

**MODEL ANNEX I
ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS
OF LISTED COMPANIES**

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Company Name:
SIEMENS GAMESA RENEWABLE ENERGY, S.A.

Registered Address:
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ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

A REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1 Explain the company's remuneration policy. This section will include information regarding:

- General principles and foundations of the remuneration policy.
- Most significant changes made to the remuneration policy from the policy applied during the prior financial year, as well as changes made during the year to the terms for exercising options already granted.
- Standards used to establish the company's remuneration policy.
- Relative significance of the variable items of remuneration as compared to fixed items and standards used to determine the various components of the director remuneration package (*remunerative mix*).

Explain the remuneration policy

Pursuant to the provisions of section 529 *novodecies* of the Corporate Enterprises Act (*Ley de Sociedades de Capital*) and article 45 of the By-Laws, the shareholders acting at the General Meeting of Shareholders of SIEMENS GAMESA RENEWABLE ENERGY S.A. ("**Siemens Gamesa**" or the "**Company**") held on 20 June 2017 approved a new "Director Remuneration Policy" (the "**Policy**") in order to conform the Company's director remuneration policy to the current regulatory framework and to the good governance recommendations generally recognised in the international markets, as well as to the specific needs and circumstances of the Siemens Gamesa group after the effectiveness of the merger by absorption (the "**Merger**") between the Company, as absorbing company, and Siemens Wind Holdco, S.L., as absorbed company.

The following are the main principles of the current Policy:

Quantitative limit:

Pursuant to article 45.3 of the By-Laws, the shareholders acting at the 2015 General Meeting of Shareholders set the annual maximum gross amount that the Company will pay to all of its directors for their status as such at 3 million euros.

This remuneration is independent of and compatible with:

- (a) the establishment of remuneration systems based on the listing price of the shares or which involve the delivery of shares or of options on shares, which must be approved by the shareholders at a General Meeting of Shareholders; and
- (b) the remuneration and other compensation established for executive directors for performing executive duties, to be established in the contract to be signed between them and the Company for such purpose, which shall conform to the director remuneration policy from time to time in effect.

The formalisation of contracts so executed shall be approved by the Board of Directors with the favourable vote of at least two-thirds of its members.

Principle of proportionality:

The Board of Directors must ensure that the remuneration of its members, which must always be based on the principle of proportionality, is consistent with what is paid in the market at entities with a comparable size, business activities, complexity of business, and geographic distribution of operations.

The remuneration of the non-executive directors shall be appropriate and must incentivise their dedication without compromising their independence.

The remuneration of the executive directors is also based on the fundamental principle of offering remuneration systems that allow for the attraction, retention and motivation of the most qualified professionals in order to allow the Siemens Gamesa Group to meet its business objectives.

Competent bodies:

The Board of Directors, upon a proposal of the Appointments and Remuneration Committee, is the competent body to determine the exact amount to be paid each financial year to each director (within the limit set by the shareholders at the General Meeting of Shareholders and consistently with the applicable Policy) based on the positions held within the Board, their membership on Committees, and the duties and responsibilities assigned to each director, as well as the dedication thereof, except for remuneration consisting of the delivery of shares or options thereon or remunerative rights linked to the value thereof.

Structure of the remuneration of directors in their capacity as such:

- a) Annual fixed allocation due to membership on and position within the Board of Directors and the committees.
- b) Attendance fees for each of the meetings of the Board of Directors and of the committees that they actually attend. By way of exception, the CEO does not receive attendance fees.

Structure of remuneration for the performance of executive duties:

Currently, the only members of the Board of Directors who perform executive duties are the CEO and the legal counsel/secretary (member) of the Board of Directors (who also acts as secretary (non-member) of the Appointments and Remuneration Committee).

The remuneration of the executive directors is established in the contracts signed between the executive directors and the Company, approved by the Board of Directors, and contemplates fixed remuneration for the performance of executive duties.

Only in the case of the CEO, it also contemplates variable remuneration linked to the achievement of specific and quantifiable objectives that are aligned with the corporate interest. Variable remuneration can be: (i) annual; and (ii) medium or long term. The components are further described in section A4.

Relative significance of the variable remuneration of the CEO (*remunerative mix*): annual variable remuneration is based on the fixed remuneration of the CEO for the financial year, and can reach 100% of the CEO's fixed remuneration if all objectives are met and 130% in the case of extraordinary performance and outperformance of the objectives. Therefore, as explained in detail in section A4, the combination of annual variable remuneration and medium- or long-term remuneration (based on the personal performance of the CEO and the level of achievement of the objectives established for the accrual thereof) could be more significant than the fixed components of remuneration.

Other benefits

The Company pays the premiums under policies purchased from insurance companies to cover death and disability, as well as the premium for the group civil liability insurance for holding the position of directors, senior managers and employees. The Policy does not provide for recurring contributions to benefits systems like pension plans or other plans for the non-executive directors. The CEO is the beneficiary of health insurance, a company vehicle and contributions for pension supplements through group life insurance, as described in section A.5.

During the financial year ended 30 September 2018, there were no significant changes in the Director Remuneration Policy compared to the one applied during the preceding financial year.

