

Report: Item Thirteen on the Agenda

Report relating to item thirteen on the Agenda of the Shareholders' General Meeting regarding the proposal for the amendment of the Long-Term Incentive Plan for the period from fiscal year 2018 through 2020, addressed to the Chief Executive Officer, Top Management, certain Managers and employees of the Siemens Gamesa Group, prepared by the Board of Directors of **“Siemens Gamesa Renewable Energy, S.A.”**

The Board of Directors of Siemens Gamesa Renewable Energy, S.A. (“**Siemens Gamesa**” or the “**Company**”), at its meeting of February 20, 2019, at the proposal of the Appointments and Remuneration Committee (“**A&R Committee**”), has approved this Report in relation to the proposal for the amendment of the Long-Term Incentive Plan for the period from fiscal year 2018 through 2020, addressed to the Chief Executive Officer, Top Management, certain Managers and employees of the Siemens Gamesa Group, which comprises the award of shares in the Company linked to the achievement of certain objectives (the “**Plan**”) that was approved at the Company’s Shareholders’ Meeting of 2018, included in item thirteen on the Agenda of the Company’s Shareholders’ Meeting to be held in Bilbao (Vizcaya) at 12:00 on March 27, 2019, on first call, or on March 28, 2019, at the same place and time, on second call.

As a result of the review of the remuneration system for the management team of Siemens Gamesa, the Board of Directors, following a favorable report from the Appointments and Remuneration Committee, has considered it advisable to amend certain aspects of the FY2019 and FY2020 Cycles, leaving unchanged the FY2018 Cycle of the Plan, which remains on the same terms as those approved at the 2018 Shareholders’ Meeting.

The purpose of these improvements is to closer align the Plan with the key strategic priorities of the Company, such as the L3AD2020 program. It shall also reconcile with the dynamics of the market in which the Company operates, which makes the comparison foreseen in the Plan with certain peers facing complex challenges as inappropriate and not in line anymore with the strategic objectives of the Company. Finally, the improvements shall eliminate redundancies with the short-term incentive system in place, and shall strengthen the ownership culture within the Company.

Accordingly, the following amendments are made in relation to the FY2019 and FY2020 Cycles of the Plan:

1. Allocation of Stock Awards

In relation to the FY2019 and FY2020 Cycles of the Plan, the Company shall allocate a certain quantity to each Beneficiary (the “**Target Incentive**”) which shall serve as the basis, in turn, to grant a certain number of Stock Awards (the “**Stock Awards**”) which shall serve as a reference to determine the final number of Shares to be delivered to each Beneficiary according to the degree of achievement of the objectives established for each Cycle of the Plan.

The reference value for determining the Stock Awards for the purposes of FY2019 and FY2020 Cycles of Plan shall be the average, rounded to two decimal places, of the closing prices for Siemens Gamesa shares on the Spanish stock exchange (electronic trading platform) in the twenty (20) trading sessions preceding the date of preparation by the Board of Directors of the Company of the financial statements for the fiscal year preceding that of the start of Cycles FY2019 and FY2020, respectively. The abovementioned calculation method to determine the Stock Awards for Cycles FY2019 and FY2020 is maintained in the same terms as those referred to in the resolution of the Shareholders’ Meeting of 2018 that approved the Plan.

2. Metrics

The metrics on which the possibility of receiving Shares under the FY2019 and FY2020 Cycles shall depend, shall be the following:

- Ratio of Total Shareholder Return (“**TSR**”) of Siemens Gamesa compared with the ISE Clean Edge Global Wind Energy index (the “**Index**”). (weighting of 40%)

For these purposes, the TSR, expressed as a percentage, shall be calculated taking into account the final value of an investment in ordinary shares and the initial value of the same investment, both for Siemens Gamesa and for the companies making up the Index. To calculate the final value of the TSR, regard shall be had to the dividends and other similar elements received by the shareholder as a result of that investment during the time period in question, as if they had been invested in more shares of the same type on the first date on which the dividend is paid to the shareholders and at the closing price in the securities market on that date.

The TSR shall be measured by taking the average of the daily closing prices of the Siemens Gamesa Share and the shares of the companies making up the Index in (i) the 20 trading sessions preceding the start of each Cycle and (ii) the 20 trading sessions following that date, as well as the average of the daily closing prices of (i) the 20 trading sessions preceding the end date of each Cycle and (ii) the 20 trading sessions following that date.

