



APPOINTMENTS AND REMUNERATION COMMITTEE

OF THE GAMESA GROUP

ANNUAL ACTIVITY REPORT

FOR 2015

5 April 2016

Drawn up by the Appointments and Remuneration Committee and approved by the Board of Directors for submission to the shareholders at the 2016 General Shareholders Meeting



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A. PRESENTATION

The Appointments and Remuneration Committee (hereinafter, "CNR") of Gamesa Corporación Tecnológica S.A. (hereinafter "Gamesa" or the "Company") was created by the Board of Directors as a specialized body with powers of information, advising and proposing, facilitating the performance of the duty of general supervision and control that corresponds to the Board of Directors. The existence of a specialized committee in this area is currently required by the recommendations of supervisory bodies and best practices in corporate governance.

On 16 December 2015, the Gamesa Board of Directors agreed to split the Appointments and Remuneration Committee into two separate committees, whereby complying with Recommendation 48 of the Code of Good Governance for listed entities approved by the National Securities Market Commission on 18 February 2015.

Said newly created Committees have held only one meeting, during which they resolved the appointment of the officers among the members thereof so that the 2015 Activity Report will refer solely to the activity of the Appointments and Remuneration Committee until its split.

The legal arrangement of the Appointments and Remuneration Committee was determined in its Regulations, approved on 24 March 2015. Following the splitting of this Committee, two Regulations were approved, one for each newly created Committee.

The Appointments and Remuneration Committees have drawn up the present 2015 Activity Report for approval by the Board of Directors by virtue of articles 18 and 17 of their respective Regulations (erstwhile article 19 of the Regulations of the Appointments and Remuneration Committee).



B.- OPERATION AND RESPONSIBILITIES OF THE COMMITTEE

Pursuant to Chapter III of the Regulations of the Appointments and Remuneration Committee, valid until 16 December 2015, the rules of operation of the Appointments and Remuneration Committee can be summarized as follows:

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

Article 5, 6, 7 and 8 of the Regulations of the Appointments and Remuneration Committee contemplates the powers and duties of the Committee. The main powers stipulated in said articles are listed below:

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



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- h) The system and amount of annual remuneration for directors, as well as individual remuneration and all other basic conditions of executive director contracts, including any compensation that may be established if removed from office, ensuring observance thereof.
 - i) The Annual Report on Remuneration of Directors.
2. The Committee shall inform on the following proposals:
- a) Appointment, re-election or removal of executive directors, proprietary directors and other external directors, for their appointment by co-option or for their submission to the decision of the General Shareholders Meeting.
 - b) Appointment, re-election or removal of executive directors, proprietary directors and other external directors who must be on each of the committees.
 - c) Appointment, re-election or removal of the Chairman of the Board of Directors, its Secretary and, where appropriate, the Vice Chairman or Vice Secretary and the CEO.
 - d) Appointment of natural person representatives of a Legal Entity Director.
 - e) Removal of directors for having failed to fulfill the duties inherent to their position or having become involved in any of the circumstances for resignation or compulsory retirement.
 - f) Appointment, re-election or removal of Senior Management. The status of Senior Management shall be granted to those persons defined as such by the Regulations of the Board of Directors.
 - g) Definition and organization of the organizational structure, organization chart and job descriptions of Senior Management made by the CEO.
 - h) Waiver of directors' contractual obligations.
 - i) Proposals from the CEO concerning the Senior Management remuneration structure and other basic conditions of their contracts, including any compensation that may be established if removed from office, and shall submit them to the Board of Directors.
 - j) General multi-year incentive schemes and pension supplements.
 - k) Remuneration systems referenced to the price of shares or which involve the distribution of shares or rights to purchase shares for Directors or employees.
 - l) The Group's remuneration policy, ensuring its suitability and results.
 - m) Documents to be approved by the Board of Directors for their general disclosure in regard to information concerning remuneration. In particular, the corresponding sections of the Company's Annual Corporate Governance Report and the Sustainability Report.



3. Likewise, the Appointments and Remuneration Committee shall, in accordance with the law, inform on the concurrent circumstances of the shareholder or shareholders that propose, require or determine the appointment of proprietary directors.
4. Periodically review the structure of the Board of Directors and its committees and advise the Board of Directors on the most convenient configuration in terms of size and balance between the different types of directors and ensure compliance with the director selection policy.
5. Assess the necessary skills, knowledge and experience of the Board of Directors, for which purpose it shall: (a) define the functions and abilities required of the candidates to fill board vacancies; (b) evaluate the amount of time and dedication required to properly carry out their tasks, and (c) promote refresher programs for directors, when necessary.
6. Ensure that candidates are not involved, either directly or indirectly, in any situation of incompatibility, prohibition, conflict or opposition of interests with the corporate interest provided by law or the Corporate Governance Standards.
7. Ensure that the selection procedures are not implicitly biased so as to imply discrimination.
8. Set a representation target for the gender that is least represented on the Board of Directors and prepare guidelines on how to achieve it.
9. Select potential candidates to be appointed as directors of the Company.
10. Establish and oversee an annual program aimed at the assessment of continuous review of the qualification, training and, where appropriate, independence, as well as maintaining the required conditions for holding a directorship and being on a given committee, and proposing to the Board of Directors the appropriate measures in this regard.
11. Promote the annual assessment of the performance of the Chairman of the Board of Directors and, where appropriate, the CEO, Board of Directors, Delegated Executive Committee, Audit and Compliance Committee, Appointments and Remuneration Committee; Coordinating Director and any other advisory committee constituted in accordance with the provisions of the Corporate Governance Standards.



