

**Policy of  
remuneration of  
directors of  
“Gamesa  
Corporación  
Tecnológica, S.A.”**

Policy of remuneration of  
directors approved by  
the General  
Shareholders' Meeting of  
the Company held on  
June 20<sup>th</sup>, 2017

## **POLICY OF REMUNERATION OF DIRECTORS<sup>1</sup>**

The Board of Directors of Gamesa Corporación Tecnológica, S.A. (hereinafter "**Gamesa**" or the "**Company**" and the group of companies of which Gamesa is the parent company, the "**Gamesa Group**")<sup>2</sup>, in accordance with Articles 529 *sexdecies* to 529 *novodecies* of the Spanish Capital Companies Act, 45 of the Bylaws and 29 of the Regulations of the Board of Directors, drafts this policy of remuneration of directors for its approval by the General Shareholders' Meeting of the Company.

Gamesa intends to incorporate the current regulatory framework into its Corporate Governance Standards at all times, as well as the recommendations for good governance generally recognized in international markets with respect to remuneration of directors, adapting them to the specific circumstances and requirements of the Gamesa Group.

According to the provisions of current legislation, the purpose of this document is to describe the various components of the policy of remuneration of directors of Gamesa as well as the main conditions that must be observed in the contracts of executive directors.

### **1. PURPOSE AND BASIC PRINCIPLES**

The remuneration of directors, which must always be based on the principle of proportionality, shall be consistent with what is paid in the market in entities comparable in size, activity, complexity of businesses and geographic distribution of operations.

#### **1.1. Non-executive directors**

With regard to non-executive directors, the amount of their remuneration should be adequate and encourage their dedication, without compromising their independence.

#### **1.2. Executive directors**

In regards to executive directors, the fundamental criterion is to offer remuneration systems that attract, retain and motivate the most qualified professionals so that the Gamesa Group can fulfill its business objectives. Therefore, in relation to executive directors, this policy aims to:

- a) Ensure that the remuneration, in terms of its structure and overall amount, complies with best practices and is competitive with respect to what is paid in comparable companies, considering the circumstances of the territories where the Gamesa Group carries out its activity.
- b) Include, if pertinent, a significant, annual variable component related to individual performance and the attainment of predetermined operations that are specific, quantifiable and aligned with the corporate interest and the strategic objectives of the company.

<sup>1</sup> The Annual Report on Remuneration of Directors corresponding to the 2016 fiscal year, approved by the Board of Directors of Gamesa Corporación Tecnológica on 22 February 2017 (notice of significant event 248,481), submitted to consultative vote of the General Shareholders' Meeting of 2017 under item 14 of the agenda, establishes that the policy of remunerations of directors for the ongoing fiscal year will be submitted to review in the Meeting to be celebrated in 2017 provided that the merger by absorption of Siemens Wind Holdco, S.L. (Sociedad Unipersonal) by Gamesa Corporación Tecnológica, S.A., is effective in this year.

<sup>2</sup> In case that the 2017 General Shareholders' Meeting approves the change of the corporate name of the Company as provided under item 9 of the Agenda, all references to "Gamesa Corporación Tecnológica, S.A.", "Gamesa", or the "Gamesa Group" will be automatically deemed to have been done to, "Siemens Gamesa Renewable Energy, S.A.", "Siemens Gamesa" or the "Siemens Gamesa Group", respectively.

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- c) Improve the accomplishment of the strategic objectives of the company through the incorporation of long term incentives, reinforcing continuity in the competitive development of the Gamesa Group, its administrators and its management team, promoting the motivation and loyalty of the most qualified professionals.
- d) Establish maximum limits that are proportionate and adequate to any long or short term variable remuneration and appropriate mechanisms to assess the consolidation and settlement of any deferred variable remuneration when a reformulation results in a negative effect on the annual consolidation accounts of the Gamesa Group. This includes the possible complete or partial payment of the deferred variable remuneration when correcting the annual accounts that are the basis of this remuneration.

Notwithstanding the foregoing, this policy will properly adapt to the economic situation and the international context to which the Gamesa Group operations belong.

## **2. COMPETENT BODIES**

The Board of Directors, at the suggestion of the Appointments and Remunerations Committee, is the competent body to determine, within the limit that has been set by the General Shareholders' Meeting, and consistent with this policy, the exact amount to pay in each period to each Gamesa Director, except for remuneration in the form of shares or rights to purchase shares or remuneration rights linked to their worth, which must be approved by the General Shareholders' Meeting in accordance with the provisions in the Capital Company Act and in the Bylaws.

