

# **Corporate Responsibility**

Report  
**2016**

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## BASIC FIGURES

	2016	2015	2014	2013	2012	2011	2010
Sales (€ million)	4,612	3,504	2,846	2,336	2,665	3,033	2,764
Equivalent MW sold	4,332	3,180	2,623	1,953	2,119	2,802	2,405
EBIT (€ million)	477	294	191	123	(631)	131	119
Net earnings after tax (€ million) (Loss)	301	175	101	45	(659)	51	50
NFD / EBITDA	-0.9x	-0.6x	-0.4x	1.5x	2.5x	2x	-0.6x
Listing at 12/31 (€)	19.27	15.82	7.56	7.58	1.66	3.21	5.71
Earnings per share (€) (Loss)	1.0887	0.6164	0.3550	0.1796	(2.63)	0.209	0.208
Gross dividend per share (€/share)	<sup>1</sup> -	0.152	0.083	0	0	0.051	0.119

	2016	2015	2014	2013	2012	2011	2010
Workforce	9,367	7,271	6,431	6,079	6,646	8,357	7,262
Sick leave frequency rate	0.85	1.08	1.72	1.74	2.39	3.84	4.19
Severity rate	0.02	0.02	0.05	0.05	0.07	0.09	0.13
% international workforce	56	47	41	36	36	42	36
% women in workforce	18.01	21.26	22.68	23.65	23.74	23.17	24.55
% permanent employment contracts	92	92	93	92	92	88	87
Hours of training / employee	40.70	25.90	19.31	7.49	23.59	39.57	32.27

	2016	2015	2014	2013	2012	2011	2010
United Nations Global Compact	✓	✓	✓	✓	✓	✓	✓
Dow Global Sustainability Index	✓	-	-	-	✓	✓	✓
FTSE4Good	✓	✓	✓	✓	✓	✓	✓
Ethibel Excellence Europe	✓	✓	✓	✓	✓	✓	✓
Global Challenges Index	✓	✓	✓	✓	✓	✓	✓
CleanTech Index (CTIUS)	✓	✓	✓	✓	✓	✓	✓

	2016	2015	2014	2013	2012	2011	2010
Consumption of raw materials (t)	257,206	149,554	112,044	103,507	119,687	137,254	113,364
Energy consumption (TJ)	521	452	308	506	574	627	1,217
Water consumption (m <sup>3</sup> )	159,598	126,358	97,341	80,048	95,261	101,105	93,140
Waste generated (t)	19,394	11,552	10,841	10,346	11,191	16,336	15,952
Effluents generated (m <sup>3</sup> )	127,678	101,087	77,872	62,356	59,332	61,488	56,113
CO <sub>2</sub> emissions (t CO <sub>2</sub> )	30,156	36,855	29,879	39,436	47,656	56,747	57,982
CO <sub>2</sub> prevented (million t CO <sub>2</sub> )	58.31	51.91	46.85	43.25	40.15	36.21	31.25
Energy consumption rate (GJ)	113	129	108	217	202	207	-
Water consumption rate (m <sup>3</sup> )	35	36	34	34	33	33	34
Waste generation rate (t)	4.2	3.2	3.8	4.4	3.9	5.3	5
Effluent generation rate (m <sup>3</sup> )	28	28	27	27	20	20	20
CO <sub>2</sub> emission rate (t)	7	10	11	17	16	18	21
CO <sub>2</sub> prevented rate (t)	1,384	1,447	1,264	1,329	1,384	1,636	1,403

Note: The rate obtained is in relation to the year's billing expressed in million euros (€ million).

<sup>1</sup> As indicated in Note 37 of the Report on the Consolidated Annual Accounts 2016, Gamesa has signed a merger agreement with Siemens. The General Shareholders' Meeting held on October 25, 2016 approved the merger. It likewise agreed to change the Board of Directors' composition and an increase of capital to cover the swap with 401,874,595 newly issued shares, subject to the merger's effective completion. Should the merger's effective completion take place prior to the 2017 Annual General Shareholders' Meeting, the current Board of Directors will be empowered to propose to the General Shareholder's Meeting the relevant resolution on the dividend distribution on all of the shares after the aforementioned increase of capital.

## **PART I: General Standard Disclosures**

## I.01.- STRATEGY AND ANALYSIS

### G4-1 Statement from the most senior decision-maker of the organization

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The year 2016 can, without doubt, be considered an extraordinary year in which the targets set were exceeded and the groundwork laid for Grupo Gamesa's long-term strategy.

The company ended the year with 32% growth in sales to reach €4.612 billion. EBIT amounted to €477 million, equivalent to an annual growth rate of 48% and an EBIT margin of 10.4%, 1.1 percentage points above the EBIT margin for the same period in 2015.

This growth in turnover during 2016 was the outcome of the company's strong competitive positioning and its presence in markets undergoing above-average growth. The strength of the company's competitive positioning is not only based on its diversified geographic presence, but also on an extensive customer base, a products and services portfolio geared at maximizing the return from wind energy assets and its presence across the entire wind energy value chain.

These advances allowed Gamesa to end 2016 with a net profit figure that grew by 77% on a year-on-year basis to reach €301 million and to progress towards its main goals, thus demonstrating our strength and exceeding the undertaking made to create value for our shareholders.

Aside from these achievements in economic and financial management, however, the company also maintains a commitment to the business's sustainability, in the broadest meaning of the word, by actively seeking to generate value for stakeholders. This is recognized by the world's main sustainability indices, such as the FTSE4Good, the Ethibel Sustainability Indices or the prestigious Dow Jones Sustainability Indices, of which Gamesa forms part.

Gamesa is a significant driving force for progress in the communities in which it operates. In 2016, the company reinvested almost all the earnings it generated in its stakeholders by boosting industrial activity through the investments it made and purchases from suppliers, as well as by contributing economic resources to public administrations and fostering a stable local economy.

The company remains firmly people-driven, convinced that they are the key to Gamesa's success. We ended the year with a workforce exceeding 9,300 professionals and recruited 2,700 new employees, creating quality jobs and focusing our efforts on training – more than 330,000 hours were dedicated to training in 2016 –, in addition to managing and retaining talent and protecting diversity and gender equality. This approach is based on our firm commitment to occupational health and safety, which once more improved in 2016 on the previous year with a 21% fall in the frequency rate of accidents involving sick leave. Our attention is firmly focused encouraging an innovative culture in the area of prevention.

