

**FULFILLMENT LEVEL REPORT
ON THE GLOBAL
CORPORATE SOCIAL RESPONSIBILITY POLICY OF
GAMESA CORPORACIÓN TECNOLÓGICA, S.A.**

Chief Corporate Officer- General Secretariat
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1. Legal Grounds

The Board of Directors of Gamesa Corporación Tecnológica, S.A. (hereinafter the "**Company**" or "**Gamesa**") approved a "Global Policy of Corporate Social Responsibility" (the "**Policy**") which forms part of Gamesa's Corporate Governance Rules at its meeting held on September 23, 2015.

Article 11(c) of Gamesa's Audit, Compliance and Related Party Transactions Committee Regulations, in the wording approved by the Board of Directors at its meeting held on February 22, 2017, sets forth as one of the aforementioned Committee's main duties "*The review of the Company's Corporate Social Responsibility policy and to this effect the General Secretariat will yearly raise to the Committee a report about the level of fulfillment of this policy, report to be rendered account to the Board of Directors after its validation by this Committee. Likewise, if it may deem appropriate, the Committee will propose to the Board of Directors the amendment of this policy, watching that it is orientated to value creation.*"

The General Secretariat of Gamesa has drawn up this fulfillment level report on the Policy in accordance with said Article 11(c) of the Audit, Compliance and Related Party Transactions Committee Regulations.

2. Level of the Policy's Fulfillment During 2016

In order to assess the Policy's level of fulfillment during 2016, the General Secretariat of Gamesa has conducted an analysis of the different actions performed by the Company on Corporate Social Responsibility ("**CSR**") matters in said year. In order to conduct such analysis, it has mainly received the CSR Department's support.

To start off with, mention should be made of the corporate social responsibility principles included in the Policy through which the Company contributes to sustainable development by taking into account its stakeholders' needs and expectations. Said principles are summed up below:

- Fulfill prevailing legislation in the countries where it operates.
- Adopt Gamesa's Group values, principles and ethical and regulatory compliance guidelines set out in Gamesa's Code of Conduct.
- Adopt advanced corporate governance practices.
- Respect the human and labor rights recognized in the legislation of the territories where Gamesa Group performs its activities.
- Develop a framework which fosters labor relations based on equal opportunities, non-discrimination and respect for diversity.
- Safeguard a safe and healthy working environment, along with its areas of influence.
- Develop responsible practices in the value chain.
- Foster a sustainable use of resources and a culture of respect for the natural environment, as well as contribute to the fight against climate change.
- Encourage transparency and free market rules by respecting free competition, rejecting any illegal, fraudulent or unethical practice.



- Reject any practices conducive to obtaining some sort of benefit through the use of unethical actions.
- Promote socially responsible actions in any companies in which it exerts management capacities or holds power through shareholdings.
- Promote channels of communication and dialog with the different groups connected with the Company's activities.
- Disclose relevant and truthful information on the activities performed.
- Foster the socioeconomic development of the communities in which Gamesa Group has a presence.

In order to support and properly apply the CSR Policy and provide continuity to the 2009-2011, 2011-2013 and 2013-2015 Plans, Gamesa approved the "CSR Master Plan 2015-2017" ("**Master Plan**") on April 18, 2016, which is aimed at covering the different aspects set out in the Policy.

Consequently, this report intends to ascertain the level of fulfillment of each of the principles set forth in the Policy, which are divided into the following sections:

2.1. Fulfill prevailing legislation in the countries where it operates:

Gamesa maintains the undertaking to fulfill prevailing legislation in the countries where it operates. This is laid down and ratified by the update of the Code of Conduct (approved by the Board of Directors of Gamesa Corporación Tecnológica, S.A. on April 5, 2016). Gamesa likewise undertakes to fulfill its tax obligations in all the territories where it operates and maintain good relationships with the relevant tax administrations. In order to do so, it has adopted the Corporate Tax Policy (approved by a resolution taken by the Board of Directors on September 23, 2015).

The Master Plan's actions related to this principle are as follows:

- 01.- Review and updating of the Corporate Social Responsibility Policy.
- 02.- Adoption of a responsible tax policy.

