



APPOINTMENTS COMMITTEE
OF THE GAMESA GROUP

ANNUAL ACTIVITY REPORT
FOR 2016

29 March 2017

Drawn up by the Appointments Committee and approved by the Board of Directors for submission to the shareholders at the 2017 General Shareholders Meeting



INDEX - THE APPOINTMENTS COMMITTEE

A. PRESENTATION.....	3
B. OPERATION AND RESPONSIBILITIES OF THE COMMITTEE	4
C. COMPOSITION OF THE COMMITTEE AND ATTENDANCE AT ITS MEETINGS IN 2016.....	7
D. ACTIVITIES DURING 2016	9
E. CONCLUSION	13



A. PRESENTATION

The Appointments Committee (hereinafter referred to as the "Committee" or "AC") of Gamesa Corporación Tecnológica, S.A. (hereinafter referred to as "Gamesa" or the "Company") was created by resolution of the Board of Directors on 16 December 2015, whereby agreeing to split the Appointments and Remuneration Committee into two separate committees and thus complying with Recommendation 48 of the Code of Good Governance for listed entities approved by the National Securities Market Commission on 18 February 2015.

The Appointments Committee is a specialized body with powers to inform, advise and propose, thus facilitating the performance of the duty of general supervision and control that corresponds to the Board of Directors. The existence of a specialized Committee for supervising the composition and operations of the Board of Directors and Senior Management is currently required under articles 529 terdecies and quindecies of the Spanish Corporate Enterprises Act (Royal Legislative Decree 1/2010 of 2 July), the recommendations of the supervising agencies, and best practices in corporate governance.

The legal framework of the Appointments Committee is established in its Regulations, approved on 16 December 2015, and by the legal provisions and the Corporate Governance Standards applicable thereto. The cited Regulations form part of the Corporate Governance Standards of the Company.

The Appointments Committee has prepared this 2016 Annual Activity Report for approval by the Board of Directors by virtue of Article 18 of its Regulations.



B. OPERATION AND RESPONSIBILITIES OF THE COMMITTEE

In accordance with Chapter III of the Regulations of the Appointments Committee, the rules of operation of the Appointments Committee are summarized as follows:

- a) The Appointments Committee shall meet as often as necessary to perform its duties at the behest of the Chairman or at least two members thereof. In any case, the Appointments and Remuneration Committee shall meet whenever the Board of Director requests, for instance, the drawing up of a report or adoption of proposals.
- b) Regarding the internal operation of the Appointments Committee, especially regarding its convening, constitution and adoption of resolutions and everything not provided for in its specific Regulations, as applicable, or in these Regulations, shall be subject to the stipulations for the Board of Directors in the Corporate By-laws and in these Regulations of the Board of Directors, provided they are compatible with the nature and operation of the Committee.

Articles 5, 6 and 7 of the Regulations of the Appointments Committee contemplates the powers and duties of the Committee. The main powers stipulated in said articles are listed below:

1. The Committee shall propose to the Board of Directors:
 - a) The appointment, reelection or removal of independent directors for their appointment by co-option or their presentation before the General Shareholders Meeting.
 - b) The secondment of a director to the corresponding category, or the maintaining thereof in the event of reelection or their modification where applicable.
 - c) Appointment, reelection or removal of independent directors of committees.
 - d) Appointment, reelection or removal of the Coordinating Director when the Chairman of the Board of Directors performs executive functions.
 - e) Removal of directors in the event of incompatibility, structural conflict of interests or any other reason due to resignation or compulsory retirement, in accordance with the law or the Corporate Governance Standards.
 - f) The proposal so that the succession of the Chairman and of the Chief Executive of the Company, where appropriate, proceeds in a planned and orderly manner.



2. The Committee shall inform on the following proposals:
 - a) Appointment, reelection or removal of executive directors, proprietary directors and other external directors, for their appointment by co-option or for their submission to the decision of the General Shareholders Meeting.
 - b) Appointment, reelection or removal of executive directors, proprietary directors and other external directors who must be on each committee.
 - c) Appointment, reelection or removal of the Chairman of the Board of Directors, its Secretary and, where appropriate, the Vice Chairman or Vice Secretary and the CEO.
 - d) Appointment of natural person representatives of a Legal Entity Director.
 - e) Removal of directors for having failed to fulfill the duties inherent to their position or having become involved in any of the circumstances for resignation or compulsory retirement.
 - f) Appointment, reelection or removal of Senior Management. The status of Senior Management shall be granted to the persons defined as such by the Regulations of the Board of Directors.
 - g) Definition and organization of the organizational structure, organization chart and job descriptions of Senior Management made by the CEO.
 - h) Waiver of directors' contractual obligations.
3. Likewise, the Appointments Committee shall, in accordance with the law, inform on the concurrent circumstances of the shareholder or shareholders that propose, require or determine the appointment of proprietary directors.
4. Conduct a yearly verification of compliance with the Director Selection Policy, reporting thereon in Gamesa's Annual Corporate Governance Report.
5. Periodically review the structure of the Board of Directors and its committees, advise the Board of Directors on the most appropriate configuration in terms of size and balance between the different types of directors, and ensure compliance with the director selection policy.
6. Assess the necessary skills, knowledge and experience of the Board of Directors, for which purpose it shall: (a) define the functions and abilities required of the candidates to fill board vacancies; (b) evaluate the amount of time and dedication required to properly carry out their tasks, and (c) promote refresher programs for directors, when necessary.