- A.2 Information regarding preparatory work and the decision-making process followed to determine the remuneration policy, and any role played by the remuneration committee and other control bodies in the configuration of the remuneration policy. This information shall include, if appropriate, the mandate given to the remuneration committee, the composition thereof and the identity of external advisers whose services have been used to determine the remuneration policy. There shall also be a statement of the nature of any directors who have participated in the determination of the remuneration policy.

Explain the process for determining the remuneration policy

In accordance with the framework established by law, the By-Laws and the resolutions adopted by the shareholders at the General Meeting of Shareholders, the Board of Directors is responsible for formulating the remuneration policy of Siemens Gamesa, which shall include all fixed components, variable components (with an indication of both the basic parameters and the assumptions or objectives used for the calculation thereof as well as the standards for evaluation), the main characteristics of the benefits systems, and the principal conditions to be observed in the contracts of the executive directors.

The Appointments and Remuneration Committee is responsible for proposing the director remuneration policy to the Board of Directors and reporting on the proposal of the CEO regarding the structure of remuneration for the Company's top management and submitting it to the Board of Directors.

In particular, the Committee proposes the system and amount of annual director remuneration, as well as the individual remuneration and other basic terms of the contracts of the executive directors. It also proposes the *Annual Director Remuneration Report* for approval by the Board of Directors and subsequent submission to a consultative vote of the shareholders at the General Meeting of Shareholders.

As at 30 September 2018, the Appointments and Remuneration Committee is made up of five non-executive directors as listed below and identified by their respective classification:

- Chair: Mr Andoni Cendoya Aranzamendi (independent director).
- Members:
 - o Ms Mariel von Schumann (proprietary director).
 - o Ms Swantje Conrad (independent director)
 - o Mr Klaus Rosenfeld (independent director)
 - o Ms Sonsoles Rubio Reinoso (proprietary director).

The non-member secretary of the Appointments and Remuneration Committee is Mr Carlos Rodríguez-Quiroga Menéndez.

The law firm Uría Menéndez Abogados S.L.P. provided external advice on the definition of the "Director Remuneration Policy" approved at the General Meeting of Shareholders 2017. The consultant Willis Towers Watson and the law firm Garrigues provided external advice in application of the remuneration policy during financial year 2018.

- A.3 State the amount and nature of the fixed components, with a breakdown, if applicable, of remuneration for the performance by the executive directors of the duties of senior management, of additional remuneration as chair or member of a committee of the board, of attendance fees for participation on the board and the committees thereof, or other fixed remuneration as director, and an estimate of the annual fixed remuneration to which they give rise. Identify other benefits that are not paid in cash and the basic parameters upon which such benefits are provided.

Explain the fixed components of remuneration

Remuneration of directors in their capacity as such

The remuneration to which Directors are entitled in their capacity as such is structured, within the legal and by-law framework, in accordance with the following standards and remunerative items, within the maximum limit of three (3) million euro approved by the shareholders at the General Meeting of Shareholders held on May 8, 2015, pursuant to the provisions of article 45 of the By-Laws. This limit is in any case a maximum, with the Board being responsible for proposing the distribution of the amount thereof among the various items and Directors in the form, at the time and in the proportion that it freely determines.

Pursuant to article 29.7 of the Regulations of the Board, the executive directors are excluded from said maximum limit.

For financial year 2019, the remuneration is made up of the following elements, based on the position held:

- Chair: 250,000 euros
- Vice Chair: 150,000 euros (none currently existing).
- Non-executive Directors: 80,000 euros.
- Lead Independent Director: 20,000 additional euros (none currently existing).
- Chair of the Audit, Compliance and Related Party Transactions Committee: 80,000 additional euros
- Chair of other committees: 60,000 additional euros
- Directors who are members of the Audit, Compliance and Related Party Transactions Committee: 60,000 additional euros.
- Directors who are members of other committees (currently only the Appointments and Remuneration Committee): 40,000 additional euros per committee.

Regarding the aforementioned elements it shall be pointed out that the only amounts modified for financial year 2019, in comparison to financial year 2018, are the ones corresponding to the Chair and to the members of the Audit, Compliance and Related Party Transactions Committee, whose respective remuneration has been increased in the amount of 20,000 euros regarding the special dedication that Committee entails.

The amounts are accrued proportionally to the time the position is held.

Three proprietary directors of Siemens Gamesa, who hold positions on the Board of Directors of SIEMENS AG, have waived the receipt of the amounts indicated above.

Remuneration of directors for the performance of executive duties

The Executive Directors received an annual fixed remuneration, paid monthly, for the performance of executive duties. The amount of the fixed remuneration of the executive directors in their capacity as such is established by the Board of Directors, upon a proposal of the Appointments and Remuneration Committee, in a manner consistent with the level of responsibility within the organisation, trying to be competitive with other entities that are comparable in market and size, thus favouring the retention of key professionals and taking into account the circumstances of each financial year of the Company. The annual fixed remuneration is revisited annually.

The Board has currently executive directors, the CEO and the legal counsel, member and secretary of the Board of Directors and non-member secretary of the Appointments and Remuneration Committee.