Developing a competitive supply chain, which is also ethical, responsible and sustainable, remains as one of our key goals. We work on supplier control systems to assess our suppliers' contribution to the company's strategic objectives. Today Gamesa has more than 9,900 suppliers across the world with an annual procurement volume exceeding €3.7 billion, which are mainly based in Spain, India, China, the United States and Brazil. The company also drives forward their global development, given that they have the possibility of not only supplying within their regions but also to other regions through Gamesa.

Along with this, Gamesa is actively involved in the communities in which it has a presence by going beyond business channels through social initiative programs which can count on our employees' active participation. In 2016, these programs were centered on countries like Mexico and Brazil by means of initiatives having an incidence on priority areas, such as healthcare, education, care for the environment and infrastructure development. This year we especially wish to highlight a program that allowed us to bring children from different parts of India to Spain, so they could take part in the Donosti Cup 2016. This program was aimed at encouraging inclusion through sport in the belief that we are all capable of providing new life opportunities thanks to it.

In the environmental area, Gamesa has taken up the challenge of becoming a carbon-neutral company by 2025, thereby turning it into an industrial point of reference and favoring a more sustainable future in terms of energy. Furthermore, the installation of 4,262 MW of wind turbines increased the group's cumulative wind energy power to 38.8 GW and allowed its customers across the world to avoid emitting more than 58 million tons of CO<sub>2</sub> a year, thus contributing to a reduction in greenhouse gases and mitigating their effects.

We maintain an integrity model which relies on values, ethical principles and guidelines and the group's regulatory compliance. Proof of this is the updating of company's Code of Conduct, the Whistleblowing Channel's development and the monitoring conducted on the crime prevention and anti-fraud model's review. Training sessions involving more than 2,400 professionals were carried out during their development. Management transparency and integrity are non-negotiable at our company and were strengthened as the main pillars which uphold our identity, precisely in the year we celebrated Grupo Gamesa's 40<sup>th</sup> anniversary (1976-2016).

We reaffirm our commitment to the United Nations Global Compact's principles, which we endorsed in 2005, by constantly working on issues connected with human rights and maintaining responsible labor, environmental and anti-corruption practices, which all enjoy universal consensus.

I hope this report we are placing at the disposal of our stakeholders, which follows the Global Reporting Initiative's guidelines, provides a balanced, detailed view of these and other challenges, goals and achievements.

Lastly, I would like to express my utmost gratitude to all the people who have made it possible to reach all the goals we have set for ourselves to carry on building a more solid company and maintain a brand recognition that marks us out as a leading technology company in the development of solutions aimed at attaining sustainable development.

**Ignacio Martín**  
Executive Chairman

G4-2 Key impacts, risks and opportunities

Gamesa’s commitment to sustainability is structured around its economic, environmental and social performance.

**Economic dimension**

Gamesa’s activity within the wind energy sector aims to make a contribution to energy security in terms of both the independence of energy supplies (local) as well as in terms of the resource’s abundance (renewable) through an energy source which allows for the diversification of energy supplies and mitigates any possible adverse geopolitical situations through a local source of supply.

Gamesa has a clear economic impact on the areas where it operates as a company which drives forward industrial activity through the investments it makes and the corresponding creation of quality jobs. It also generates a lot of service activities in said areas and provides economic resources to the public administration.

The company is a leading player in the wind energy industry, an industry which is a key solution for climate change, air pollution, energy security and price stability, in addition to acting as a catalyst for new industries and jobs.

According to the Global Wind Energy Council’s (GWEC) statistics<sup>2</sup>, the world’s total wind energy capacity reached 486,749 MW at the end of 2016 after a total of 54 new gigawatts were installed during the year.

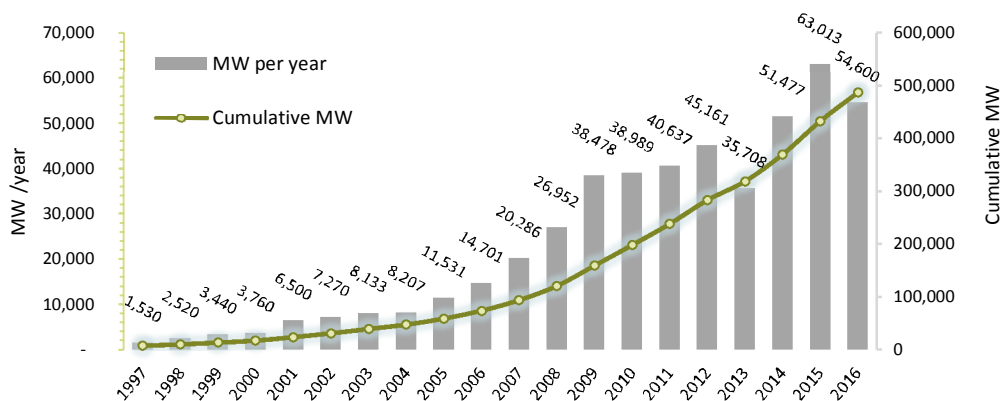
China installed a total of 23 gigawatts of wind energy, almost half of the total of 54 gigawatts installed throughout the world in 2016, and is becoming the main driving force for change, followed closely by the United States, Germany and India. Significant actions also took place in countries like France, Turkey and the Netherlands in 2016.

Table 1.- Global wind energy market

(in MW)	New capacity installed in 2016	Cumulative 2016	Cumulative 2015	Cumulative 2014	Cumulative 2013	Cumulative 2012
China	23,328	168,690	145,362	114,604	91,412	75,324
United States	8,203	82,184	73,991	65,877	61,110	60,007
Germany	5,443	50,018	44,941	39,128	34,250	31,270
India	3,612	28,700	25,088	22,465	20,150	18,421
Spain	49	23,074	23,025	23,025	22,959	22,784
United Kingdom	736	14,543	13,809	12,633	10,711	8,649
Canada	702	11,900	11,219	9,694	7,823	6,204
France	1,561	12,066	10,505	9,285	8,243	7,623
Italy	282	9,257	8,975	8,663	8,558	8,118
Brazil	2,014	10,740	8,726	5,962	3,466	2,508
Rest of the world	8,670	75,577	67,039	58,359	49,914	42,140
<b>Worldwide total</b>	<b>54,600</b>	<b>486,749</b>	<b>432,680</b>	<b>369,695</b>	<b>318,596</b>	<b>283,048</b>

<sup>2</sup> Source: Global Wind Energy Council (GWEC)

Fig 1.- Evolution of the global wind energy market



In order to ensure the sustainability of this challenge over time, the group’s economic management is based on the new Business Plan 2015-2017<sup>3</sup>, which was presented to the markets on June 16, 2015.

