

Report: item twelve on the Agenda

Report in connection with item twelve on the Agenda for the General Meeting of Shareholders regarding the proposed authorisation to the Board of Directors to issue simple debentures and other fixed-income securities, prepared by the Board of Directors of “**Siemens Gamesa Renewable Energy, S.A.**”

At its meeting of 19 February 2020, the Board of Directors approved this report in connection with the proposed delegation to the Board of Directors of the power to issue simple debentures and other fixed-income securities that are not exchangeable for or convertible into shares, as well as to guarantee the issues of securities by subsidiaries of the Company, included in item twelve on the agenda for the General Meeting of Shareholders of “Siemens Gamesa Renewable Energy, S.A.”, which will be held in Bilbao (Biscay), at 13:00 on 26 March 2020, on first call, or on 27 March 2020, at the same place and time, on second call.

1. Object of the report

The report has been prepared by the Board of Directors of Siemens Gamesa Renewable Energy, S.A. (“**Siemens Gamesa**” or the “**Company**”) to provide a rationale for the proposed delegation to the Board of Directors, with express power of substitution, of the power to issue simple debentures or bonds, notes and other fixed-income securities of a similar nature that are not exchangeable for or convertible into shares, and the authorisation for the Company to be able to guarantee all types of obligations that may arise for its subsidiaries from the issues of securities that are not convertible or exchangeable.

2. Rationale for the proposal

The Corporate Enterprises Act provides that, unless otherwise provided by the By-Laws, the power to approve the issue of simple debentures or bonds, notes and other similar fixed-income securities that are neither exchangeable nor convertible into shares is vested in the management decision-making body. However, article 14.f) of the By-Laws of Siemens Gamesa vests the ultimate decision regarding this type of issue in the shareholders acting at a General Meeting, although the shareholders may delegate the power to issue these types of securities to the Board of Directors, if they so deem appropriate. This power of delegation to the Board of Directors is expressly provided by the By-Laws themselves and by article 319 of the Regulations of the Commercial Registry (*Registro Mercantil*).

In this regard, the Board of Directors considers it quite appropriate to have this power in order to be able at all times to raise the funds necessary and call upon the most appropriate sources of financing in order to properly manage the corporate interests in the primary securities markets in accordance with generally-applied practices at listed companies (some of which, making use of the provisions of section 406 of the Corporate Enterprises Act, give such power directly to the Board of Directors).

The purpose of the delegation is to provide the Company with the manoeuvrability and responsiveness required by the current competitive environment, in which the success of a strategic initiative or a financial transaction often depends on the possibility of dealing with it quickly, without incurring the delays and costs that inevitably ensue from the call to and holding of a General Meeting of Shareholders.

Thus, the proposal submitted for the approval of the shareholders at the General Meeting of Shareholders authorises the Board of Directors to obtain, if necessary, an appropriate volume of resources in view of the possible future needs of the Company within a short period of time. The Company thus gains flexibility and agility when financing its activities, thereby facilitating the optimisation of costs associated with raising funds in the markets.

For such purpose, pursuant to the provisions of section 319 of the Regulations of the Commercial Registry (Reglamento del Registro Mercantil) and in accordance with article 14.f) of the By-Laws (which allows for the shareholders acting at a General Meeting of Shareholders to delegate to the Board of Directors the power to issue the negotiable securities covered by the proposal), authorisation to the Board of Directors in order for it to be able to issue simple bonds or debentures, notes and other fixed-income of a similar nature that are not exchangeable for or convertible into shares, and to guarantee the issues of subsidiaries of Siemens Gamesa, is submitted to the shareholders at the General Meeting of Shareholders.

In order to allow the shareholders to better evaluate the scope of the authorisation requested from the shareholders, the proposed delegation to the Board of Directors is quantitatively limited. The Board of Directors believes that the limit of the authorisation requested from the shareholders at the General Meeting of Shareholders is reasonable and sufficiently broad to allow for the raising of required funds in the capital markets, within the context of the financing needs expected for compliance with the current strategic plan.

In this regard, the proposed maximum limit of the amount of the issue or issues of the simple bonds or debentures and other fixed-income securities of a similar nature other than notes that are approved under this delegation is the net amount of 2,000 million euros, meaning that such limit shall be calculated by deducting the amount corresponding to the retirements or repurchases of said securities effected or occurring during the effective term of the authorisation from the new issues approved under this authorisation.

Said limit shall not apply to the issue of notes, for which there is proposed a limit of 800 million euros that is autonomous and independent of the foregoing limit that also refers to the net amount of the issue, i.e. the amount corresponding to the retirements or repurchases of notes effected or occurring during the effective term of the authorisation shall be deducted from the new issues approved under this authorisation.

This formula allows for a quantitative limitation of the authorisation in a clear and objective manner while at the same time giving the Board of Directors a greater margin of flexibility, because in calculating the limit, retirements and repurchases of securities effected during the authorisation period are taken into account.