The annual fixed remuneration of the CEO during financial year 2018 has been maintained on the same terms approved in his appointment on May 2017, and remains unchanged for financial year 2019 at 700,000 euros. In addition, for the performance of executive duties, the Company pays him the social security contributions (11,816 euros in financial year 2018) and during financial year 2018 he has received as benefits the allocation of a vehicle, the rental of a home, the payment of medical insurance and group civil liability insurance premiums (total of 42,100 euros attributed in financial year 2018).

The remuneration of the legal counsel, secretary of the Board of Directors and non-member secretary of the Appointments and Remunerations Committee during financial year 2018 has remained unchanged and will remain the same for financial year 2019 as indicated below:

- For duties as secretary/legal counsel to the Board of Directors: 250,000 euros.

- For duties as secretary of committees (currently only the Appointments and Remuneration Committee): 50,000 additional euros per committee.

Attendance fees

It is provided that the members of the Board (save the CEO) receive attendance fees for each of the meetings of the Board of Directors and of the committees that they actually attend, regardless of the number of meetings held, but subject to the maximum limit referred above.

The attendance fees amounts per meeting remain unchanged for financial year 2019, with regard to the previous financial year, as indicated below:

- Chairs of the committees: 3,800 euros.
- Chair and members of the Board of Directors and members of the committees: 2,000 euros.

All of the above amounts are established for the personal on-site presence of the director. In the case of attendance by video-conference or other remote means of communication, the corresponding attendance fee would be 50% of the above amounts. If a proxy is granted, the right to the attendance fee does not accrue.

Other benefits

As fixed components of their remuneration, the directors in their capacity as such are entitled to insurance coverage for death and disability and for civil liability arising from their position.

A.4 Explain the amount, nature and main features of the variable components of the remuneration systems.

In particular:

- Identify each of the remuneration plans of which the directors are beneficiaries, including the scope, date of approval, date of implementation, date of effectiveness and main features thereof. In the case of share option plans and other financial instruments, the general features of the plan shall include information on the conditions for the exercise of such options or financial instruments for each plan.
- State any remuneration received under profit-sharing or bonus schemes, and the reason for the accrual thereof.
- Explain the fundamental parameters and rationale for any annual bonus plan.
- The classes of directors (executive directors, external proprietary directors, external independent directors or other external directors) that are beneficiaries of remuneration systems or plans that include variable remuneration.
- The rationale for such remuneration systems or plans, the chosen standards for evaluating performance, and the components and methods of evaluation to determine whether or not such evaluation standards have been met, as well as an estimate of the absolute

amount of variable remuneration to which the current remuneration plan would give rise, based on the level of compliance with the assumptions or goals used as a benchmark.

- If applicable, information shall be provided regarding any payment deferral periods that have been established and/or the periods for retaining shares or other financial instruments.

Explain the variable components of the remuneration systems

The CEO is the only director who is the beneficiary of a variable component in his remuneration, which is linked to the achievement of specific and quantifiable objectives that are aligned with the corporate interest.

The Board of Directors, upon a proposal of the Appointments and Remuneration Committee, is responsible for setting these objectives for each financial year and for the assessment of the achievement level once it ends.

Variable remuneration includes annual variable remuneration and medium- and long-term variable remuneration.

(i) Annual variable remuneration:

This is a percentage of fixed remuneration calculated based on pre-established criteria and is based on 100% of such fixed remuneration being reached for 100% achievement of all objectives and 130% in the case of extraordinary performance and outperformance of the objectives. The annual variable amount is paid entirely in cash.

Criteria for the accrual thereof: Linked to the performance of the CEO and to the results of the Company.

The terms of the annual variable remuneration system applicable to the CEO, including the structure, maximum remuneration levels, established objectives and weight of each of them are revisited annually for each financial year by the Appointments and Remuneration Committee based on the strategy of the company and the needs and status of the business and submitted to the Board of Directors for its approval. Thus, in 2017 the Board of Directors, upon a proposal of the Appointments and Remuneration Committee, selected four group objectives for financial year 2018: 30% of the objectives are linked to EBIT pre-PPA, 30% to Free Cash Flow after interest and taxes, another 30% to order intake and 10% to sustainability (as further described in more detail in section D.2). The target annual variable of the CEO is 100% of his fixed remuneration, which would be reached upon achieving 100% of the pre-established objectives. The level of achievement of the 2018 annual variable remuneration is stated in section D.2.

The level of achievement is determined based on indicators for achievement of the business and financial objectives of the Company and of the group of companies of which Siemens Gamesa is the controlling company, within the meaning established by law (the “**Group**”).

The Board of Directors, upon a proposal of the Appointments and Remuneration Committee, is responsible for evaluating the level of achievement of the objectives to which the variable remuneration is linked, after validation thereof by the Internal Audit function.

(ii) Medium- and long-term variable remuneration linked to strategic objectives:

The Company also holds incentive schemes linked to achievement of medium- or long-term strategic objectives in order to retain the CEO and incentivise his motivation, thus maximising the value of Siemens Gamesa on a sustained basis over time.