### Environmental dimension

Gamesa promotes the transition to a low-carbon economy through its experience and actions, and accepts the challenge to maintain competitiveness by producing in the most efficient way possible.

This was especially relevant in 2016, as the 22<sup>nd</sup> United Nations Conference of Parties on Climate Change (COP 22) took place, which gave continuity to COP 21 held in 2015. All countries pooled their efforts in the historic Paris Agreement, an ambitious and dynamic universal agreement through which governments undertook to initiate a new low-carbon development model.

The aim of the **Paris Agreement**<sup>4</sup> is to keep a global temperature rise this century well below 2° C above pre-industrial levels (and to pursue efforts to limit the temperature increase even further to 1.5° C), ensuring global emissions peak as soon as possible, and to achieve climate neutrality in the second half of the century. The force of the agreement is such that 186 countries have submitted their plans to combat climate change (97% of global emissions) in an unprecedented global effort.

Wind turbine design, manufacturing, installation and operations and maintenance as well as wind farm development, construction and sales are, nonetheless, industrial activities with a potential impact on the environment caused to meet consumer demand. Throughout the entire life cycle of 1 kWh of wind energy, impacts are produced on biodiversity, the climate, the ozone layer and acid rain on a global scale and, on a local scale, on raw material consumption, emissions, waste, effluents and visual environmental impacts. However, each kWh of energy generated with wind energy has 21 times less environmental impact than a kWh of energy produced by the oil, 10 times less than the impact of nuclear energy and 5 times less than that of gas<sup>5</sup>. A detailed description of these kinds of impacts can be found in this report’s environmental section, as can the actions to control and reduce them.

In an effort to reduce the environmental impact of operations, a variety of actions are carried out like emission reductions, biodiversity programs, energy efficiency activities which involve the sustainable use of natural resources, pollution prevention and the proper management of the waste activities generate. Furthermore, the group makes an effort to use water rationally and sustainably and manage the risks

<sup>3</sup> Business Plan 2015-2017: Value Creation Through Profitable Growth. (<http://www.gamesacorp.com/recursos/doc/accionistas-inversores/presentaciones/2015/perspectivas-2015-2017.pdf>)

<sup>4</sup> Paris Agreement: <http://unfccc.int/resource/docs/2015/cop21/spa/l09s.pdf>

<sup>5</sup> Source: Asociación Empresarial Eólica (AEE - Wind Energy Business Association)



connected with its scarcity.

It is also important to point out that Gamesa, by performing its activity, makes a direct contribution in the fight against climate change, since the more than 38 GW it has installed prevent air emissions totaling more than 58 million tons of CO<sub>2</sub> a year. Gamesa's activity therefore contributes to a reduction in greenhouse gas (GHG) emissions and to maintaining a more sustainable environment.

Table 2.- Greenhouse Gas (GHG) emission savings due to installed MW

	2016	2015	2014	2013	2012
MW installed - annual	4,262	3,354	2,421	2,071	2,265
MW installed - cumulative	38,875	34,618	31,237	28,838	26,768
GWh / year <sup>6</sup>	97,187	86,545	78,092	72,095	66,920
t NO <sub>x</sub> prevented	668,164	594,996	536,886	495,653	460,072
t SO <sub>2</sub> prevented	369,313	328,871	296,752	273,961	254,294
TEP prevented	8,348,406	7,434,215	6,708,146	6,192,961	5,755,079
tCO <sub>2</sub> prevented <sup>7</sup>	58,312,500	51,927,000	46,855,500	43,257,000	40,151,715

### Social dimension

Due to the process of internationalization it is undergoing, Gamesa has changed radically over the last few years. This process has involved the appearance of new significant internal and external challenges for the management of the company's social environment.

A strong commitment in the area of social responsibility has been kept during this transformation. Thus, the company fosters ethical and responsible behavior across the value chain in all the countries where it operates.

The company's activities have consequences for its stakeholders, and the kinds of relationships Gamesa has established with its customers, employees, suppliers and the communities where it operates are set out in this report's different chapters. It takes measures to promote their economic and social development by favoring employment policies and other policies connected with the supply chain.

<sup>6</sup> Considering number of effective hours = 2,500 h

<sup>7</sup> Taking into consideration the following conversion factors per year of wind turbine operation. Source: IEA – 2009: CO<sub>2</sub> emissions from fuel combustion: 0.6 tCO<sub>2</sub>/MWh; 0.006875 tNO<sub>x</sub>/MWh; 0.0038 t SO<sub>2</sub>/MWh; 0.086 TEP/MWh

**Corporate Social Responsibility Strategy. CSR Master Plan.**

Gamesa construes Corporate Social Responsibility (CSR) as companies’ responsibility for their impact on society, as the defined by the European Commission in “A Renewed EU Strategy 2011-2014 for Corporate Social Responsibility” issued on 25 October 2011. This entails including environmental and social considerations in the organization’s decision-making process.

The group’s **vision on CSR matters for 2025** is recognized and admired for being an in-house business model which is differentiated, distinctive and committed to the creation of value and sustainable development.

Said vision is materialized in Gamesa’s **Corporate Social Responsibility Strategy**, which works on the company’s long-term positioning by tackling CSR topics which are relevant for stakeholders by including their expectations in the company’s decision-making and day-to-day business management. Gamesa’s CSR strategy is focused on:

- Fulfilling Grupo Gamesa’s Overall CSR Policy and the policies associated to its development.
- Converting Gamesa into a fundamental partner for customers and investors and into a management model of reference for the rest of its stakeholders.

Nonetheless, due to the very nature of the concept of Corporate Social Responsibility, it is necessary to work and combine distant time scales with short and medium-term actions to be in a position to introduce updates in keeping with the business’s needs, regulations, clients, investors and other stakeholders’ expectations, and even scientific and technological advances that are under development. Hence, the roadmap laid down for 2025 takes shape in CSR mater plans with shorter timescales, which allow the actions that have to be carried out within specific deadlines in the different lines of action to be set.