-
7. Ensure that candidates are not involved, either directly or indirectly, in any situation of incompatibility, prohibition, conflict or opposition of interests with the corporate interest provided by law or the Corporate Governance Standards.
 8. Ensure that the selection procedures are not implicitly biased so as to imply discrimination.
 9. Set a representation target for the gender that is least represented on the Board of Directors and prepare guidelines on how to achieve it.
 10. Select potential candidates to be appointed as directors of the Company.
 11. Establish and oversee an annual program aimed at the assessment of continuous review of the qualification, training and, where appropriate, independence, as well as maintaining the required conditions for holding a directorship and being on a given committee, and proposing to the Board of Directors the appropriate measures in this regard.
 12. Promote the annual assessment of the performance of the Chairman of the Board of Directors and, where appropriate, the CEO, Board of Directors, Delegated Executive Committee, Audit and Compliance Committee, Appointments Committee, Remuneration Committee; Coordinating Director and any other advisory committee constituted in accordance with the provisions of the Corporate Governance Standards.



C. COMPOSITION OF THE COMMITTEE AND ATTENDANCE AT ITS MEETINGS IN 2016

In accordance with Chapter III of the Regulations of the Appointments Committee, the rules of organization of the Appointments Committee are summarized as follows:

- a) The Appointments Committee shall comprise a minimum of three (3) and a maximum of five (5) non-executive directors, at least two of whom must be independent directors.
- b) The Appointments Committee shall choose a Chairman from among its independent members.
- c) The Committee shall also appoint a Secretary, who may be one of its members, or the Secretary or Vice Secretary of the Board of Directors, who may or may not be a Director.

The composition of the Appointments Committee has not varied during 2016.

Position	Name	Director type	Representation
Chairman	Andoni Cendoya	Independent	N/A
Voting Members	José María Aracama	Independent	N/A
	Francisco Javier Villalba	Proprietary	Iberdrola, S.A.
Non-member Secretary	Carlos Rodríguez-Quiroga	N/A	N/A

As supporting bodies and notwithstanding the duties legally conferred to the Secretary of the Committee regarding advising and supporting the members in the exercise and better performance of the duties conferred thereto, the AC has an appropriate framework coordination and information relations with the management team of the Company, and can also seek information and cooperation of members of the management team through the Chairman of the Company in the terms provided for in Article 21 of the Regulations of the Appointments Committee.



Lastly, the Committee can request advising from external professionals for the better performance of its duties, a power exercised in the terms set forth in this report.

All members of the Committee have the status of Executive Directors based on their experience, training and professionalism, and those classified as "Independent" meet the requirements of independence established by internal regulations.

All Directors, members of the Committee and its Secretary have attended all meetings held in 2016.

NUMBER OF POSSIBLE MEETINGS AND ATTENDANCE	
José María Aracama Yoldi	6 of 6
Andoni Cendoya Aranzamendi	6 of 6
Francisco Javier Villalba Sánchez	6 of 6
Carlos Rodríguez-Quiroga Menéndez (Non-member Secretary)	6 of 6

The *curriculum vitae* of the members of the Committee are posted on the website of Gamesa Corporación Tecnológica, S.A.



D. ACTIVITIES DURING 2016

During 2016, the Appointments Committee held 6 meetings. The meetings, duly convened by its Chairman, were held on the following dates:

- February: Meeting on the 22nd
- March: Meeting on the 29th
- May: Meeting on the 20th
- June: Meeting on the 16th
- September: Meeting on the 12th
- December: Meeting on the 14th

Regarding the work plan developed by the Appointments Committee in 2016, the following are noteworthy:

RESOLUTIONS WITHOUT MEETING

In 2016, the AC adopted no resolutions without meeting.

ATTENDANCE OF THE MEMBERS

All members of the AC attended all the meetings.

PROCEEDINGS OF THE MEETINGS

The members of the Committee had the documentation and presentations available in due time and form to form their opinions.

INFORMATION TO THE BOARD OF DIRECTORS

The Chairman of the AC, in accordance with section 1 of Article 19 of the Regulations of the Appointments Committee (AC), informed the Board of Directors at each of its meetings, of the meetings of the AC, of its activities and the work undertaken.



MINUTES

The corresponding minutes were drawn up for all of the meetings, and they were approved by the members of the Committee and signed by the Secretary with the approval of the Chairman.