The shareholders acting at the General Meeting of Shareholders held on 23 March 2018 approved a Long-Term Incentive Plan for the 2018-2020 period, which is mainly intended to align the interests of the beneficiaries with the interests of the Company's shareholders and to offer an incentive to them for achievement of the strategic objectives of the Company for the 2018-2020 period. The general characteristics of the plan are as follows:

- Beneficiaries: includes the CEO, Top Management, certain Senior Managers and employees of the Siemens Gamesa Group, directed towards a maximum of 300 beneficiaries. In accordance with Company policy, no other member of the Board of Directors is a beneficiary of the Plan.
- Duration, dates and terms: the Plan has a term of five (5) years, divided into three (3) independent cycles ("Cycles"), with a measurement period of three (3) years for each Cycle (in which the level of achievement of the requirements and objectives established for the delivery of the Shares will be determined):
 - FY2018 Cycle: from 1 October 2017 to 30 September 2020.
 - FY2019 Cycle: from 1 October 2018 to 30 September 2021.
 - FY2020 Cycle: from 1 October 2019 to 30 September 2022.

The payment period for the Plan covers financial years 2021, 2022 and 2023.

Shares will be delivered, if at all, within sixty (60) calendar days from the date on which the Company's Board formulates the annual accounts for the financial year in order to determine the level of achievement of the objectives for each Cycle ("Delivery Date"). The Plan will end on the Delivery Date for the FY2020 Cycle (i.e. after the formulation of the accounts for financial year 2022).

- Permanence requirement. A general requirement for collecting the incentive is the maintenance of an active employment relationship with the Siemens Gamesa Group on the respective Delivery Dates for each cycle, without prejudice to the Plan's Regulations governing specific cases of partial interruptions in the provision of services and terminations of employment relationships for "good leavers".
- Allocation of Stock Awards: For each Cycle of the Plan, the Company will allocate a certain amount to each Beneficiary to serve as the basis for granting a certain number of Stock Awards (the "Stock Awards") that will serve as a reference to determine the final number of Shares to be delivered to each beneficiary based on the level of achievement of the objectives established for each Cycle of the Plan. The number of Stock Awards granted to the CEO for the FY2018 Cycle (from 1 October 2017 to 30 September 2020) is 56,180. This figure only reflects the number of shares that could potentially be delivered to the CEO during this cycle (actually delivered at the end of year 2020), but does not in any way mean that all or part of them will be delivered. The number of shares (if any) ultimately delivered will be calculated based on the level of actual achievement of the objectives to which the delivery is subject.

- Objectives:
 - Earnings per Share (“EPS”) Ratio, with a weighting of 45 per cent.
 - Relative Total Shareholder Return (“TSR”) Ratio, with a weighting of 45 per cent. The TSR of Siemens Gamesa will be compared to the performance of a group of competitors (the “Comparison Group”).
 - CSR Ratio, with a weighting of 10 per cent. The CSR Ratio is linked to the maintenance of the Company’s presence on the FTSE4Good Index, Dow Jones Sustainability Index and Ethibel Sustainability Index.
- Maximum amount: the CEO may receive a maximum annual allocation of 82,000 Shares during each of the effective years of the Plan, but in no case may the value of the Shares allocated each year on the date of allocation exceed 100 per cent of his fixed remuneration on such date.
- Claw-back and *malus* clauses: The Plan includes the relevant *malus* clauses, which shall be applicable both during the term of each of the Plan’s Cycles and during the period of time from the end of each Cycle until the actual delivery of the Shares, and claw-back clause, which shall be applicable for three years after the end of each cycle of the Plan; these clauses could cause a reduction in or return of the Shares to be delivered under certain circumstances, as established by the Board of Directors from time to time.
- Holding rules: The Beneficiaries shall keep fifty percent (50%) of the Net Shares effectively received pursuant to each Plan Cycle, until reaching, while providing services to the Group, a number of Shares equivalent to:
 - In the case of the CEO, two (2) times his fixed annual compensation.
 - In the case of top management, one (1) time their fixed annual compensation.
 - In the case of the other Beneficiaries, the number of Stock Awards assigned in the last Plan Cycle in which they participate.

Furthermore, based on his prior relationship with the Siemens group, and therefore at no cost to Siemens Gamesa (SIEMENS AG is responsible for these items), the CEO is entitled to rights to shares in SIEMENS AG, which he will receive annually until financial year 2020, and during this financial year 2018 he has received the last payment of a supplementary incentive in the amount of 283,770 euros, to which he became entitled prior to the merger.

A.5 Explain the main features of the long-term saving systems, including retirement and any other survival benefit, either wholly or partially financed by the company, and whether funded internally or externally, with an estimate of the equivalent annual amount or cost thereof, stating the type of plan, whether it is a defined-contribution or defined benefit plan, the conditions for the vesting of economic rights in favour of the directors, and the compatibility thereof with any kind of severance payment for early termination or cancellation of the contractual relationship between the company and the director.

Also state the contributions on the director’s behalf to defined-contribution pension plans; or any increase in the director’s vested rights, in the case of contributions to defined-benefit plans.