The CSR Master Plan 2015-2017 covering a three-year period and structured around specific programs is currently being developed. Different lines of action are specified for each program and one or several specific actions are set out within these, as the table below summarizes:

Table 3.- CSR Master Plan 2015-2017

PROGRAM 01- INTEGRITY				
ITEM	AIM	TARGET	WHEN	STATUS
01.-	Review and updating of the Corporate Social Responsibility Policy	Policy document approved by the Board	2015	COMPLETED
02.-	Adoption of a responsible public tax policy	Policy document approved by the Board	2015	COMPLETED
03.-	Periodic disclosure of the Progress Report on fulfillment of the United Nations Global Compact’s principles	Preparation of the annual COP	2015	COMPLETED
			2016	COMPLETED
03.-			2017	IN PROGRESS
04.-	Development and monitoring of the Whistleblowing Channel (Compliance Channel)	Review, dissemination and training	2016	COMPLETED
05.-	Review, updating of and training on the company’s Code of Conduct	Review, dissemination and training	2016	COMPLETED
06.-	Review of the crime prevention and anti-fraud model	Drawing up manuals	2016	COMPLETED
07.-	Implementation of the crime prevention and anti-fraud model in all the geographic areas where Gamesa or group companies perform their activities	Training on the model	2016	COMPLETED
08.-	Development of an internal oversight model for the crime prevention and anti-fraud model	Annual assessment of the Policy’s fulfillment and effectiveness to prevent crimes and combat fraud, and of the manual or manuals	2016	COMPLETED

<b>PROGRAM 02- TRANSPARENCY</b>				
ITEM	AIM	TARGET	WHEN	STATUS
09.-	Implementation of CSR management tools	CSR dashboard	2016	IN PROGRESS
10.-	Transfer of key CSR indicators to the website.	Website section	2017	IN PROGRESS
11.-	Active collaboration with organizations to develop CSR	Network with organizations	2016	COMPLETED
12.-	Preparation of an annual non-financial performance report	Annual CSR report	2016	COMPLETED
13.-	Participation in international non-financial reporting projects	Report on international trends and requirements	2016	COMPLETED
14.-	Remaining or being included in sustainability indexes	Overall 75% percentile assessment within the sector in the Dow Jones Sustainability Indices (DJSI)	2017	COMPLETED

<b>PROGRAM 03- HUMAN RIGHTS</b>				
ITEM	AIM	TARGET	WHEN	STATUS
15.-	Approval of a Human Rights Policy	Policy document	2016	IN PROGRESS NOT COMPLETED
16.-	Reaching a global labor agreement on Social Responsibility	Firm agreement involving Grupo Gamesa, trade union representatives and IndustriALL Global Union	2015	COMPLETED
17.-	Implement the best corporate safety standards for people and assets	Keep protocols operational and periodic safety assessments on countries where the company operates.	2015	COMPLETED
18.-	Ensure human rights training for security personnel who work at Gamesa work centers	All security personnel working at Gamesa centers have received specific human rights training.	2017	IN PROGRESS

<b>PROGRAM 04- FAIR LABOR PRACTICES</b>				
ITEM	AIM	TARGET	WHEN	STATUS
19.-	Reduction in accident rates and continued implementation of preventive action measures	10% reduction in the frequency rate (base 2014)	2017	COMPLETED
20.-	Development of a safety culture among Gamesa's employees and contractors	Training campaigns - ThinkSafe Program (annual program)	2015	COMPLETED
21.-	Development of a Diversity and Inclusion Policy	Policy document	2015	COMPLETED
22.-	Development of a culture of equality and diversity	Development of tracking KPIs	2016	COMPLETED
23.-	Ensure non-discriminatory recruitment and the inclusion of women in areas, groups and positions where they have less representation	Control over the recruitment process	2016	COMPLETED
24.-	Increase in the percentage of women holding positions of responsibility	20% of positions of responsibility held by women in 2018	2018	IN PROGRESS
25.-	Career development and job promotion for all Gamesa personnel	At least 20 hours of training per employee per year Performance assessment at 65%	2016	COMPLETED
26.-	Fulfillment of legal, labor and social security obligations for Gamesa personnel	Labor audit at Gamesa centers	2017	IN PROGRESS
27.-	Measurement of the level of implementation of good labor practices at suitable intervals	Working environment survey	2017	COMPLETED
28.-	Analysis of remuneration policies	Statistical analysis on remuneration	2017	IN PROGRESS
29.-	Promotion of a culture that encourages the conciliation of work and personal life and co-responsibility	Awareness campaign and table on conciliation measures	2016	COMPLETED

<b>PROGRAM 05 - RESPONSIBLE SUPPLY CHAIN</b>				
ITEM	AIM	TARGET	WHEN	STATUS
30.-	Approval of a Supplier Relationship Policy	Policy document	2015	COMPLETED
31.-	Development of an ethical code for suppliers	Suppliers Code of Conduct	2015	COMPLETED
32.-	Development of a supplier pre-qualification and registration process	Procurement volume equivalent to €1.5 billion	2017	IN PROGRESS
33.-	Development of a supplier CSR auditing process	Cumulative figure of 100 audits in the period	2017	COMPLETED

<b>PROGRAM 06- LOCAL COMMUNITY</b>				
ITEM	AIM	TARGET	WHEN	STATUS
34.-	Development of a new Social Initiatives Policy	Policy document	2016	IN PROGRESS, NOT COMPLETED
35.-	Setting up a new CSR Committee in India	CSR Committee India and rules of procedure	2015	COMPLETED
36.-	A social initiative plan for Gamesa India	Gamesa Community Spirit Plan	2015	COMPLETED
37.-	Investment in social initiative projects	Cumulative investment of almost half a million euros between 2015 and 2017	2017	COMPLETED