## **3. QUANTITATIVE LIMIT OF REMUNERATIONS<sup>3</sup>**

According to Article 45.3 of the Bylaws, the General Shareholders' Meeting will determine the maximum payment for annual remuneration that the company will allocate to the group of its directors as such. The Board of Directors will be responsible for determining the exact amount to be paid for each period within this limit and its distribution among the various directors.

According to the provisions of the Bylaws, this remuneration is compatible with and independent of that designated for executive directors, which is not subject to the above quantitative limit.

## **4. REMUNERATION STRUCTURE FOR DIRECTORS AS SUCH AND MAXIMUM ANNUAL AMOUNT**

The remuneration that corresponds to the directors by their status as such may include the following concepts within the legal and statutory framework:

- a) Fixed annual allowance

Gamesa directors shall receive a fixed annual amount for their membership and position on the Board of Directors and its committees.

- b) Allowances for attendance

Within the fixed quantitative limit in the previous 3 section, the Gamesa directors may receive allowances for attendance for each one of the Board of Directors and committees sessions that they effectively attend, regardless of the number of sessions held.

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<sup>3</sup> The General Shareholders' Meeting of 2015 fixed the annual gross maximum amount the Company will pay to its directors altogether in three million euro.

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In case of attendance by videoconference or other validly established means of intercommunication, the pay that the directors have a right to receive in concept of allowances for attendance will be equivalent to 50% of the pay mentioned in the previous paragraph. Furthermore, if the Director grants proxy, the right to receive allowances for attendance will not be provided in favor of the represented director.

c) Statutory amounts and risk coverage

The company shall pay the amount of the premiums corresponding to the public liability insurance policies for directors and executives, and the premiums corresponding to the policies of life insurance and capitalization for directors. Albeit the Corporate Governance Rules foresee the possibility of including contributions to welfare systems for pensions, this policy does not foresee such contributions as to the non-executive directors.

d) Indemnification clauses

This policy does not foresee that independent and external directors receive a compensation in case of termination of their relationship with the Company.

The remuneration assigned to each director will not be the same for all of them and will be determined depending on the following criteria, among others: (i) the positions held by the Director on the Board of Directors; (ii) the involvement of the Director in delegated bodies of the Board of Directors; and (iii) the duties and responsibilities assigned to each director as well as his/her dedication to the company.

## **5. REMUNERATION STRUCTURE FOR EXECUTIVE DIRECTORS**

The remuneration that corresponds to the executive directors of Gamesa for the performance of executive duties in the company (different, therefore, to the duties linked to their status as members of the Board of Directors) may be structured as follows:

a) Fixed remuneration

The amount of the fixed remuneration of executive directors, for undertaking executive management duties, will be established in a way that is competitive with respect to other comparable entities by market and dimension, although taking into account the circumstances of each fiscal year.

b) Variable remuneration

Variable remuneration includes:

(i) Annual variable remuneration:

A part of the remuneration of executive directors may be variable, with the aim at boosting their commitment to the company and encouraging the best performance of their duties.

The parameters to which the annual variable remuneration is linked will indicate the fulfillment of economic and financial objectives and predetermined operations that are specific, quantifiable and aligned with the corporate interest and the strategic objectives of the company. Objectives in the area of corporate governance and corporate social responsibility will also be weighed, as well as the personal performance of the executive directors for each case.

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The achievement of objectives and performance will be evaluated and the annual variable remuneration for each period will be determined by the Board of Directors, at the recommendation of the Appointments and Remunerations Committee. In order to design this recommendation, the Appointments and Remunerations Committee may consult with an independent expert.

(ii) Medium and long term variable remuneration:

The company also provides for the implementation of incentive programs linked to the accomplishment of medium and long term strategic objectives with the aim of promoting the retention and motivation of executive directors and aligning their performance with maximizing the value of Gamesa steadily over time.

The achievement of objectives and performance will be evaluated and medium and long term variable remuneration will be determined by the Board of Directors, at the recommendation of the Appointments and Remunerations Committee. In order to design this recommendation, the Appointments and Remunerations Committee may consult with an independent expert.

These systems may include the delivery of Company shares or financial instruments referenced to their value, when agreed to by the General Shareholders' Meeting at the recommendation of the Board of Directors, upon a report from the Appointments and Remunerations Committee

Plans of long term remuneration shall have an approximate timeframe of three years and, with respect to systems based on the delivery of Company shares, shall establish minimum, appropriate periods of retention of part of the shares received, according to the Good Governance Code of Listed Companies, approved by the National Securities Market Commission.

Furthermore, special variable remuneration may be established based on specific, predetermined, quantifiable circumstances aligned with corporate interest, whose timeframe is greater than one year but less than that of the long term remuneration plans.