- The TSR of Siemens Gamesa compared with the TSR of the company Vestas Wind System A/S (“**Vestas**”). (weighting of 40%)

The TSR shall be measured by taking the average of the daily closing prices of the Siemens Gamesa and Vestas shares in (i) the 20 trading sessions preceding the start of each Cycle and (ii) the 20 trading sessions following that date, as well as the average of the daily closing prices of (i) the 20 trading sessions preceding the end date of each Cycle and (ii) the 20 trading sessions following that date.

- Sustainability. Linked to the ranking achieved by the Company on the Index Dow Jones Sustainability Index (“**DJSI**”).
- Value of the customer satisfaction (Net Promoter Score, “**NPS**”).
- Employee engagement (“**EE**”).

The weightings of the metrics shall be determined, for each Cycle of the Plan, by the Board of Directors, following a favorable report from the Appointments and Remuneration Committee.

The sum of the weighting of Sustainability, NPS and EE shall not exceed, in any case, 20 percent.

In the event that the objectives of the metrics TSR compared with the Index, and TSR compared with Vestas, are overachieved by more than 120 percent of the target objective, the Incentive to be delivered to the Beneficiaries related to these metrics may reach 200 percent of the target Incentive assigned to each Beneficiary. In case that the achievement of the objective of TSR compared with the Index is below 80 percent, no Incentive shall be delivered related to this metric. In the same way, in case the objective of TSR compared with Vestas is not reached in, at least, 90 percent, no incentive shall be paid related to this metric.

In relation to non-financial metrics, the Board of Directors will determine the level at which the Incentive related to these metrics can reach 200 percent of the target Incentive, this Incentive being linked to a continuous improvement in the achievement of non-financial objectives. Below a minimum achievement that will be determined by the Board of Directors in relation to these metrics, no Incentive shall be paid related to them.

However, the economic value of the Shares to be received by each Beneficiary of the Plan under each of the Cycles FY2019 and FY2020 may under no circumstances exceed the lesser of the following two amounts: (i) three times the target Incentive assigned to each Beneficiary in each Cycle of the Plan or (ii) the result of multiplying by 1.7 the sum of the fixed remuneration, the annual variable remuneration and the target Incentive assigned in each Cycle of the Plan to each Beneficiary.

Below a minimum degree of achievement of the objectives of the metrics to be determined by the Board of Directors for each Cycle, following a report from the Appointments and Remuneration Committee, and about which the Board of Directors shall duly inform the shareholders in the relevant Annual Report on Remuneration, the Beneficiaries of the Plan shall not be paid any Incentive whatsoever.

3. Limits and origin of the Shares

As a result of the amendments proposed to the Plan and, taking into account that the Plan includes the possibility of delivering, in the event of overachievement of the objectives of the metrics, a maximum number of Shares up to 200 percent of the target Incentive assigned to each Beneficiary for the FY2019 and FY2020 Cycles of the Plan, a request is made to the Shareholders' Meeting, in order to comply with the coverage of the Plan, for a number of Shares in addition to those approved by the 2018 Shareholders' Meeting of 1,960,000 Shares, whereupon the total number of Shares allocated to the Plan would stand at 7,560,000 Shares, which represent 1.1 percent of the share capital of Siemens Gamesa.

For the Chief Executive Officer of the Company, the maximum number of Shares that may be received, in relation to the FY2019 and FY2020 Cycles, amounts to 124,777 Shares for the FY2019 Cycle and 144,200 Shares for the FY2020 Cycle, in the event of the overachievement of the objectives of the metrics.

In any case, the Shares that may be received by the Beneficiaries shall be subject to the maximum limits described in section 2 above, this is, the economic value of the Shares to be received derived from each of Cycles FY2019 and FY2020 may not exceed in any case the lower of the following two amounts: (i) three times the target Incentive assigned to each Beneficiary in each Cycle of the Plan or (ii) the result of multiplying by 1.7 the sum of the fixed remuneration, the annual variable remuneration and the target Incentive assigned in each Cycle of the Plan.

4. Rules for disposal of shares

As from their delivery, the Shares shall confer on the Beneficiaries the economic, voting and other kinds of rights related to the Shares.