<b>PROGRAM 07 - THE ENVIRONMENT</b>				
ITEM	AIM	TARGET	WHEN	STATUS
38.-	Development of a systematic corporate environmental footprint calculation system	Systematic calculation of the organization's environmental footprint	2017	COMPLETED
39.-	Reduction in the generation of waste	Global waste generation below 2,700 kg/MW manufactured	2017	IN PROGRESS
40.-	Increase in waste recovery and recycling	Percentage of waste finally disposed of in landfills below 20% (5% reduction on 2014 levels)	2017	IN PROGRESS
41.-	Reduction in and stabilization of water consumption	Value below 25 M <sup>3</sup> /MW manufactured for operations	2017	IN PROGRESS
42.-	Keep environmental management certificates	Environmental management standard according to the international ISO 14001 standard at all centers.	2017	COMPLETED
43.-	Collaboration with research centers to preserve biodiversity	Creation of the first germplasm bank of Iberian bird of prey species	2017	IN PROGRESS
44.-	Verification of greenhouse gas emissions	Verification of the organization's greenhouse gas emissions pursuant to the international ISO 14064 standard	2017	COMPLETED
45.-	Neutralization of CO <sub>2</sub> emissions. Path to carbon neutrality 2025	CO <sub>2</sub> neutralization percentage between 2% and 12% (depending on the scenario) in 2017	2017	IN PROGRESS
46.-	Supply of clean electric power	All electric energy is clean and certified for all industrial plants and offices in Spain	2017	COMPLETED
47.-	Performance of energy audits	Implementation of energy efficiency audits by qualified experts every four years.	2017	IN PROGRESS
48.-	Added value in R&D and innovation	Amounts allocated by Gamesa to R&D and innovation in clean energy cumulatively amounting to €128 million over the period	2017	IN PROGRESS
49.-	Improvement in Carbon Disclosure Project (CDP) indices	Situating the company at a CDLI score of 95 points (93 points in 2014) and level B in the CPLI (level C in 2014).	2017	IN PROGRESS
50.-	Active participation as a result of COP21	Playing an active role, setting out stance and participating in International corporate sector forums	2016	COMPLETED

### Long-term risks and opportunities. Integrated risk management system.

#### ERM: Enterprise Risk & Opportunities Management

Gamesa is equipped with several Risk and Opportunities Control and Management Systems which are included under its corporate governance rules within an internal reference framework which we call ERM (Enterprise Risk & Opportunities Management). ERM is considered at the highest level, starting off, on the one hand, from the guidelines set forth in the Board of Directors Regulations and in its delegated committees' regulations – essentially the Audit and Compliance Committee Regulations (Articles 9 and 11) – and, on the other, from prestigious international methodologies.

The basis of ERM can be found in the **General Risk Control and Management Policy**<sup>8</sup>, which was approved by the Board of Directors in 2015. This policy sets the bases and uniform general context upon which the fundamental elements of ERM are based to ensure the overall and specific systems fulfill a series of common principles, including: management philosophy and goals, dynamic identification model, aggregation, assessment, risk mitigation and control, acceptable risk levels, communications, reporting and oversight, integrity, ethical values, powers and assignment of responsibilities.

ERM is applied across an organization and is structured around the four levels of protection and defense set out below to face and manage significant risks and opportunities:

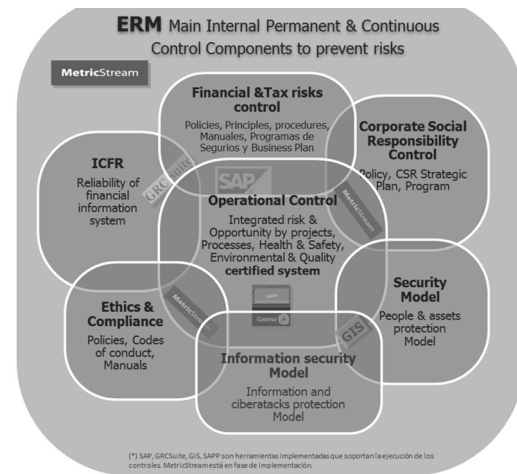
- 1. Ownership of Risk Management:** The Management Committee, the Executive Committee and each of the regions' committees, as owners of the risks, are responsible for, among other matters: (i) managing integrated risk control over business processes and decision-making in all the geographic areas where the company operates; (ii) leading the setting and implementation of action plans; (iii) and ensuring fulfillment of the General Risk Control and Management Policy by assigning the necessary resources (human, technology and financial resources).  
As provided by the Investment and Financing Policy, the General Finance Department centralizes financial risk management for Grupo Gamesa as a whole. The Tax Department ensures the fulfillment of the tax strategy and policy.
- 2. Monitoring and compliance:** The Business Risk Control (BRC) Department takes part in setting the risk strategy and ensures the effectiveness and proper operation of the control systems which mitigate any risks detected. It also safeguards executive guidelines and assesses all aspects connected with the company's risks, including operational, technology, legal, social, environmental, political and reputation-related risks. The Ethics and Compliance Department is in charge of applying the Code of Conduct and the Internal Code of Conduct Regarding the Securities Market, as well as of monitoring the implementation and fulfillment of the policy as set out in the Crime Prevention and Anti-Fraud Manuals.
- 3. Independent assurance:** The Internal Auditing Department reports directly to the Board of Directors through the Audit and Compliance Committee and informs, advises and reports independently on any risks to the Audit and Compliance Committee.
- 4. Supervision:** Among other matters, the group's Audit and Compliance Committee has been entrusted by the Board of Directors with the duties of: (i) periodically reviewing the internal control and risk management systems' effectiveness, including tax risks, to identify, analyze and properly report to the Board about the main risks; (ii) ensuring that the risk control and management policy identifies the different kinds of risks (operational, technology, financial, legal, reputation-related, etc. risks) faced by the company and its group, including contingent liabilities and other out-of-balance risks among financial risks, along with the risk levels the company and Grupo Gamesa deem acceptable according to their corporate governance rules.

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<sup>8</sup> See Policy at: <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/gobierno-corporativo/politicas-corporativas/politicas-riesgos/politica-general-de-control-y-gestion-de-riesgos.pdf>

The establishment of the **internal and external contexts** under which Gamesa performs its operations through proactive, process-integrated risk management is accompanied by some **risk tolerance limits and several permanent ongoing controls for the ERM's main components** (financial, tax, health and safety, environmental and quality, reliability of economic and financial reporting, information and asset security, ethics and compliance, corporate social responsibility components). This is achieved through specific policies and indicators, which always form part of said limits and controls, fulfilling the goals laid down by the prevailing Business Plan and acting at all times in strict fulfillment of the Law and the company's corporate governance rules, particularly the values and standards of conduct reflected in the Codes of Conduct, the Corporate Tax Policy's principles and best practices and under the principle of *zero tolerance* for illegal acts and fraud, as the Crime Prevention and Anti-Fraud Policy sets forth.