In this regard, the CSR Department constantly monitors the evolution of CSR best practices in order to initiate, if necessary, improvements to the Policy. No such need was detected during the year. Furthermore, it should be highlighted that the Board of Directors resolved that Gamesa should adhere to the Code of Good Tax Practices through a resolution taken by it on February 22, 2017.



2.2. Adopt Gamesa's values, principles and ethical and regulatory compliance guidelines set out in Gamesa Group Code of Conduct:

The Master Plan's actions related to this aim include:

- 04.- Development and monitoring of the Whistle-Blowing Channel (Compliance Channel).
- 05.- Review, updating of and training on the company's Code of Conduct.
- 06.- Review of the crime prevention and anti-fraud model.
- 07.- Implementation of the crime prevention and anti-fraud model in all the geographic areas where Gamesa or group companies perform their activities.
- 08.- Development of an internal oversight model for the crime prevention and anti-fraud model.

The Group worked on updating of the Company's Code of Conduct (approved by the Board of Directors of Gamesa Corporación Tecnológica, S.A. on April 5, 2016) over the course of the year. It also developed and monitored the Whistle-Blowing Channel and conducted a review of the crime prevention and anti-fraud model. Informative and training actions were also carried out at the same time, including 112 training sessions for more than 2,400 professionals. These programs were led by the Ethics and Compliance Department, which duly informed the Audit and Compliance Committee thereof through several appearances before said Committee. It is true there are some actions which require progressive implementation that have not yet been completed (Section 07). It can therefore be concluded that the Master Plan is being fulfilled in this area.

2.3. Adopt advanced corporate governance practices:

The Master Plan's actions related to this aim include:

- 15.- Development and approval of a Human Rights Policy
- 21.- Development and approval of a Diversity and Inclusion Policy
- 30.- Development and approval of a Supplier Relationship Policy
- 34.- Development and approval of a Social Initiatives Policy

The Company's Board of Directors approved the Diversity and Inclusion Policy as well as the Supplier Relationship Policy on September 23, 2015. The Master Plan also envisaged the approval of a Human Rights Policy and a Social Initiatives Policy by 2016. The deliberation on and possible approval of these policies by the competent body, the Gamesa Board of Directors, has had to be postponed due to the exceptional situation which arose as a result of the merger between Gamesa and Siemens Wind Power. Said situation suggests it might be preferable to conduct, if appropriate and once the merger is effectively completed, an overall review and update of the CSR policies which have not been carried out this year.



2.4. Respect the human and labor rights recognized in the legislation of the territories where Gamesa Group performs its activities:

The Master Plan's actions related to this aim include:

- 03.- Periodic disclosure of the Communication on Progress (COP) report on fulfillment of the United Nations Global Compact's principles
- 15.- Development and approval of a Human Rights Policy
- 16.- Reaching a global labor agreement on Social Responsibility
- 17.- Implement the best corporate safety standards for people and assets
- 18.- Ensure human rights training for security personnel who work at Gamesa work centers
- 19.- Reduction in accident rates and continued implementation of preventive action measures
- 20.- Development of a safety culture among Gamesa's employees and contractors
- 21.- Development of a Diversity and Inclusion Policy
- 22.- Development of a culture of equality and diversity
- 23.- Ensure non-discriminatory recruitment and the inclusion of women in areas, groups and positions where they have less representation
- 24.- Increase in the percentage women holding positions of responsibility
- 25.- Career development and job promotion for all Gamesa personnel
- 26.- Fulfillment of legal labor and social security obligations for Gamesa personnel

The Company is explicitly committed to the defense of human rights and has equipped itself with a set of instruments to ensure their respect, preventing or impeding their violation and ensuring that the Company's practices are in line with the internationally recognized principles on the defense of universal human rights.

These instruments essentially include i) a Code of Conduct which governs the behavior of all the Group's professionals and, more specifically, behavior related to the defense of human rights, while also setting out oversight mechanisms and disciplinary measures should said code be breached; and ii) a Suppliers' Code of Conduct.

Furthermore, the Gamesa Global Labor Agreement for all Gamesa centers was negotiated and agreed with the main Spanish trade unions (UGT, CCOO y ELA) and the IndustriALL Global Union on February 18, 2015, the official signing of which took place in 2015. Said Agreement's Monitoring Committee was active throughout 2016.