The Beneficiaries shall keep the Net Shares effectively received pursuant to the FY2019 and FY2020 Cycles, until reaching, while providing services to the Group, a number of Shares equivalent to:

- In the case of the CEO, two point five (2.5) times his fixed annual remuneration.
- In the case of senior managers, one point five (1.5) times their fixed annual remuneration.
- In the case of the other Beneficiaries, zero point five (0.5) times their fixed annual remuneration.

5. Conclusions of the Board of Directors on the proposal made

In view of the Plan's amendments described and the positive report by the A&R Committee, the Board of Directors considers that the proposed Plan meets the needs of the Company and aligns the interests of the Beneficiaries with those of the shareholders. Thus, it proposes as follows to the Shareholders' Meeting:

Proposed resolution to be submitted for approval, as appropriate, by the Shareholders' Meeting

"Item Thirteen on the Agenda: "Approval, as the case may be, of the amendment of the Long-Term Incentive Plan for the period running from fiscal year 2018 through 2020, which involves the delivery of shares of Siemens Gamesa Renewable Energy, Sociedad Anónima tied to the achievement of certain strategic objectives, addressed to the CEO, Top Management, certain Managers and employees of Siemens Gamesa Renewable Energy, Sociedad Anónima and, as if appropriate, of the subsidiaries."

To approve, in compliance with the provisions of article 219 of the Capital Companies Law and of article 45.5 of the Bylaws, the amendment of the Long-Term Incentive Plan for the period running from 2018 to 2020, addressed to the Chief Executive Officer, Top Management, certain Managers and employees of the Siemens Gamesa Group (the "Beneficiaries") which comprises the award of Shares in the Company (the "Shares") tied to the achievement of certain objectives (the "Plan" or the "Incentive"), included on item Seven on the Agenda of the Shareholders' Meeting of the Company, which was held in Zamudio (Vizcaya), at 12 p.m. on March 23, 2018, on first call.

It is proposed to amend the Plan on the basis of the following terms.

The Plan approved by the Shareholders' Meeting in 2018 contained three (3) independent cycles (the "Cycles") with a measurement period of three (3) years each:

- *Cycle FY2018: from October 1, 2017 to September 30, 2020.*
- *Cycle FY2019: from October 1, 2018 to September 30, 2021.*
- *Cycle FY2020: from October 1, 2019 to September 30, 2022.*

The resolution of the 2018 Shareholders' Meeting established, for each Cycle, certain metrics on which the delivery of the Shares to the Beneficiaries of the Plan depended.

As a result of the review of the remuneration system for the management team of Siemens Gamesa, the Board of Directors, following a favorable report from the Appointments and Remuneration Committee, has considered it advisable to amend certain aspects of the FY2019 and FY2020 Cycles, leaving unchanged the FY2018 Cycle of the Plan, which remains on the same terms as those approved at the 2018 Shareholders' Meeting.

Accordingly, the following amendments are proposed in relation to the FY2019 and FY2020 Cycles of the Plan:

1. Allocation of Stock Awards

In relation to the FY2019 and FY2020 Cycles of the Plan, the Company shall allocate a certain quantity to each Beneficiary (the "Target Incentive") which shall serve as the basis, in turn, to grant a certain number of Stock Awards (the "Stock Awards") which shall serve as a reference to determine the final number of Shares to be delivered to each Beneficiary according to the degree of achievement of the objectives established for each Cycle of the Plan.

The reference value for determining the Stock Awards for the purposes of FY2019 and FY2020 Cycles of Plan shall be the average, rounded to two decimal places, of the closing prices for Siemens Gamesa shares on the Spanish stock exchange (electronic trading platform) in the twenty (20) trading sessions preceding the date of preparation by the Board of Directors of the Company of the financial statements for the fiscal year preceding that of the start of Cycles FY2019 and FY2020, respectively. The abovementioned calculation method to determine the Stock Awards for Cycles FY2019 and FY2020 is maintained in the same terms as those referred to in the resolution of the Shareholders' Meeting of 2018 that approved the Plan.

2. Metrics

The metrics on which the possibility of receiving Shares under the FY2019 and FY2020 Cycles shall depend, shall be the following:

- Ratio of Total Shareholder Return ("**TSR**") of Siemens Gamesa compared with the ISE Clean Edge Global Wind Energy index (the "**Index**").