Fig 2.- Gamesa's ERM Model



The **strategy and risk tolerance are set by senior management** on the basis of quantitative (indicators) or qualitative variables which allow the amount of risk the company is willing to accept to reach its goals to be set. The tolerance level is updated periodically and at least each time amendments are made to the strategy and/or the policies.

- The Board of Directors approves the specific policies from which the risk levels which the Corporation considers acceptable are derived (risk tolerance criteria), which are geared at maximizing and protecting Gamesa's economic value within a controlled variability.
- Gamesa's Executive Committee sets the specific numerical values of the risk limits set forth in specific policies and/or the targets set on an annual basis. Within this context, Gamesa's Executive Committee reviewed and updated the specific numerical values of the risks connected with the Investment and Financing Policy in 2016.
- The Audit and Compliance Committee ensures that the risk control and management policies identify the risk levels the company deems acceptable in accordance with its corporate governance rules.

Once the risks which threaten fulfillment of the business goals have been identified, the owners of the risks conduct an assessment on them in order to ascertain their priority and levels of residual exposure in relation to the tolerance levels. Thus, they can set the measures said risks require (mitigation plans). All this is conducted under an overall risk management process and several sub-processes which support a top-down, bottom-up approach across the entire organization to ensure actions are taken and risk management is supervised and reported through the support provided by specific risk management systems, along with suitable coherence between micro and macro-risks.

The ERM framework is supported by several cross-cutting elements, such as computer tools and IT platforms, audits, preventive observations, management reviews, events management, training activities and awareness raising on and promotion of a risk management culture:

- Several training sessions were given in 2016 to 159 managers and executives (1<sup>st</sup> line of defense) at both corporate and regional levels on the General Risk Control and Management Policy, the general ERM framework and integrated risk management methods. The training program will continue into 2017.
- As far as awareness raising and an integrated risk management culture for the entire workforce are concerned, it should be noted that the general circulation of Rule No. 3.25 on the Code of Conduct's risk management covers all employees through the intranet. It was also distributed to the stakeholders most directly affected by it through the training sessions held on said Code in 2016 (Rule 3.25 sets out that the group's professionals should be proactive players in the risk prevention culture within the area and scope of their duties through the integrated management of their activities and projects' risks. It also enumerates the relevant principles of actions). See sessions on the Code set out in Section G4-57 (p. 78) of this CSR report.

The systems are based on a universal standard risk classification model that uses common language in the company known as “Business Risk/Opportunity Model (BRM/BOM)”, the last update of which was approved by the Board of Directors through the policy in 2015. BRM considers risks and opportunities in four groups which in turn are subdivided into several subcategories:

- Strategic and environmental risks
- Process risks (operational and financial risks)
- Risks related to reporting for decision-making or legal requirements
- Corporate governance, ethical and compliance risks

#### MAIN RISKS/OPPORTUNITIES AND THEIR CONTROL

In general terms, Gamesa’s Risk Control and Management Policy defines “risk” as any threat that an event, action or omission could prevent Grupo Gamesa from attaining its business goals and successfully carrying out its strategies. Hence, the Risk Control and Management Systems are linked to the company’s strategic planning process and the setting of its goals, thereby contributing to the creation of value for the different stakeholders and to the organization’s sustainable and profitable development.

When it puts its strategic and operational planning into place, Gamesa faces a variety of risks and opportunities which are inherent to the industry in which it performs its activities and to the countries where it operates. Said risks could affect the attainment of the business goals set out in the prevailing Business Plan 2015-2017.

In addition, threats, opportunities, overall trends and other risks are monitored which, even if they do not have a direct short-term impact on the goals’ attainment, constitute priority areas of surveillance for Gamesa, such as: the effects of climate change; natural disasters; geopolitical and social conflicts and terrorist attacks; risks connected to information system environments, like cyber-attacks and systems continuity; and risks related to Corporate Social Responsibility (CSR) like, for example, the risks affecting the supply chain’s CSR.

The main risks Gamesa is exposed to that were monitored in 2016 as well as the response actions and the ongoing control and supervision systems for said risks are grouped under four categories, which are set out below:

#### A) STRATEGIC AND ENVIRONMENTAL RISKS AND OPPORTUNITIES

These are risks and opportunities which arise as a consequence of choosing certain strategies or external factors that are beyond the company’s management and which might exert a significant direct or indirect influence on the attainment of its objectives and the company’s long-term vision.

Within this context, the risks set out below are included among the risk/opportunity factors that could affect the goal of “**Solid competitive positioning. Take advantage of growth opportunities in emerging and markets mature**”:

From the standpoint of **opportunities**, the growing number of countries committed to renewable energies as a mechanism to contain climate change and the growing competitiveness of renewable sources of energy stand out. These renewables include wind energy, which therefore sets the bases for a solid demand outlook in the short, medium and long-term. This support for renewable energies is clearly reflected in the speed with which the Paris Agreement – signed on December 12, 2015 by 195 countries – entered into effect (November 4, 2016), while the growing competitiveness of wind energy was reflected in the outcomes of the numerous energy auctions that took place in both emerging and mature countries over the course of 2016. These auctions reveal that wind energy is competitive when compared to traditional sources of energy in a large number of regions.

Moreover, due to its geographic diversification (54 countries), Gamesa is in some cases exposed to “**country risks**”, which are construed as an environment where the sociopolitical conditions could affect local Gamesa subsidiaries (like, for instance, the effect of the Brazilian energy market affecting the country’s overall situation). In other cases, it is exposed to more global risks resulting from macroeconomic factors, natural disasters, health threats and other emerging threats. This risk is characterized by a high degree of control and speed of response due to a **security model** which ensures the continuity and security of the business, people and assets in countries where the company operates by managing early warnings (economic, social, political and health alerts), contingency and emergency plans, and management procedures.

**Tax risks** arise from local and/or global requirements and direct and indirect taxes. These risks are controlled through several mechanisms set forth in the Framework Tax Risk Control and Analysis Rule. Said controls include periodic reporting actions to the company’s management and oversight bodies on the fulfillment of good tax practices concerning the prevention of tax risks and in relation to the tax authorities, along with the application of the Corporate Tax Policy, performance and control processes and procedures, and specific controls on the fulfillment of legal tax requirements by regions.