In addition, Gamesa Group has given its constant support to the United Nations Global Compact's 10 Principles since 2005. In accordance with this undertaking, it publicly discloses to its stakeholders the so-called Communication on Progress report, which can be accessed on the World Compact website.

Due to all of the above, it can also be concluded that the Policy has been fulfilled in the area targeted by this principle.



2.5. Develop a framework which fosters labor relations based on equal opportunities, non-discrimination and respect for diversity:

The Master Plan's actions related to this aim include:

- 16.- Reaching a global labor agreement on Social Responsibility
- 21.- Development of a Diversity and Inclusion Policy
- 22.- Development of a culture of equality and diversity
- 23.- Ensure non-discriminatory recruitment and the inclusion of women in areas, groups and positions where they have less representation
- 24.- Increase in the percentage women holding positions of responsibility
- 25.- Career development and job promotion for all Gamesa personnel
- 26.- Fulfillment of legal labor and social security obligations for Gamesa personnel
- 27.- Measurement of the level of implementation of good labor practices at suitable intervals, work climate surveys
- 28.- Analysis of remuneration policies
- 29.- Promotion of a culture that encourages the conciliation of work and personal life and co-responsibility

Gamesa has a Diversity and Inclusion Policy in place, the principles of which apply to all geographic regions where Gamesa is present. It aims to ensure equality and inclusion and avoid any kind of discrimination based on race, gender, civil status, ideology, political opinions, nationality, religion or any other personal, physical or social characteristic. The Diversity Committee, comprised of all the regions' Human Resources managers, oversees its fulfillment in a working environment that fosters dignity and respect for all.

Within the framework of the Equality Plan, two conciliation measures in addition to the ones already in existence were agreed in 2016: (i) the possibility of doing telework as from the 32nd week of pregnancy, provided it is compatible with the position's duties; and (ii) the uneven distribution of the working day in the event of legal guardianship, thereby ensuring a daily presence, provided the position's duties and the work center's circumstances allow it.

Gamesa has renewed its adherence to the Diversity Charter and has entered into three agreements with the Ministry of Health, Social Affairs and Equality to foster a balanced participation of women and men on the Board of Directors in order to increase the presence of women holding management positions and promote awareness of gender violence and its victims' integration into the labor force. These agreements remained in force in 2016.

These initiatives should be added to Gamesa's adherence to the Declaration on Women's Empowerment Principles, which were developed by the United Nations Development Fund for Women (UNIFEM) and the United Nations Global Compact on October 29, 2010.

To sum up, it can also be concluded that the Policy has been fulfilled in the area targeted by this principle.



2.6. Safeguard a safe and healthy working environment, along with its areas of influence:

The Master Plan's actions related to this aim include:

- 19.- Reduction in accident rates and continued implementation of preventive action measures
- 20.- Development of a safety culture among Gamesa's employees and contractors

Gamesa and the companies which form part of Gamesa Group promote an appropriate occupational hazard prevention policy and culture in order to ensure occupational health and safety, fulfillment of the legislation which applies in each country and the adoption of such preventive measures as are necessary and/or suitable in each case.

The Company has a global occupational health and safety management system in place which applies to its global network of centers. Said health and safety management system was duly certified according to the OHSAS 18001 standard by TÜV Rheinland Cert GmbH.

Gamesa continued to reduce its accident rates in 2016. The rate of accidents involving sick leave fell by 21% in 2016, while the severity rate remained steady when compared to the preceding year.

The Company cooperates with external partners in the area of occupational health and safety and regularly collaborates with the Navarre Industrial Foundation (*Fundación Industrial Navarra*) and the Gipuzkoa Business Association's Occupational Hazard Prevention Learning Community (*Comunidad de Aprendizaje de Prevención de Riesgos Laborales de la Asociación de Empresarios de Gipuzkoa - ADEGI*). It also maintains collaborative synergies with Occupational Safety and Hygiene Administration and Institutes, to cite just a few examples.

Due to all the above, it can be concluded that the Policy has also been fulfilled in this area.