Explain the long-term savings systems

The Director Remuneration Policy provides that the executive directors may be the beneficiaries of contributions to benefits systems with respect to Social Security, pensions or payments of life insurance and capitalisation premiums, as well as medical insurance coverage.

The CEO is entitled to receive contributions for pension supplements through group life insurance, which amounted to 166,500 euros in financial year 2018. This amount represents 23.7% of his fixed annual remuneration during financial year 2018, being this amount at the low market range for this position, according to the review requested for such purpose to Willis Towers Watson.

- A.6 State any severance payments agreed to or paid in case of termination of duties as a director.

Explain the severance payments

The Company's rules do not provide for any severance payments to the directors in the event of termination of their duties as such.

- A.7 State the terms and conditions that must be included in the contracts of executive directors performing senior management duties. Include information regarding, among other things, the term, limits on severance payment amounts, continuance in office clauses, prior notice periods and payment in lieu of prior notice, and any other clauses relating to hiring bonuses, as well as benefits or golden parachutes due to early termination or cancellation of the contractual relationship between the company and the executive director. Include, among other things, any clauses or agreements on non-competition, exclusivity, continuance in office or loyalty, and post-contractual non-competition.

Explain the terms of the contracts of the executive directors

Pursuant to law and the internal rules of the Company, the Board of Directors, upon a proposal of the Appointments and Remuneration Committee, is responsible for approving the main terms of the contract of the Company's CEO, as well as those of the other executive directors (including any compensation or severance payments for termination) for the performance of their executive duties.

1.-General terms of the contract of the CEO:

Applicable legal provisions

The legal provisions applicable to the contract of the CEO are those relating to commercial services agreements, and particularly section 249.3 of the Corporate Enterprises Act.

Term and severance payments for termination of the contract

The contract has an indefinite term.

Severance payments or financial compensation are provided in the amount of up to one year of fixed remuneration for termination of the relationship with the Company, provided that such termination does not occur exclusively due to the voluntary decision of the CEO or as a result of a breach of his duties.

Compliance with the Corporate Governance Rules of Siemens Gamesa

The contract contains the obligation to strictly comply with the Company's Corporate Governance Rules, to the extent applicable thereto.

Exclusivity, continuance, post-contractual competition and prior notice

The contract provides for exclusivity in the professional relationship and the evaluation of exceptions on a case-by-case basis.

It also provides for a post-contractual non-competition obligation for a term of 1 year, which is remunerated with the payment of one year of his fixed remuneration payable 50% upon termination and the other 50% after the passage of 6 months from termination.

In case of voluntary termination of the contract, the party desiring to terminate the contractual relationship must notify the other at least three months in advance of the date on which the termination is to be effective.

In case of a breach of the duty to provide prior notice, the breaching party must indemnify the other in an amount corresponding to the annual fixed remuneration of the CEO approved for the financial year in question, pro-rated based on the period of the breach.

Confidentiality

The CEO must observe the duty of confidentiality both during the term of the contract and after the termination thereof.

2.- General terms of the contracts of the secretary/legal counsel to the Board of Directors:

He has signed various professional services agreements as secretary/legal counsel to the Board of Directors and as secretary of the Appointments and Remuneration Committee. The characteristics of these contracts are as follows:

- Indefinite term.
- There are no clauses regarding exclusivity, permanence, post-contractual non-competition or prior notice for termination.
- Nor is there any severance payment for termination of the contracts.
- The duty of confidentiality must be observed both during the term of the contract and after the termination thereof.

- A.8 Explain any supplementary remuneration accrued by the directors in consideration for services provided other than those inherent in their position.

Explain the supplementary remuneration
The directors of Siemens Gamesa have not accrued any supplementary remuneration, except for the CEO who, based on his prior relationship with the Siemens group, and therefore at no cost to Siemens Gamesa (SIEMENS AG is responsible for these items), is entitled to rights to shares in SIEMENS AG, which he will receive annually until financial year 2020, and during this financial year 2018 he has received the last payment of a supplementary incentive in the amount of 283,770 euros, to which he became entitled prior to the merger.

- A.9 State any remuneration in the form of advances, loans or guarantees provided, with an indication of the interest rate, main features and amounts ultimately returned, as well as the obligations assumed on their behalf as a guarantee.

Explain the advances, loans and guarantees provided
The directors of Siemens Gamesa have not accrued any remuneration for this item.

- A.10 Explain the main features of remuneration in kind.

Explain the remuneration in kind
The only remuneration in kind for the group comprising the members of the Board of Directors corresponds to the amount of the premiums paid to cover death and disability benefits and for the group civil liability insurance purchased in favour of the directors for the performance of their duties.
Remuneration in kind for the CEO includes: (i) the right to use a vehicle; (ii) the rental of a home (for an initial period until 31 August 2018); and (iii) coverage for health and accident contingencies through the acquisition by the Company of the corresponding insurance.

- A.11 State the remuneration accrued by the director by virtue of payments made by the listed company to a third party to which the director provides services, if such payments are intended to provide remuneration for the services thereof in the company.