**The pressure exerted on wind energy prices by other energy sources and competitors is monitored** periodically by several of the company’s areas. Changes in technological, regulatory, market-related and demand aspects are also monitored, as are any political changes which could have an effect on renewable energies.

**Regarding the industry’s consolidation, analyses and surveillance are conducted on movements in the industry that could positively affect the goal of “Growth Beyond 2017”.** It should be noted that Gamesa is clearly moving forward in the implementation of its long-term strategy (beyond 2017) by reaching a merger agreement with Siemens Wind Power in 2016, in addition to making progress on the attainment of its annual economic and financial targets. This merger, which is based on solid strategic reasons, will enable two highly complementary companies as regards markets, businesses, customers, product portfolios and operating and management capacities to be combined. After the merger, the new group will be in a position of offer optimal CoE to its customers and maintain a sustainable value creation proposal in the medium and long-term for the rest of its stakeholders (shareholders, employees, suppliers and communities in which it has a presence).

## B) OPERATIONAL AND FINANCIAL RISKS

**OPERATIONAL RISKS:** These risks are related to internal processes which are identified and managed in such a way so they are integrated into business activities, such as risks connected to the ineffective and/or inefficient use of resources (cost overruns), the failure to meet deadlines, a lack of quality, supply chain aspects, management capacity, business continuity, corporate reputation and employee and management-related issues, which could lead to losses due to the absence or inadequacy of procedures, human resources and systems or due to external events and technology failures, among others.

- **Supply chain risks, including corporate social responsibility thereof:** As a result of the geographic diversification of Gamesa’s supply chain, ongoing monitoring and control are required to prevent any potential effects on the business’s continuity that a failure in components and services suppliers could have and to ensure our suppliers observe Gamesa’s standards of conducts (which have been set out in the Suppliers Code of Conduct for such purpose). In order to conduct this monitoring, Gamesa performs a variety of control activities on the different stages of its relationship with suppliers, ranging from screening right up to the engagement process and the provision of the service or product in question, the following of which should be noted: screening of single suppliers, supplier audits (SQA and CSR audits), controls through the Achilles Platform and ethics and compliance checks.



- Any risks which might affect the goal of attaining “**the products and services portfolio’s competitiveness and positioning improvements in mature markets**” are already mitigated by the **Product Development Plan** (G126-2.5 MW and G132-3.465 MW) in order to compete in advanced markets, as foreseen in the Business Plan. Work has been carried out on the products and services portfolio’s competitiveness by optimizing the start-up curve, return in terms of the cost of energy (CoE) and new developments’ contribution margin. The first order for the G132-3.465 MW wind turbine was signed in the fourth quarter of 2016. The G126-2.5 MW turbine was chosen by *Windpower Monthly* as the year’s best wind turbine in the category of up to 2.9 MW and the G132-3.3 MW ranked fourth in the category of more than 3 MW.
- **As far as information security risks, including cyber-attacks, are concerned**, Gamesa’s management recognizes as strategic assets any information and assets that provide it with support. It has therefore stated its determination to reach the security levels required to ensure their protection with regard to availability, confidentiality, integrity, authentication and traceability. As part of this commitment, Gamesa is equipped with an **information security model** whose main pillar is the Information Security Manual, which was approved in 2013 and applied to all areas which comprise the company. Both general and specific controls based on the manual for the protection of information systems have been implemented. The controls which have been designed are mostly based on SAP R3, SAP BPC, SAPP and BPM applications. These specific control activities include the following: backup copies to ensure business continuity through the timely recovery of essential business data in the event of a stoppage; physical access security at the data processing center (DPC); both internal and external software login security through techniques and tools that only restrict authorized people, depending on their role or duties, when they login to computer applications and information databases; controls on computer application maintenance and implementation; and function segregation controls.
- Other operational risks characterized by a high degree of control include any risks that can be insured by third parties through the updating and annual review of the coverage set out in insurance policies. The risks included under the scope of external management system certifications which address some specific risks are likewise characterized by a high degree of control, such as some specific risks like occupational hazard prevention (according to the OHSAS 18001 standard), environmental risks (according to the ISO 14001 standard) and quality risks (according to the ISO 9001 standard).

Additional references to some aspects of risks and opportunities that delve further into operational risk controls can also be found throughout this report.

**FINANCIAL RISKS:** Grupo Gamesa is exposed to several kinds of financial risk. These are controlled at a corporate level through a variety of action policies and principles, such as the Investment and Financing Policy, which aims to establish a common framework for: (i) the analysis, monitoring and control of the new investment or divestment projects of all the businesses which form part of Grupo Gamesa; (ii) the control and management of financial risks; (iii) the monitoring of risks related to the financing policy according to prevailing legislation and the general guidelines laid down the Risk Control and Management Policy; and (iv) the coverage of Grupo Gamesa’s financing needs. Further details on financial risks and the policies to control them are described in Notes 4 and 22 of the Report on the Consolidated Annual Accounts for 2016. Some fundamental aspects of said risks are described below:

- **Exchange rate risk:** This risk is a consequence of the international transactions Grupo Gamesa makes in the ordinary course of its business. There are transaction flows in foreign currencies related to the purchase/sale of projects and services, as well as financial flows in foreign currencies (part of the revenues and costs are denominated in US dollars, Indian rupees, Chinese yuan, Brazilian reales, Mexican pesos and, to a lesser extent, in other currencies other than the euro). There is also a potential effect of exchange rate variations on the results and cash flow generation. In order to reduce this exposure, a variety of actions are carried out and different controls are put into place, including increasing local contents (supply of local components and production in the main regions where the company operates and sells products), hedging through the use of financial derivatives for highly probable transactions, continuous monitoring of exposure to fluctuations,

always observing fulfillment of the exchange rate hedging limit approved by the group, and sensitivity analyses of different exchange rate scenarios' impact on the main figures (see Note 22 of the Report on the Consolidated Annual Accounts for 2016).