2.7. Develop responsible practices in the value chain:

The Master Plan's actions related to this aim include:

- 30.- Approval of a Supplier Relationship Policy
- 31.- Development of an ethical code for suppliers
- 32.- Development of a supplier pre-qualification and registration process
- 33.- Development of a supplier CSR auditing process

One of the aims of Gamesa and the companies which comprise Gamesa Group is to create relationships with its suppliers, contractors and collaborators which are based on trust, reporting transparency and shared knowledge, experience and capabilities.

Its overall stance is set out in detail in the Gamesa Supplier, Contractor and Collaborator Contracting and Relationship Policy through a text approved by a resolution taken by the Board of Directors on September 23, 2015.

Gamesa's supply base in 2016 was comprised of 10,000 (9,917) suppliers around the world serving a procurement volume exceeding €3.7 (3,721) billion. Three-fourths of the Company's procurement volume in 2016 was concentrated in India (25%), Spain (24%), China (17%), the United States (10%) and Brazil (8%).

Gamesa increased its purchases in 2016 from the 810 suppliers it has in the Basque Country by 20% to reach €310 million. This figure confirms that this region is the wind power group's basic supplier market, concentrating 33% of its total procurement volume in Spain and 25% of the number of suppliers.

Gamesa also significantly increased its procurement volume in Spain as a whole. This figure rose by 17%, three points less than in the Basque Country. Purchases stood at €936 million and the number of suppliers rose by 36% in 2016 to reach 3,237 companies throughout Spain. The group added 165 new companies to its supplier base in the Basque Country, an increase of 26%.

Navarre (€162 million), Madrid (€140 million), Asturias (€77 million), Catalonia (€60 million), the Region of Valencia (€41 million), Castilla La Mancha (€21 million) and Castilla y León (€19 million) were ranked behind the Basque Country in terms of procurement volume.

In 2016, Gamesa assigned its own materials and quality development engineers to suppliers' facilities in order to ensure their technological development and competitiveness. Proof of this is that 379 projects geared at creating alternative suppliers were completed in 2016.

The Company's Procurement and Supplies Area continued with the deployment of the Achilles-Repro platform, an administrative supplier control tool which covers area like suppliers' i) corporate social responsibility; ii) quality management; iii) health and safety management; iv) environmental management; v) technical resources; and vi) human resources. At the 2016 year-



end, 1,031 Gamesa suppliers were registered in said system, whose cumulative invoicing amounted to almost €390 million.

Nineteen additional complete audits were conducted on the Group's suppliers through the Repro-Achilles platform in 2016, bringing the cumulative total to 132 at the year-end.

A quarterly assessment of the quality management system of suppliers on the TOP 100 list is conducted by the Supplier Quality Area. An assessment is also made of their results, the care they take of the environment and whether their occupational health and safety system has been duly certified. This process was applied to 174 existing suppliers in 2016 (111 in 2015), which were graded A, B, C or D based on their performance.

To sum up, fulfillment of the principle in question has been achieved through the actions set out above.

2.8. Foster a sustainable use of resources and a culture of respect for the natural environment, as well as contribute to the fight against climate change:

The Master Plan's actions related to this aim include:

- 38.- Development of a systematic corporate environmental footprint calculation system
- 39.- Reduction in the generation of waste
- 40.- Increase in waste recovery and recycling
- 41.- Reduction in and stabilization of water consumption
- 42.- Keep environmental management certificates
- 43.- Collaboration with research centers to preserve biodiversity
- 44.- Verification of greenhouse gas emissions
- 45.- Neutralization of CO₂ emissions. Path to carbon neutrality 2025
- 46.- Supply of clean electric power
- 47.- Performance of energy audits
- 48.- Added value in R&D and innovation
- 49.- Improvement in Carbon Disclosure Project (CDP) indices
- 50.- Active participation as a result of COP21

Gamesa is aware that climate change is a fundamental threat the markets and sustainable development face. Consequently, the Board of Directors approved a Policy Against Climate Change, which applies to the Company and its group, on November 18, 2015. Through this Policy, the Company undertakes to foster the renewable energies which are deemed suitable and within its reach to attain a global low-carbon energy generation model that reduces environmental impacts.

