in accordance with the provisions of article 11.6 of the By-Laws, on which there shall be prepared the corresponding report of an independent expert appointed by the Commercial Registry, other than the Company's auditor, as mentioned in sections 414, 417.2 and 511 of the Corporate Enterprises Act. Such reports shall be made available to the shareholders and disclosed at the first General Meeting of Shareholders that is held following approval of the resolution providing for the issue.

This power shall in any event be limited to those increases in capital carried out pursuant to this authorisation and to the authorisation contemplated in item fourteen on the agenda up to a maximum amount equal, in the aggregate, to 20% of the share capital on the date of adoption of this resolution.

(b) The power to increase share capital in the amount required to accommodate requests for conversion and/or for exercise of the right to subscribe for shares. Such power may only be exercised to the extent that the Board of Directors, adding the increase in capital effected to accommodate the issue of convertible debentures, warrants and other similar securities and the other increases in capital approved under authorisations granted by the shareholders at this General Meeting of Shareholders, does not exceed the limit of one-half of the amount of the share

*capital provided by section 297.1.(b) of the Corporate Enterprises Act. This authorisation to increase capital includes the authorisation to issue and float, on one or more occasions, the shares representing such capital that are necessary to carry out the conversion and/or to exercise the right to subscribe for shares, as well as the power to amend the article of the By-Laws relating to the amount of the share capital and, if appropriate, to cancel the portion of such increase in capital that was not required for the conversion and/or the exercise of the right to subscribe for shares.*

*(c) The power to elaborate on and specify the basis for and terms and conditions applicable to the conversion, exchange and/or exercise of the rights to subscribe for and/or acquire shares arising from the securities to be issued, taking into account the standards set out in sections 5 and 6 above.*

*(d) The delegation to the Board of Directors includes the powers required for the interpretation, application, implementation and further development of the resolutions to issue securities convertible into and/or exchangeable for shares of the Company, on one or more occasions, and the corresponding increase in capital, also giving it the powers to correct and supplement them as required, as well as to meet any legal requirements to successfully implement them, including the power to correct omissions or defects in such resolutions identified by any domestic or foreign authorities, officials or agencies, and also to adopt any resolutions and sign any public or private documents it deems necessary or appropriate for the adjustment of the foregoing resolutions to issue convertible and/or exchangeable securities and the corresponding increase in capital to the verbal or written evaluation of the Commercial Registrar, or generally, of any other competent domestic or foreign authorities, officials or institutions.*

*The Board of Directors is expressly authorised to further delegate the powers contemplated in this resolution.*

#### **10. Revocation of current authorisation**

*This resolution deprives of effect the authorisation to issue debentures or bonds that are exchangeable for or convertible into shares of the Company and warrants on newly-issued or outstanding shares of the Company granted to the Board of Directors by the shareholders at the General Meeting of Shareholders held on 8 May 2015 under item twelve on the agenda.”*

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