For these purposes, the TSR, expressed as a percentage, shall be calculated taking into account the final value of an investment in ordinary shares and the initial value of the same investment, both for Siemens Gamesa and for the companies making up the Index. To calculate the final value of the TSR, regard shall be had to the dividends and other similar elements received by the shareholder as a result of that investment during the time period in question, as if they had been invested in more shares of the same type on the first date on which the dividend is paid to the shareholders and at the closing price in the securities market on that date.

The TSR shall be measured by taking the average of the daily closing prices of the Siemens Gamesa Share and the shares of the companies making up the Index in (i) the 20 trading sessions preceding the start of each Cycle and (ii) the 20 trading sessions following that date, as well as the average of the daily closing prices of (i) the 20 trading sessions preceding the end date of each Cycle and (ii) the 20 trading sessions following that date.

- The TSR of Siemens Gamesa compared with the TSR of the company Vestas Wind System A/S ("**Vestas**").

The TSR shall be measured by taking the average of the daily closing prices of the Siemens Gamesa and Vestas shares in (i) the 20 trading sessions preceding the start of each Cycle and (ii) the 20 trading sessions following that date, as well as the average of the daily closing prices of (i) the 20 trading sessions preceding the end date of each Cycle and (ii) the 20 trading sessions following that date.

- Sustainability. Linked to the ranking achieved by the Company on the Index Dow Jones Sustainability Index ("**DJSI**").
- Value of the customer satisfaction (Net Promoter Score, "**NPS**").
- Employee engagement (Employee Engagement, "**EE**").

The weightings of the metrics shall be determined, for each Cycle of the Plan, by the Board of Directors, following a favorable report from the Appointments and Remuneration Committee.

The sum of the weighting of Sustainability, NPS and EE shall not exceed 20 percent under any circumstances.

In the event that the objectives of the metrics TSR compared with the Index, and TSR compared with Vestas, are overachieved by more than 120 percent of the target objective, the Incentive to be delivered to the Beneficiaries related to these metrics may reach 200 percent of the target Incentive assigned to each Beneficiary. In case that the achievement of the objective of TSR compared with the Index is below 80 percent, no Incentive shall be delivered related to this metric. In the same way, in case the objective of TSR compared with Vestas is not reached in, at least, 90 percent, no incentive shall be paid related to this metric.

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However, the economic value of the Shares to be received by each Beneficiary of the Plan under each of the Cycles FY2019 and FY2020 may under no circumstances exceed the lesser of the following two amounts: (i) three times the target Incentive assigned to each Beneficiary in each Cycle of the Plan or (ii) the result of multiplying by 1.7 the sum of the fixed remuneration, the annual variable remuneration and the target Incentive assigned in each Cycle of the Plan to each Beneficiary.

Below a minimum degree of achievement of the objectives of the metrics to be determined by the Board of Directors for each Cycle, following a report from the Appointments and Remuneration Committee, and about which the Board of Directors shall duly inform the shareholders in the relevant Annual Report on Remuneration, the Beneficiaries of the Plan shall not be paid any Incentive whatsoever.

3. Limits and origin of the Shares

As a result of the amendments proposed to the Plan and, taking into account that the Plan includes the possibility of delivering, in the event of overachievement of the objectives of the metrics, a maximum number of Shares up to 200 percent of the target Incentive assigned to each Beneficiary for the FY2019 and FY2020 Cycles of the Plan, a request is made to the Shareholders' Meeting, in order to comply with the coverage of the Plan, for a number of Shares in addition to those approved by the 2018 Shareholders' Meeting of 1,960,000 Shares, whereupon the total number of Shares allocated to the Plan would stand at 7,560,000 Shares, which represent 1.1 percent of the share capital of Siemens Gamesa.

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In any case, the Shares that may be received by the Beneficiaries shall be subject to the maximum limits described in section 2 above, this is, the economic value of the Shares to be received derived from each of Cycles FY2019 and FY2020 may not exceed in any case the lower of the following two amounts: (i) three times the target Incentive assigned to each Beneficiary in each Cycle of the Plan or (ii) the result of multiplying by 1.7 the sum of the fixed remuneration, the annual variable remuneration and the target Incentive assigned in each Cycle of the Plan.