C.- COMPOSITION OF THE COMMITTEE AND ATTENDANCE AT ITS MEETINGS IN 2015

Pursuant to Chapter III of the Regulations of the Appointments and Remuneration Committee, valid until 16 December 2015, the rules of organization of the Appointments and Remuneration Committee can be summarized as follows:

- a) The Appointments and Remuneration Committee shall be made up of at least three (3) and at most five (5) External Directors.
- b) The Appointments and Remuneration Committee shall choose a Chairman from among its members.
- c) The Committee shall also appoint a Secretary, who may be one of its members, or the Secretary or Vice Secretary of the Board of Directors, who may or may not be a Director.

The composition of the Appointments and Remunerations Committee has varied during 2015.

From 1 January to 27 May 2015

Position	Name	Director type
Chairman	Jose María Aracama Yoldi	Independent
Voting Members	Juan Luis Arregui Ciarsolo Ramón Castresana Sánchez	Independent Proprietary
Non-member Secretary	Carlos Rodríguez-Quiroga Menéndez	N/A

From 27 May 2015 to 16 December 2015

Position	Name	Director type
Chairman	Andoni Cendoya Aranzamendi	Independent
Voting Members	Juan Luis Arregui Ciarsolo Gema Góngora Bachiller	Independent Proprietary
Non-member Secretary	Carlos Rodríguez-Quiroga Menéndez	N/A



As of 16 December 2015.- Following the splitting of the CNR into two committees, the composition and offices of the Appointments and Remuneration Committees were as follows.

Appointments Committee

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

Remuneration Committee

Position	Name	Director type	Representation
Chairman	Andoni Cendoya	Independent	N/A
Voting Members	Juan Luis Arregui	Independent	N/A
	Gema Góngora	Proprietary	Iberdrola, S.A.
Non-member Secretary	Carlos Rodríguez-Quiroga	N/A	N/A



As supporting bodies and notwithstanding the duties legally conferred to the Secretary of the Committee regarding advising and supporting the members in the exercise and better performance of the duties conferred thereto, the CNR had an appropriate framework coordination and information relations with the management team of the Company, and could also seek the cooperation of members of the management team through the Chairman of the Company in the terms provided for in Article 22 of the Regulations of the Appointments and Remuneration Committee, valid until 16 December 2015.

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

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

All Directors, members of the Committee and its Secretary have attended all meetings held while they held these positions.

NUMBER OF POSSIBLE MEETINGS AND ATTENDANCE	
José María Aracama Yoldi	6 of 6
Andoni Cendoya Aranamendi	8 of 8
Juan Luis Arregui Ciarsolo	14 of 14
Ramón Castresana Sánchez	6 of 6
Gema Góngora Bachiller	8 of 8
Carlos Rodríguez-Quiroga Menéndez (Non-member Secretary)	14 of 14

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



D.- ACTIVITIES DURING 2015

During 2015, the CNR held 14 meetings. The meetings, duly convened by its Chairman, were held on the following dates:

- February: Meeting on the 19th
- March: Meetings on the 2nd, 17th and 23rd
- April: Meeting on the 16th
- May: Meeting on the 26th
- June: Meeting on the 17th
- July: Meetings on the 6th and 21st
- September: Meeting on the 15th
- October: Meetings on the 5th and 16th
- November: Meeting on the 12th
- December: Meeting on the 10th

Regarding the work plan developed by the CNR in 2015, the following are noteworthy:

RESOLUTIONS WITHOUT MEETING

In 2015, the CNR adopted no resolutions without meeting.

ATTENDANCE OF THE MEMBERS

All members of the CNR attended all the meetings.

PROCEEDINGS OF THE MEETINGS

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

INFORMATION TO THE BOARD OF DIRECTORS

The Chairman of the CNR, in accordance with section 1 of Article 20 of the Regulations of the Appointments and Remuneration Committee, valid until 16 December 2015, apprised the Board of Directors at each of its meetings, of the meetings of the CNR, of its activities and the work undertaken.



MINUTES

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

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

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

SUPPORT FROM EXTERNAL SERVICES

When considered necessary, the Committee sought, through its Chairman, external advising from law firms or consulting firms. Specifically, during 2015, the provision of advising was sought from the following law and consulting firms:

Uria Mendendez Abogados S.L.P.