State the remuneration accrued by the director by virtue of payments made by the listed company to a third party to which the director provides services
The directors of Siemens Gamesa have not accrued any remuneration for this item.

A.12 Any item of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it is deemed to be a related-party transaction or when the making thereof detracts from a true and fair view of the total remuneration accrued by the director.

Explain the other items of remuneration
Siemens Gamesa does not pay any other items of remuneration to the directors.

A.13 Explain the actions taken by the company regarding the remuneration system in order to reduce exposure to excessive risk and align it with the long-term goals, values and interests of the company, including any reference to: measures provided to ensure that the remuneration policy takes into account the long-term results of the company, measures establishing an appropriate balance between the fixed and variable components of remuneration, measures adopted with respect to those categories of personnel whose professional activities have a significant impact on the entity's risk profile, recovery formulas or clauses giving the right to demand the return of the variable components of remuneration based on results if such components have been paid based on data that is later clearly shown to be inaccurate, and measures provided to avoid any conflicts of interest.

Explain actions taken to reduce risks
<p>The remuneration policy of Siemens Gamesa is designed taking into account the long-term strategy and results of the company:</p> <ul style="list-style-type: none"> - Total compensation of the CEO and of Top Management is made up of different items of remuneration that mainly consist of: (i) fixed remuneration, (ii) variable short-term remuneration, and (iii) medium- and long-term remuneration. - The medium- and long-term remuneration plans are recorded on a multi-annual framework to ensure that the process of evaluation is based on long-term results and takes into account the underlying economic cycle of the company. This remuneration is granted and paid in the form of shares based on the creation of value, such that the interests of the Senior Managers are aligned with those of the shareholders. They are also overlapping cycles that generally link together on a continuing basis, maintaining a permanent focus on the long-term concept in all decisions. <p>The accrual of the annual and multi-annual variable remuneration of the CEO is linked to his performance and mainly based on operating results and financial and corporate social responsibility indicators.</p> <p>Annual objectives are established based on a combination of business and financial targets linked to the global performance of the company (EBIT Pre-PPA, Free Cash Flow, order intake and corporate social responsibility). Multi-annual objectives are set based on strategic targets deriving from the Company's Business Plan and any others that are specifically approved (Earnings per Share Ratio, Total Shareholder Return Ratio and Corporate Social Responsibility Ratio).</p>

The Board of Directors, upon a proposal of the Appointments and Remuneration Committee, is responsible for establishing the level of achievement of the objectives set for annual variable remuneration. In turn, the Appointments and Remuneration Committee bases its proposal on the consolidated results reflected in the annual accounts audited by the external auditor, as well as on the report of the Company's Internal Audit Area, which functionally reports to the Audit, Compliance and Related Party Transactions Committee.

It should be noted that multi-annual variable remuneration is related to the performance of the CEO and of the Company itself over a measurement period that is normally three years, and is not paid until the Board of Directors performs the corresponding verification of the level of achievement of the objectives of the Business Plan, after a report from the Appointments and Remuneration Committee. Any payment thereof is also deferred over three financial years, and a general requirement for collecting the incentive is the maintenance of an active relationship with the Siemens Gamesa Group on the respective Delivery Dates for each cycle, without prejudice to the Plan's Regulations governing specific cases of partial interruptions in the provision of services and terminations of employment relationships for "good leavers".

The Long-Term Incentive Plan approved by the shareholders at the General Meeting of Shareholders held on 23 March 2018 includes the CEO as a beneficiary. Said Plan has a term of five years, divided into three independent cycles with a measurement period of three years each. Shares will be delivered within a period of sixty calendar days from the date on which the Board of Directors formulates the annual accounts for the financial year in order to determine the level of achievement of the objectives for each cycle. The terms also include claw-back and *malus* clauses and rules for the holding of net shares actually received under each cycle of the Plan.

Finally, the external advice of Willis Towers Watson was received during financial year 2018 in relation to the measures establishing an appropriate balance between the fixed and variable components of remuneration.

B REMUNERATION POLICY FOR FUTURE YEARS (section deleted)

C OVERALL SUMMARY OF THE APPLICATION OF THE REMUNERATION POLICY DURING THE YEAR JUST ENDED

C.1 Summarise the main features of the structure and items of remuneration from the remuneration policy applied during the financial year just ended, which give rise to the breakdown of individual remuneration accrued by each of the directors as reflected in section D of this report, and provide a summary of the decisions made by the board to apply such items.