ATTENDANCE OF THE CHAIRMAN AND CEO, SECRETARY-DIRECTOR OF THE BOARD OF DIRECTORS, COMPANY EXECUTIVES AND EXTERNAL ADVISORS

When required, Company Executives attended AC meetings to address different items on the agenda, on different occasions when so required. Furthermore, and upon the request of the Chairman, external advisors were present at different meetings for the purpose of presenting the content and conclusions of professional assignments ordered by the Committee.

SUPPORT FROM EXTERNAL SERVICES

When considered necessary, the Committee sought, through its Chairman, external advising from law firms or consulting firms. In particular, advice was sought from the following legal and consulting firms in 2016:

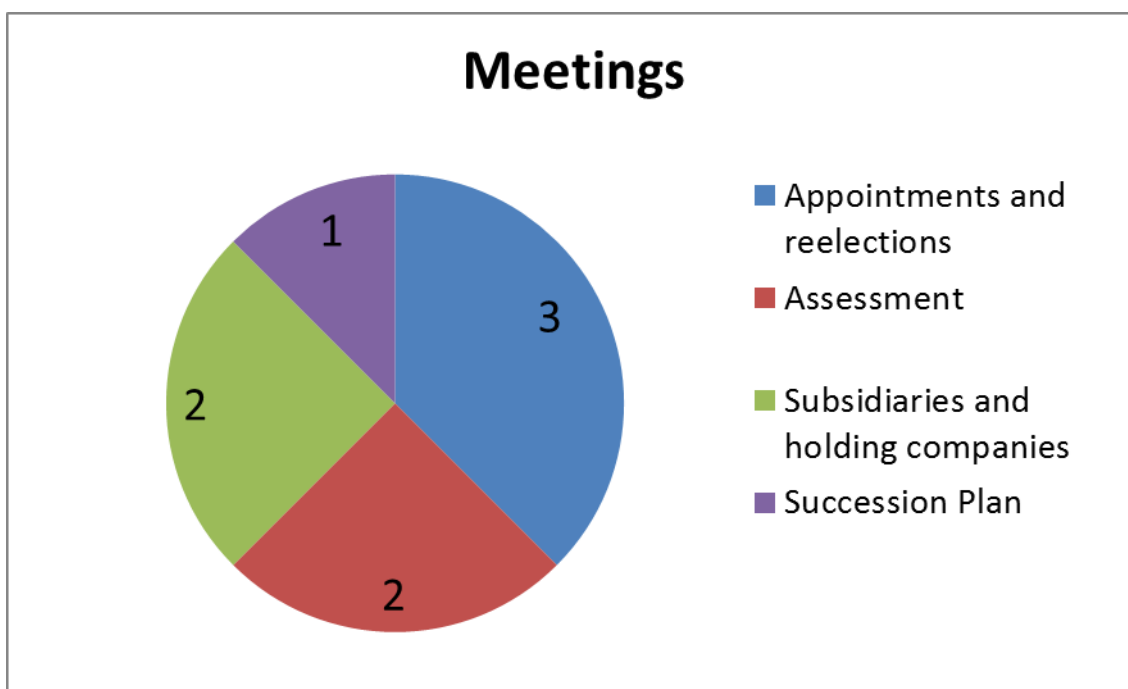
Uria Mendendez Abogados S.L.P.
PricewaterhouseCoopers, S.L.
Lupicinio Abogados



TASKS UNDERTAKEN

As stated above, the AC has the powers of information, advising and proposal delegated by the Board of Directors as a committee specialized in specific areas of activity mainly related to the supervision of the composition and operation of the Board of Directors and Senior Management of the Company and, notwithstanding these basic duties, also the organizational model and some of the activities related to the General Shareholders Meeting and the organization and operation of the Committee.

The main issues that were addressed and analyzed by the Committee in 2016, and of which its main areas of supervision consisted, can be grouped into the following areas based on their functions.



In particular, the meetings held in February and December addressed assessment (of the Chairman, CEO, Coordinating Director, Board of Directors and the Committees thereof); the meetings held in March, June and September addressed the appointments and reelections of the members of the Board and Committees; the meetings in May and December addressed the composition of the governing bodies of subsidiaries and holdings; and the meeting in December also addressed the succession plan.



One of the most important steps taken by the Appointments Committee entails the selection of new Directors and, in particular, the selection of Directors whose appointments were subject to the approval of the Extraordinary General Meeting on 25 October 2016, and to the effective merger between Gamesa and Siemens Wind Holdco, S.L. (registered in the Companies Register of Bizkaia).

It is noteworthy that the Company, as backed by the advisory committees, considered that it had strictly complied with the standards and recommendations on good governance; compliance with which was especially monitored.

It should also be noted that the organizational chart of the Group and Senior Management continued being updated and improved. The processes for evaluating the Board of Directors and succession plans for both the Board of Directors and the Chairman and Senior Management of the Company was also specifically encouraged.



E. CONCLUSION

Throughout 2016, the AC considered that it satisfactorily carried out the responsibilities assigned to it by the Corporate By-laws and its own Regulations.

The present Appointments Committee report specifically entails a contribution to the Corporate Governance Strategy of the Company involved in the mission of creating value for shareholders and promoting the corporate interest.