PricewaterhouseCoopers, S.L.

Lupicinio Abogados

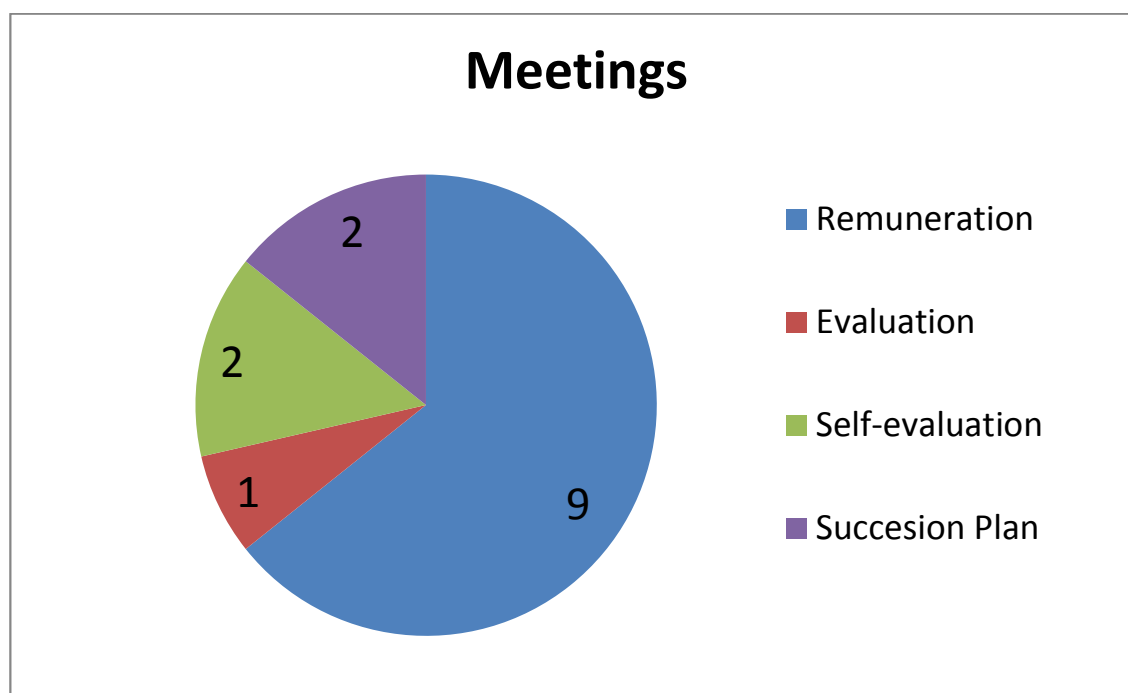
Mercer Consulting S.L.U.



TASKS UNDERTAKEN

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

The main issues that were addressed and analyzed by the Committee in 2015 until its split into two Committees on 16 December 2015, and of which its main areas of supervision consisted, can be grouped into the following areas based on their functions.



Specifically, remuneration (of the Chairman, CEO, Board of Directors, Committees and Senior Management) was addressed at the meetings in February, April, June, July, September, October and December; evaluation (of the Chairman, CEO, Board of Directors and Committees) was addressed at the meeting in February, and self-evaluation was addressed at the meeting in October; and the Chairman succession plan was addressed in November.



It is noteworthy that the Company, as backed by the advisory committees, considered that it had strictly complied with the standards and recommendations on good governance; compliance with which was especially monitored. In particular, in compliance with the Corporate Enterprises Act, ECC Order 461/2013 and Circular 4/2013 of 12 June of the CNMV, modified by Circular 7/2015 of 22 December, the CNR proposed and the Board of Directors approved, during 2015, an Annual Report on the Directors' Remuneration for 2014, detailing the remuneration policy and individual remunerations of each director and submitting said report to a consultative vote by the 2015 General Shareholders Meeting under item seventeen of the agenda, which obtained a 96.33% votes in favor.

Additionally, the CNR, in its duty to contribute to the Company maintaining a high degree of monitoring the best practices in corporate governance, established, as in previous years, equal to the current Appointments Committee, the ongoing adaptation of and compliance with the recommendations established in this regard as one of its priorities. For this reason, the approval of the Code of Corporate Governance for Listed Companies on 18 February 2015 required the CNR to adapt to the new recommendations contained therein, emphasizing the recommendation for dividing the CNR into two different committees, among other measures. This division was approved by the Board of Directors on 16 December 2015.

As a result of the foregoing, 2015 presented new significant challenges and opportunities for the Committee in performing its duties and responsibilities, with the rhythm of activity remaining steady to date.

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



E.- CONCLUSION

Throughout 2015 and until the split into two Committees as approved on 16 December 2015, the CNR considered that it satisfactorily carried out the responsibilities assigned to it by the Corporate By-laws and its Regulations.

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