The Company has made undertakings to several business initiatives aimed at reducing greenhouse gas emissions, such as the American Business Act on Climate Pledge or the Paris Pledge for Action.



Gamesa can affirm that practically 100% of its production capacity around the world is duly certified according to the ISO 14001 standard.

Total internal energy consumption amounted to 527,526 gigajoules in 2016. In absolute terms, this accounted for a 17% year-on-year rise with regard to 2015. Hence, the figure for energy consumption per employee and year amounted to 52.9 gigajoules.

Water consumption amounted to 159,126 m³ in 2016, which translates to a figure of 16 m³ per employee and year.

The volume of waste amounted to 19,394 tons in 2016, 67% more than in the previous year, with a ratio of hazardous waste generation to non-hazardous waste generation of almost 1:7. The figure for the waste generated per employee and year was of 2 tons. Approximately 54% of the hazardous waste was destined to recovery, reuse or recycling (38% in the preceding year). For its part, the percentage destined to taking advantage of used materials reached 82% in the case of non-hazardous waste.

The main greenhouse gas generated by the Company's activities is CO₂. More specifically, emissions in the period amounted to 30,251 tons CO₂-eq, a reduction of 20% on the previous year. This figure includes direct emissions (Scope 1) from the combustion of materials to generate heat, which totaled 15,010 t CO₂-eq, well as indirect emissions (Scope 2) from buying electricity to operate the Company's own resources and services, which amounted to 15,242 tCO₂-eq. A reduction of 14,800 tCO₂-eq was recorded in Spain due to the purchase of renewable energy with zero emissions.

The products Gamesa markets are designed to consolidate environmental leadership and energy efficiency. The 5.0 MW and 2.0 MW platforms (Gamesa 4.5 MW and Gamesa G114-2 MW machines) are certified for ecodesign according to the ISO 14006:2011 standard.

To sum up, the Company's performance in this area has also been satisfactory and in line with the policy in question.



2.9. Encourage transparency and free market rules by respecting free competition, rejecting any illegal, fraudulent or unethical practice: Reject any practices conducive to obtaining some sort of benefit through the use of unethical actions:

The Master Plan's actions related to this aim include:

- 04.- Development and monitoring of the Whistle-Blowing Channel (Compliance Channel)
- 05.- Review, updating of and training on the company's Code of Conduct
- 06.- Review of the crime prevention and anti-fraud model
- 07.- Implementation of the crime prevention and anti-fraud model in all the geographic areas where Gamesa or group companies perform their activities
- 08.- Development of an internal oversight model for the crime prevention and anti-fraud model

The Company aims to promote the dissemination, awareness and fulfillment of the Code of Conduct and foster a prevention culture based on the principle of *zero tolerance* concerning illegal acts and fraud in accordance with the provisions set forth in the Crime Prevention and Anti-Fraud Policy, the last review of which was approved by the Board of Directors on September 23, 2015. This Policy makes it easier to exercise oversight of the fulfillment of legal requirements set forth in different kinds of legislation, including: corporate-civil, wind energy business, customs, competition, intellectual and industrial property, labor, health and safety, environmental, transport, products and materials, securities market, data protection and asset security, taxation and accounting legislation.

Nineteen notifications were received through the mechanisms put into place for such purpose in 2016, which corresponded to accusations of behavior connected with the Code of Conduct's rules and/or the crime prevention and anti-fraud model's rules. The reports issued as part of the investigation process include: on the one hand, whether or not an infringement of a rule of the Code of Conduct and/or of the Policy and other of the crime prevention and anti-fraud model's rules has taken place and, on the other, a series of recommendations aimed at preventing, as appropriate, any similar situations from taking place in the future.

In addition, should the Ethics and Compliance Department detect a breach of the legislation which applies, the Manual or the Code of Conduct's rules which are specifically targeted at Gamesa's Group professionals (to the extent by which it could lead to significant damages for Gamesa), the records are brought before the Human Resources Department so that it may impose disciplinary measures in accordance with the penalties and sanctions scheme laid down by any collective bargaining agreements which apply and prevailing employment legislation.

This principle was fulfilled on the basis of the above during the year.



