

**Report on the  
proposal of  
amendment of the  
*Policy of  
Remuneration of  
Directors of  
“Gamesa  
Corporación  
Tecnológica, S.A.”***

Board of Directors, 12  
May 2017

**REPORT ON THE PROPOSAL OF AMENDMENT OF THE POLICY OF REMUNERATION OF DIRECTORS OF GAMESA CORPORACIÓN TECNOLÓGICA, S.A.**

**1. INTRODUCTION**

The Policy of Remunerations of Directors of Gamesa Corporación Tecnológica, S.A. (the “**Policy**”), proposed by the Board of Directors of Gamesa Corporación Tecnológica, S.A. (hereinafter “**Gamesa**” or the “**Company**” and the corporate group dominated by Gamesa, the “**Gamesa Group**”)<sup>1</sup> for the approval, if appropriate, by the General Shareholders’ Meeting of the Company, has the objective of describing and updating the items of the remuneration policy of Gamesa’s directors, as well as the main conditions that the executive directors’ contracts must meet. Such conditions must be adapted to the needs and specific circumstances of Gamesa Group, once the merger between the Company, as absorbing company, and Siemens Wind Holdco, S.L., as absorbed company, has become effective (the “**Merger**”).

**2. JUSTIFICATION OF THE REFORM**

The Company wish to incorporate to its Corporate Governance Rules the legal framework applicable from time to time, as well as the recommendations of good governance generally accepted in global financial markets relating to the remunerations of the members of the board of directors, and to adapt them to the specific circumstances of the Gamesa Group.

To this effect, the Board of Directors of the Company, pursuant to Articles 529 *sexdecies* to 529 *novodecies* of the Spanish *Capital Companies Act*, Article 45 of the *Company’s Bylaws*, and Article 29 of the *Regulations of the Board of Directors*, has prepared the *Policy* for its approval, if appropriate, by the General Shareholders’ Meeting of Gamesa.

Likewise, the *2016 Annual Report on the Remuneration of Directors*, approved by the Board of Directors of the Company on 22 February, 2017 (significant event 248,481), to be subject to the consultative vote of the 2017 General Shareholders’ Meeting, provides that the *Policy* for the current financial year shall be submitted for its review to the 2017 General Shareholders’ Meeting, provided however that the Merger becomes effective within such financial year. This provision is hereby complied with.

The proposed reform of the *Policy* aims at achieving the following two objectives:

- to continue the process of adapting the *Policy* to the Recommendations on good corporate governance for listed companies, approved by the National Securities Market Commission on February 2015 (the “**Code of Good Corporate Governance**”); and
- to review the remunerations established for the directors, of any kind, of the Company.

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<sup>1</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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The first objective seeks to incorporate the Recommendations of the Code of Good Corporate Governance relating to the variable remuneration of the executive directors to link it to the performance of the Company as well as to their individual performance.

This includes the relevant incorporation of the adequate remedies to ensure an effective achievement of the objective and, in particular, the faculty to review the degree of achievement of the objectives, the suspension of the amounts whose payment is pending and the faculty to request the reimbursement of those amounts already paid in the event that a new evaluation justifies so or those amounts were being paid on the basis of data deemed inaccurate by the external auditor of the Company.

Regarding the second objective, the remunerations of the members of the Board of Directors of the Company have not been updated since 2015 and, therefore, are no longer in line with the importance of a company such as Gamesa, whose size, complexity and importance in the market is higher after the effectiveness of the Merger<sup>2</sup>. Such is the circumstance that has motivated, among other changes, the elimination of the cap to the fixed remuneration of the directors on their condition as such in case that any of them holds more than one office.

This review also aims at attaining the Company's objective to gather, retain and motivate the most qualified professionals so that they work in the Company, all of it without compromising the independence of the executive directors.

Lastly, it is proposed to incorporate some minor comments and to update the references to the Appointments and Remunerations Committee so that the *Policy* reflects its new name after the effectiveness of the Merger.

Madrid, 12 May, 2017

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<sup>2</sup> The Annex includes the update of the annual fixed remuneration and of the allowances for attendance as of the approval of the policy object of this report.

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**ANNEX**

(a)-Fixed allowance for directors for their condition of such:

- Chair (non executive): 250,000 €/year
- Vice chair <sup>3</sup> : 150,000 €/year.
- Coordinating director <sup>4</sup> : 20,000 €/year.
- Directors: 80,000 €/year.
- Chairs of committees: 60,000 €/year.
- Members of committees: 40,000 €/year for each committee.

(b)- Allowances for attendance<sup>5</sup>:

- For the Vice Chair of the Board of Directors, when appropriate, and Chairs of the Committees: 3,800 €/meeting.
- For members of the Board of Directors and committees: 2,000 €/meeting.

(c)- Remuneration of the Secretary-member and legal advisor for his/her performance as secretary of the Board of Directors and secretary non-member of their committees:

- For his/her functions as secretary-legal advisor of the Board of Directors: 250,000 euro.
- For his/her functions as secretary of the Executive Committee (in case it is created): 72,200 euro.
- For his/her functions as secretary of the Audit, Compliance and Related-Party Transactions Committee: 50,000 euros.
- For his/her functions as secretary of the Appointments and Remunerations Committee: 50,000 euros.

<sup>3</sup> The Board of Directors set after the merger has not appointed to date any Vice chair.

<sup>4</sup> The Board of Director set after the merger has not appointed to date any coordinating director.

<sup>5</sup> The distant attendance to the meetings of the Board of Directors or the Committees shall accrue half of the amounts referred to in this paragraph.

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