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The Beneficiaries shall keep the Net Shares effectively received pursuant to the FY2019 and FY2020 Cycles, until reaching, while providing services to the Group, a number of Shares equivalent to:

- *In the case of the CEO, two point five (2.5) times his fixed annual remuneration.*
- *In the case of senior managers, one point five (1.5) times their fixed annual remuneration.*
- *In the case of the other Beneficiaries, zero point five (0.5) times their fixed annual remuneration.*

5. Other terms and conditions of the Plan

The other conditions of the Plan, where not amended by this proposed resolution, shall remain on the same terms as those approved by the 2018 Shareholders' Meeting that approved the Plan. In particular, the Incentive that eventually shall be delivered under the Plan will be subject to the corresponding malus and clawback clauses.

6. Administration of the Plan

The implementation, development, formalization and execution of the Plan require authorizing the Company's Board of Directors so that, with express power of delegation in favor of any of its members, of the Committees of the Board of Directors, or of any other person to whom the Board of Directors expressly authorizes for the purpose, it may adopt as many resolutions and sign as many public or private documents as may be necessary or advisable for the fullest effects, including the power to correct, rectify, amend or supplement this resolution and, in particular, and merely for illustration purposes:

- *Designate the Plan Beneficiaries and determine the rights granted to each one of them, and develop and establish the specific conditions for the delivery of the Shares in the Company in respect of all aspects not specified in the resolution submitted for the approval of the Company's Shareholders' Meeting, establishing, among other circumstances and merely for illustration purposes, the corporate scope of application of the Plan, the requirements and objectives to be met in relation to the metrics of the Plan for the Beneficiaries to receive the Shares, the weighting of the metrics upon which the delivery of the Shares for FY2019 Cycle shall depend, the maintenance or amendment of the objectives, metrics and weightings relating to the FY2020 Cycle of the Plan, the companies that shall form part of the peer group, the procedure for delivery of the Shares, the cases which determine early settlement of the Plan or the termination of the rights attributed to the Beneficiaries, as the case may be, the supervision of the Shares holding requirements by the Beneficiaries of the Plan and, ultimately, the set of rules governing the Plan.*
- *Where the legal regime applicable to any of the Beneficiaries or to certain Group companies so requires or makes it advisable, or if necessary or appropriate for legal, regulatory, operational or other similar reasons, adapt the basic conditions specified in general or in particular, including, for illustration purposes and without limitation, the possibility of adapting the mechanisms for delivery of the Shares without altering the maximum number of Shares included in the Plan, and provide for and execute the total or partial settlement of the Plan in cash.*
- *Decide not to execute, or render invalid in full or in part, the Plan or any of its Cycles, and exclude certain groups of potential Beneficiaries or Group companies where the circumstances make it advisable.*

- *Draft, sign and submit as many communications, documents, whether public or private, and supplementary documentation, as necessary or advisable before any public or private body in order to implement, execute or settle the Plan, including, if necessary, the relevant prior communications and informative brochures.*
- *Perform any procedure, statement or formality before anybody, entity or registry, whether public or private, national or foreign, to obtain the authorizations or verifications necessary for the implementation, execution or settlement of the Plan and the delivery of the Shares in the Company.*
- *Negotiate, agree and sign as many contracts of any kind with financial or other kinds of institutions which the Board of Directors of the Company freely designates, on the terms and conditions deemed appropriate, necessary or advisable for the most successful implementation, execution or settlement of the Plan, including, where necessary or advisable due to the legal regime applicable to any of the Beneficiaries of the Group or to certain Group companies or, if it were necessary or advisable for legal, regulatory, operational or other similar reasons, the establishment of any legal mechanism (including trusts or other similar mechanisms) or the entering into of agreements with any type of entity for the deposit, custody, holding and/or management of the Shares and/or their subsequent delivery to the Beneficiaries in the context of the Plan.*
- *Draft and publish any and all announcements as may be necessary or advisable.*
- *Draft, sign, execute and, as appropriate, certify any type of document relating to the Plan.*
- *Adapt the contents of the Plan to the circumstances and corporate transactions that may arise during its validity, relating both to the Company and to the companies forming part of the group of reference at any given time, on the terms and conditions deemed necessary or advisable at any time in order to maintain the purpose of the Plan, including the relevant adjustments to the delivery of the Shares as a result of changes in the par value of the Shares, changes in the structure of the capital of the Company or other corporate transactions, and including or excluding companies or establishing the comparison indices advisable in each case for the interests of the Company and its shareholders.*
- *And, in general, perform any actions, adopt any decisions and sign any documents as may be necessary or merely advisable for the validity, enforceability, implementation, development, execution, settlement and successful outcome of the Plan and of the resolutions adopted previously.”*

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