2.10. Promote socially responsible actions in any companies in which it exerts management capacities or holds power through shareholdings:

The Company has a series of corporate policies under the aegis of the Global Corporate Social Responsibility Policy that apply to any companies in which the Company has management capacity or holds power through shareholdings. These policies include i) the Diversity and Inclusion Policy; the Supplier, Contractor and Collaborator Contracting and Relationship Policy; and iii) the Policy Against Climate Change. It can be considered that the aforementioned principle has been reasonably fulfilled through these policies.

2.11. Promote channels of communication and dialog with the different groups connected with the Company's activities: Disclose relevant and truthful information on the activities performed':

The Company's relationship with any groups affected by its activities (stakeholders) is maintained in a two-fold way. Such relationships involve: from the standpoint of social responsibility, responding to the expectations and needs and, from a reputation-related perspective, managing the perception these stakeholders have of the Company.

As regards employees, the GATE (Gamesa Talent Environment) platform's launch in March 2016 should be highlighted. It is a *Success Factor* tool to manage talent within the Company. A total of 5,650 employees have accessed the tool with an average of 29.42 logins per employee since its launch and over the course of 2016.

As for the relationship with workers' representatives, it should be noted that 307 meetings were held with works councils, along with five trade union elections, one meeting of the psychosocial hazards negotiating table and five meetings of the Diversity and Equality Committee during the year. Eight collective agreements were also signed.

Concerning external communications, there were more than 3 million website visits, 2.6 million visits to the intranet's web pages, 73 press releases to the media, 6,600 Twitter followers, 86,300 LinkedIn followers and 34,000 visits to the Gamesa YouTube channel in 2016.

Regarding investor relations, visits were made to the financial centers in Madrid, London, Frankfurt, Boston, Geneva, Zurich, Paris, Amsterdam and New York in 2016. The company was present at nine conferences aimed at institutional investors in London and Madrid. More than 400 queries were made to the institutional investors and analysts mailbox. Similarly, ongoing contact was also made with 32 firms of analysts.

As far as sustainability analysts are concerned, the Group kept ongoing channels of dialog open with the world's main sustainability indices like the Dow Jones Sustainability, FTSE4Good and Ethibel indices. As proof of the business's responsible management, Gamesa remained in all them in 2016.



Reference can likewise be made in this section to the Report on the Application of the Policy on Communications and Contacts with shareholders, institutional investors and voting advisors.

On the basis of all of the above, it can be concluded that the Policy has been fulfilled.

2.12. Foster the socioeconomic development of the communities in which Gamesa Group has a presence:

The Master Plan's actions related to this aim include:

- 34.- Development of a new Social Action Policy
- 35.- Setting up a new CSR Committee in India
- 36.- A social initiative plan for Gamesa India
- 37.- Investment in social initiative projects

In addition to generating and distributing economic value, Gamesa exerts an influence on the communities where it operates which goes beyond its own business operations and is extended into a long-term commitment.

The actions carried out in favor of the community are various. For 2016, they can be summarized as follows:

- Education project for indigenous children (Mexico) in conjunction with Unicef.
- Horticulture through the solar power project (India) in conjunction with the Vicente Ferrer Foundation.
- Gamesa Soccer League II (India) in conjunction with Krida Vikas Sanstha-Nagpur.
- Access to Technology - *Telecentre* Project (Brazil) in conjunction with Coordenação Regional das Obras de Promoção Humana (CPROH).
- Social inclusion center (Uruguay) in conjunction with Fundación la Muralla.

The Company carries out initiatives in the fields of health, education, care for the environment and the development of community support infrastructures, especially in India. The specific corporate social responsibility program known as "Gamesa Community Spirit" is materialized through a series of strategic programs, including:

- Gamesa Academic Excellence Program
- Gamesa Gram Arogya Kendra
- Gamesa Vocational Training Program
- Employee volunteering

Fulfillment of the Policy in this area has likewise been positive.



3. Conclusion

Based on all that has been set out in this report, the General Secretariat concludes that Gamesa has duly fulfilled the aforementioned Policy as well as the targets set in the CSR Master Plan over the course of 2016.

ⁱ Reference can likewise be made in this section to the Report on the Application of the Communications and Contacts Policy with shareholders, institutional investors and vote advisors.