Explain the structure and items of remuneration from the remuneration policy applied during the year

The structure and items of remuneration from the remuneration policy applied during financial year 2018 are described and do not differ from the provisions of section A of this report.
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D BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH OF THE DIRECTORS

D.1 Complete the following tables regarding the itemised remuneration of each of the directors (including remuneration for the performance of executive duties) accrued during the financial year.

a) Accrued remuneration at the company covered by this report:

i) Cash remuneration (thousands of €)

Name / Class / Accrual Period - year t	Salary	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to committees of the board	Severance payments	Other items	Total year t	Total year t-1
Rosa María García García	0	250	31	0	0	0	0	6	287	116
Markus Tacke	996	0	0	349	0	0	0	43	1,388	342
Carlos Rodríguez-Quiroga Menéndez	304	80	32	0	0	0	0	8	424	371
Lisa Davis	0	0	0	0	0	0	0	0	0	0
Mariel von Schumann	0	80	20	0	0	18	0	5	123	53
Ralf Thomas	0	0	0	0	0	0	0	0	0	0
Michael Sen	0	0	0	0	0	0	0	0	0	0
Sonsoles Rubio Reinoso	0	80	46	0	0	40	0	6	172	130
Swantje Conrad	0	80	65	0	0	80	0	6	231	113
Gloria Hernández García	0	80	96	0	0	60	0	7	243	197
Klaus Rosenfeld	0	80	21	0	0	40	0	6	147	75
Andoni Cendoya Aranzamendi	0	80	56	0	0	60	0	8	204	177
Alberto Alonso Ureba	0	76	56	0	0	38	0	7	177	0

ii) Share-based remuneration systems

Name / Class / Accrual Period - year t	Name of Plan and date of implementation	Ownership of options at beginning of year t				Options allocated during year t					Shares delivered in year t
		No. of options	No. of shares affected	Exercise price (€)	Exercise period	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Conditions for exercise	No. Price Amount
Director 1											

Name / Class / Accrual Period - year t	Name of Plan and date of implementation	Options exercised in year t				Options expired and not exercised	Options at end of year t				
		No. of options	No. of shares affected	Exercise price (€)	Gross profit (€)	No. of options	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Other requirements for exercise
Director 1											

iii) Long-term savings systems

Name / Class / Overall Accrual Period in Years	Contribution for the year by the company (€ thousands)		Amount of accumulated funds (€ thousands)	
	Year t	Year t-1	Year t	Year t-1
Markus Tacke	167	0	167	0

iv) Other benefits (thousands of €)

Remuneration in the form of advances, credits granted			
Name / Class	Type of interest in the transaction	Essential nature of the transaction	Amounts potentially returned
Director 1			
Director 2			

Name / Class	Life insurance premiums		Guarantees created by the company in favour of the directors	
	Year t	Year t-1	Year t	Year t-1
Rosa María García García	2	0		
Markus Tacke	1	0		
Carlos Rodríguez-Quiroga Menéndez	4	3		
Lisa Davis	0	0		
Mariel von Schumann	1	1		
Ralf Thomas	0	0		
Michael Sen	0	0		
Sonsoles Rubio Reinoso	1	1		

Swantje Conrad	2	0	
Gloria Hernández García	3	2	
Klaus Rosenfeld	2	1	
Andoni Cendoya Aranzamendi	4	3	
Alberto Alonso Ureba	3	0	

b) Remuneration accrued by directors of the company for belonging to boards at other companies of the group:

i) Cash remuneration (thousands of €)

Name / Class / Accrual Period - year t	Salary	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to committees of the board	Severance payments	Other items	Total year t	Total year t-1
Director 1										
Director 2										

ii) Share-based remuneration systems

Name / Class / Accrual Period - year t	Ownership of options at beginning of year t				Options allocated during year t					Shares delivered in year t	
	No. of options	No. of shares affected	Exercise price (€)	Exercise period	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Conditions for exercise	No.	Price Amount
Director 1											

Name / Class / Accrual Period - year t	Options exercised in year t				Options expired and not exercised	Options at end of year t				
	No. of options	No. of shares affected	Listing price (€)	Gross profit (€)	No. of options	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Other requirements for exercise
Director 1										

iii) Long-term savings systems

Name / Class / Overall Accrual Period in Years	Contribution for the year by the company (€ thousands)		Amount of accumulated funds (€ thousands)	
	Year t	Year t-1	Year t	Year t-1
Director 1				

iv) Other benefits (thousands of €)

	Remuneration in the form of advances, credits granted		
Name / Class	Type of interest in the transaction	Essential nature of the transaction	Amounts potentially returned
Director 1			
Director 2			

Name / Class	Life insurance premiums		Guarantees created by the company in favour of the directors	
	Year t	Year t-1	Year t	Year t-1
Director 1				
Director 2				

c) Summary of remuneration (thousands of €):

The summary must include the amounts for all items of remuneration included in this report that have been accrued by the director, in thousands of euros.

In the case of long-term saving systems, include contributions or funding for these types of systems:

Name / Class	Accrued remuneration at the Company				Accrued remuneration at companies of the group				Totals		
	Total cash remuneration	Amount of shares granted	Gross profit on options exercised	Total year t company	Total cash remuneration	Amount of shares delivered	Gross profit on options exercised	Total year t group	Total year t	Total year t-1	Contribution to savings systems during the year
Rosa María García García	287	0	0	287	0	0	0	0	287	116	0
Markus Tacke	1,388	0	0	1,388	0	0	0	0	1,388	342	167
Carlos Rodríguez-Quiroga Menéndez	424	0	0	424	0	0	0	0	424	371	0
Lisa Davis	0	0	0	0	0	0	0	0	0	0	0
Mariel von Schumann	123	0	0	123	0	0	0	0	123	53	0
Ralf Thomas	0	0	0	0	0	0	0	0	0	0	0
Michael Sen	0	0	0	0	0	0	0	0	0	0	0
Sonsoles Rubio Reinoso	172	0	0	172	0	0	0	0	172	130	0
Swantje Conrad	231	0	0	231	0	0	0	0	231	113	0
Gloria Hernández García	243	0	0	243	0	0	0	0	243	197	0
Klaus Rosenfeld	147	0	0	147	0	0	0	0	147	75	0
Andoni Cendoya Aranzamendi	204	0	0	204	0	0	0	0	204	177	0
Alberto Alonso Ureba	177	0	0	177	0	0	0	0	177	0	0
Total:	3,396	0	0	3,396	0	0	0	0	3,396	1,574	167

D.2 Report the relationship between remuneration obtained by the directors and the results or other indicators of the entity's performance, explaining how any changes in the company's performance may have influenced changes in the remuneration of the directors.

Although the By-Laws of Siemens Gamesa allow for the establishment of variable remuneration systems for the directors, only the CEO is currently entitled to variable remuneration, in order to strengthen his commitment to the Company and incentivise the improved performance of his duties.

SHORT-TERM VARIABLE REMUNERATION

During financial year 2018 and pursuant to the Director Remuneration Policy, the annual variable remuneration of the current CEO is linked to specific economic/financial and operational objectives that permit the performance of the company to be evaluated.

In 2017 the Board of Directors, upon a proposal of the Appointments and Remuneration Committee, selected four group objectives for financial year 2018: 30% of the objectives are linked to EBIT pre-PPA set at 694 million Euros, 30% to Free Cash Flow after interest and taxes set at 367 million Euros, another 30% to order intake set at 11,240 MW and 10% to sustainability with the objective to achieve the average score over the last four years (76).

After evaluating the level of achievement of the foregoing objectives, the Board of Directors, upon a proposal of the Appointments and Remuneration Committee, has approved an overall level of achievement of the objectives of the CEO during financial year 2018 of 49.80%, with the CEO receiving the amount of 348,600 euros.

- Metric (EBIT pre-PPA); Relative weight (30%). Level of achievement of objective: 0%
- Metric (Free Cash Flows after interest and taxes); Relative weight (30%). Level of achievement of objective: 0%.
- Metric (Order Intake); Relative weight (30%). Level of achievement of objective: 130%, reaching a weighting of 39% due to outperformance.
- Metric (Corporate Social Responsibility); Relative weight (10%). Level of achievement of objective: 107.50%, reaching a weighting of 10.80% due to outperformance.

LONG-TERM VARIABLE REMUNERATION - Long-term Incentive Plan for the financial years 2018 to 2020.

No share linked to the Long-Term Incentive Plan of Siemens Gamesa has yet been delivered to the CEO, as the measurement period for FY2018 Cycle will not finish till September 30, 2020. The number of Stock Awards granted to the CEO for the FY2018 Cycle (from 1 October 2017 to 30 September 2020) is 56,180 As already stated in section A.4, this figure only reflects the number of shares that could potentially be delivered to the CEO during this cycle, but does not in any way mean that all or part of them will be delivered. The number of shares (if any) ultimately delivered will be calculated based on the level of actual achievement of the objectives to which the delivery is subject.

D.3 Report the results of the consultative vote of the shareholders on the annual remuneration report for the preceding financial year, indicating the number of votes against, if any:

	Number	% of total
Votes cast	552,805,561	81.16%

	Number	% of cast votes
Votes against	17,103,623	3.09
Votes in favour	531,690,360	96.18
Abstentions	4,011,578	0.73

E OTHER INFORMATION OF INTEREST

If there are any significant aspects regarding director remuneration that could not be included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the remuneration structure and practices of the company with respect to its directors, briefly describe them.

D.1.a). i)

As a supplement to the information supplied in section D.1.a).i), it is stated that the column entitled "Other items" includes: (i) the allocation of group insurance premiums for civil liability insurance for Directors and Officers ("D&O Insurance") in the amount of 41,817 euros, (ii) the amount of premiums for life insurance obtained by the Company for the benefit of the directors, with a total cost of 23,020 euros, and (iii) the remuneration in kind of the CEO in the total amount of 37,895 euros.

Likewise, as a supplement to the information supplied in section D.1.a).i) it is stated that the amount assigned to the CEO, Mr. Markus Tacke, in column entitled "Salary" includes (i) his annual fixed remuneration (700,000 euro), (ii) the last payment of a supplementary incentive amounting 283,770 euro which was recognised before the merger, derived from his previous relationship with Siemens group, and therefore, with no cost for Siemens Gamesa (SIEMENS AG assumes these costs), and (iii) the amount corresponding to social security (11,816 euro).

This annual remuneration report was approved by the Company's Board of Directors at its meeting of 23 November 2018.

State whether any directors voted against or abstained in connection with the approval of this Report.

Yes

No

Individual or company name of the members of the board of directors who did not vote in favour of the approval of this report	Reasons (opposed, abstained, absent)	Explain the reasons