The Board of Directors shall take into consideration, for the determination of the variable remuneration, whether the improvement in Gamesa share value derives from the evolution of the market or business to which Gamesa belongs or from similar circumstances.

c) Welfare benefits or risk coverage

The executive directors may be beneficiaries from contributions to social welfare systems for Social Security, pensions or premiums for life insurance and capitalization, as well as to a medical insurance coverage.

d) Company vehicle

The executive directors may be beneficiaries from the right to use a company vehicle.

e) Indemnification clauses

The executive directors shall have the right compensation in the case of a termination of their relationship with the company, whenever the termination of the relationship is not a consequence of attributable incompliance to it nor exclusively due to their will. The Gamesa policy is that this financial compensation is limited to one annual fixed remunerations.

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The above referred compensation shall not be paid until the Company has verified that the director has complied with all performance criteria previously established.

## **6. CLAW-BACK AND MALUS**

Should there be any circumstances that may justify a new assessment or review of the extent of the degree of fulfillment of the objectives established by the Board of Directors for the executive directors in order to receive the variable remuneration, the Board, at the suggestion of the Appointments and Remunerations Committee, may suspend the payment of the outstanding amounts as well as, when appropriate, reclaim the amounts unduly paid as a result of the new assessment.

The above said regime shall also be applied in relation to remunerations linked to Company earnings if in the report of the external auditor there are qualifications that reduce those earnings.

Likewise, the Board, at the suggestion of the Appointments and Remunerations Committee, may cancel, revoke or reclaim the amounts already paid by virtue of the variable remuneration, totally or partially, and for all the executive directors or just a limited member of them, in case any of the following circumstances arises:

- a) Regulatory sanctions or judicial convictions for acts attributable to the director.
- b) Major breach of internal codes of conduct or policies approved by the Company or Gamesa Group.
- c) Whatever other circumstances that determine an ex post adjustment of the parameters taken into account in the initial assessment of the degree of fulfillment of the objective of the affected executive director.
- d) Whatever other situation that imply a violation of mandatory rules of the Company or the Group.

## **7. MAIN TERMS AND CONDITIONS OF CONTRACTS WITH EXECUTIVE DIRECTORS**

The Gamesa Board of Directors sets the remuneration that corresponds to executive directors for their executive duties and additional basic conditions that their contracts must respect. These basic conditions, in general terms, are the following:

- a) Indefinite duration

The contracts of executive directors of the company will be for an indefinite period.

- b) Indemnification clauses

In the contracts of executive directors of the company, economic compensation will be included in the case of a termination of their contractual relationship with Gamesa in the terms provided in this policy.

- c) Applicable legislation

The legislation that applies to contracts of executive directors will be that provided by law in each case.

- d) Compliance of the Corporate Governance Rules of Gamesa

The contracts of executive directors will contain the obligation to comply with the Corporate Governance Rules of Gamesa strictly, and to the extent that applies.

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e) Non-competition

The contracts of executive directors shall establish a non-competition obligation regarding businesses and activities of a similar nature to those conducted by the company and the Gamesa Group.

f) Exclusivity pacts

The contracts of executive directors may establish the exclusivity in their professional relationship with the Company for its duration.

g) Confidentiality

The executive directors must respect the duty of confidentiality included in their contracts, both during the validity of the contract as well as after the termination of the contractual relationship, in relation to any information, data, reports or records to which they have had access during the period of their position.

Furthermore, at the close of their relationship with the Company, the executive directors must return to Gamesa the documents and objects related to their activity that are in their power.

## **8. PRINCIPLE OF TRANSPARENCY**

The Board of Directors of Gamesa assumes the commitment of providing sufficient information to the market with necessary advance and in conjunction with the recommendations for good corporate governance generally recognized in international markets with respect to remuneration of directors

Furthermore, the Board of Directors will approve annually, at the recommendation of the Appointments and Remunerations Committee, the annual report on remunerations of directors, indicating the degree of compliance of the recommendations for good corporate governance in terms of remunerations to directors accepted in the markets in which Gamesa Group operates. This report will be submitted to a consultative vote as a separate point of the agenda of the General Shareholders' Meeting. It will also be published in accordance with applicable regulations on the securities market and the Internal Code of Conduct for Securities Markets.

## **9. ENTRY INTO FORCE AND VALIDITY**

This policy shall go into effect since its approval by the General Shareholders' Meeting and will maintain its validity during the fiscal years ending on the years 2017, 2018 and 2019, notwithstanding any modifications or updates to it during this period that are approved by the General Shareholders' Meeting by the procedure legally and statutorily provided.

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