Furthermore, to have access to the best financing terms, it may sometimes be desirable for a subsidiary, instead of the controlling company, to issue these securities, with the guarantee of the controlling company, a circumstance also provided for in the By-Laws. This alternative may be particularly appropriate when seeking financing in the international markets. Accordingly, it is deemed to be of interest for the shareholders at the General Meeting of Shareholders to authorise the Board of Directors to guarantee, in the name of the Company, within the limits describe above, such new issues of securities as may be made by subsidiaries of the Company during the effective period of this resolution, in order that the Board of Directors may be granted the utmost degree of flexibility in structuring the issues of securities in such manner as may be most appropriate in the specific circumstances of each case.

It is also expected that the securities issued pursuant to this delegation may be admitted to trading on the relevant Spanish or foreign, official or unofficial, organised or other secondary market.

It is also proposed to expressly authorise the Board of Directors to further delegate the powers contemplated in this proposed resolution.

Finally, it is proposed to deprive of effect, to the extent of the unused amount, the authorisation for the issue of simple bonds or debentures and other fixed-income securities of a similar nature, including notes, given to the Board of Directors by the shareholders acting at the General Meeting of Shareholders held on 8 May 2015.

3. Proposed resolution submitted to the shareholders at the General Meeting of Shareholders

The proposed resolution submitted to the shareholders for approval at the General Meeting of Shareholders reads as follows:

“Item Twelve on the Agenda: “Authorisation to the Board of Directors, with express power of substitution, to issue simple debentures and other fixed-income securities that are neither exchangeable for nor convertible into shares, as well as to guarantee the issue of securities by the Company’s subsidiaries, with a limit of 800 million euros for notes and of 2,000 million euros for other fixed-income securities.””

1. Authorisation to the Board of Directors to issue securities

To authorise the Board of Directors, pursuant to the provisions of section 319 of the Regulations of the Commercial Registry (Registro Mercantil), to issue simple bonds or debentures, notes and other fixed-income securities of a similar nature that are not exchangeable for or convertible into shares.

2. Term

The issue of the securities covered by the authorisation may be effected on one or more occasions within a maximum period of five years following the date of approval of this resolution.

3. Maximum amount

(a) The total maximum net amount of the simple bonds or debentures and other fixed-income securities of a similar nature (other than notes) to be issued under this authorisation may not exceed 2,000 million euros or the equivalent thereof in another currency. This limit is independent of the limit set forth in paragraph b) below.

(b) For its part, the total maximum net amount of the notes to be issued under this authorisation may not exceed 800 million euros or the equivalent thereof in another currency. This limit is independent of the limit set forth in paragraph a) above.

During the effective term of this authorisation, the amounts corresponding to retirements or repurchases made or effected shall be deducted from the new issues carried out in order to determine whether the corresponding limit has been reached.

4. Scope

For each issue, the Board of Directors shall determine, among other things and if applicable: the nominal value, the issue price, the redemption price, the currency, the form of representation, the interest rate, the repayment terms, the subordination clauses, the guarantees, the place of issue, the applicable law, the setting of internal rules for the bondholders syndicate and the appointment of the security-holders’ syndicate representative (comisario) for the issue of simple bonds or debentures, when so required, as well as the taking of any action required for the implementation of the specific issues approved under this authorisation.

In addition, the Board of Directors is authorised such that, when it deems it appropriate and subject, if applicable, to any appropriate authorisations being secured and to the consent of security-holders coming together at a meeting of the corresponding syndicates of security-holders, it may modify the terms and conditions applicable to the repayment of the fixed-income securities issued as well as the respective period thereof, and the rate of interest, if any, accrued by the securities included in each of the issues effected under this authorisation.

5. Admission to trading

The Company shall, when appropriate, make application for the admission to trading of the securities issued within the framework of this authorisation on Spanish or foreign, official or unofficial, organised or other secondary markets, and the Board of Directors shall be authorised as broadly as required under the law to carry out all acts and formalities that may be required for these purposes with the appropriate authorities of the various Spanish or foreign securities markets.

It is expressly stated for the record that if application is subsequently made for delisting of the securities issued by the Company under this authorisation, it shall be made in compliance with the same formalities as the application for listing, to the extent any such formalities are required, and in such case, the interests of the shareholders or debenture-holders opposing or not voting on the resolution shall be safeguarded as provided by applicable law. In addition, it is expressly stated that the Company undertakes to abide by stock market regulations, whether now existing or as may hereafter be issued, particularly as regards trading, continued trading and removal from trading.

6. Guarantee in support of issues of fixed-income securities

The Board of Directors is also authorised to guarantee, on behalf of the Company and within the limits set forth above, new issues of securities carried out by subsidiaries during the effective period of this resolution, calculated for purposes of the limits set forth in section 3 above.

7. Power of substitution

The Board of Directors is expressly authorised to further delegate the powers contemplated in this resolution.

8. Revocation of current authorisation

The resolution deprives of effect, to the extent of the unused amount, the authorisation for the issue of simple bonds or debentures and other fixed-income securities of a similar nature, as well as preferred shares and notes, given for such purpose to the Board of Directors by the shareholders acting at the General Meeting of Shareholders held on 8 May 2015.”

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