- **Market (price) risk:** The price risk taken into account by the group is related to raw material prices, which Gamesa usually mitigates by transferring the risk onto customers through sales contracts.
- **Market (interest rate) risk:** Grupo Gamesa makes use of external financing to perform part of its operations. It is therefore exposed to a rise in the interest rate of its borrowing. Variable-rate financing exposes the group to an interest rate risk in cash flows, which is partially offset by holding cash at variable rates. Fixed-interest loans expose the group to reasonable value interest rate risks. The hedging instruments specifically allocated to debt instruments have at most the same nominal amounts and the same maturity dates as the debt elements hedged by them (Note 22). Grupo Gamesa manages interest rate risks by periodically analyzing the exposure of its financing to interest rates and maturity dates at least once a quarter. The percentage it wishes to hold at a variable or fixed rate is determined in each review, always doing so with a non-speculative approach.
- **Liquidity risk:** Grupo Gamesa's policy is to hold cash and bank and highly-liquid, non-speculative, short-term instruments at well-renowned financial institutions in order to be in a position to meet its future commitments. An effort is also made to keep the financial debt's composition in keeping with the type of commitments to be financed. Hence, fixed assets are financed with permanent funds (equity and long-term debt) while working capital is financed with short-term borrowing. In 2016, Gamesa held on average credits which had not been drawn down totaling approximately 67.12% of the bank financing granted to it (66.42% in 2015).
- **Credit risk:** Grupo Gamesa is exposed to credit risks to the extent by which a counter-party or customer fails to meet their contractual obligations. In this regard, sales of products and services are made to customers which have a suitable credit rating and concerning which solvency tests have been conducted. Moreover, large electric utility companies have a significant weight in Grupo Gamesa's customer portfolio. Mechanisms such as irrevocable credits and coverage through insurance policies are used for customers without credit ratings for international sales to ensure collection. Furthermore, a financial solvency test is conducted on customers and specific terms and conditions aimed at ensuring payment are included in contracts.
- **Risks that may affect ensuring the balance sheet and the results' soundness:** These risks are related to relevant issues affecting the activity which could lead to asset impairments, along with operational risks which could result in losses, factors that might affect control over working capital and structure, and positive offsetting factors that could lead to continuous improvement in variable costs. The prevention and control actions include constantly monitoring cash flows, strict control over working capital investments and issues that are relevant to the activity which could lead to asset impairments. In this regard, any potential impairments are suitably itemized in the Report on the Annual Accounts for 2016. Financial needs and the consequent fulfillment of covenants are likewise monitored and controlled.

### C) REPORTING RELIABILITY RISKS

**Reporting risks affecting decision-making or legal requirements** are any risks which affect the reliability of the operational, financial or strategic reporting supplied internally or externally for decision-making or due to legal requirements. In this context, the economic and financial reporting reliability requirements (including the risk of fraud) which apply to Gamesa as a listed company are included under the ICFR system, which was developed according to the international standards established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

ICFR applies an internal control model with top-down approach to identify risks starting off from the most significant accounts in the financial statements and taking into consideration parameters on impact, likelihood, the account's characteristics and the business process. The identification process for risks whose probable impact on the financial statements is significant considers quantitative aspects (like the percentage at an aggregated level the individual company/account has in relation to assets, sales and profits) and other quantitative aspects (on the account's characteristics, the process's characteristics and the risk of fraud).

The Board of Directors is the highest decision-making body in charge of supervising and approving the group's financial statements. The group discloses reporting to the securities market on a quarterly basis. Said reporting is prepared by the Management Control Department and the Finance Department, which perform a series of control activities and the closure of accounts to ensure the reliability of the financial reporting. These controls are set out in the "Consolidation and Closure of Accounts" process of the group's ICFR model.

Control activities on the following aspects are construed as especially relevant: recognition of revenue, work in progress and collection, capitalization of promotional expenses, warranty provisions, research and development activation expenses, tangible assets, hedging management, procurement, consolidation and closure of accounts.

The group's control model is based on, maintained and sustained through the GRC Suite tool.

The system is a continuous process in so far as the people responsible for the processes draw up, review and update control activities and procedures in conjunction with the Internal Control Unit.

### D) ETHICAL AND COMPLIANCE RISKS

These are any risks related to the control over fulfillment of the company's rules of corporate governance, including Gamesa's codes of conduct and codes of conduct connected with other stakeholders (e.g. Supplier Relationship Code); and to fulfillment of legal requirements that apply and which may potentially apply, along with controls to prevent crimes, including fraud, bribery, corruption and others, from being committed.

The following are among the main prevention measures for these risks:

- Gamesa has a Code of Conduct, the current version of which was approved by the company's Board of Directors on April 5, 2016. The Code of Conduct implements and formally sets out the values, principles, attitudes and standards which should govern the conduct of the companies making up the group. It also governs people in the performance of their duties and work, as well as in their commercial and professional relationships in order to consolidate a universally accepted corporate ethics.
- Gamesa is likewise equipped with crime prevention manuals that are in accordance with the requirements (Criminal Codes) of the main regions where it operates. Said manuals include the relevant specific detection and prevention controls.
- Pursuant to the provisions set forth in the Code of Conduct and Article 10(g) of the Audit and Compliance Committee Regulations on the said Committee's duties on corporate governance topics, Gamesa has put into place a mechanism called the Whistleblowing Channel which allows its employees to report any potentially significant irregularities confidentially, including financial and accounting irregularities, they may detect in the company. The channel is regulated through a written procedure known as "Rules on the Whistleblowing Channel's Operation". Once the investigation phase of a grievance has been completed, the Ethics and Compliance Department draws up a report whose

deadlines contents and disclosures rules are predetermined. The Human Resources Department holds responsibility for establishing the relevant penalties, which should in any event be proportional to the severity of the breaches. It is the Ethics and Compliance Department's duty to evaluate and draw up an annual report on the Code of Conduct's degree of fulfillment, which is brought before the Audit and Compliance Committee.

Additional references to the prevention controls for this kind of risks can also be found throughout this report.

### **BALANCE OF RISK AND OPPORTUNITY MANAGEMENT**

The following actions carried out in 2016 are among the ongoing control, supervision and response actions applied to all kinds of risk:

- Control exercised by business unit and geographic area managers and the Management Committee's oversight of the evolution of risk maps and mitigation plans.
- Reports to the Audit and Compliance Committee on the corporate risk map's evolution and individual reports on significant risks drawn up in 2016, as well as through appearances by managers focusing on the supervision of specific risk controls and different financial risks (accounts receivable, working capital and exchange rate), along with balance sheet, tax, services business unit, legal, ethical and compliance risks.
- Internal audits conducted on significant risks and submission of the corresponding reports to the Management Committee and the Audit and Compliance Committee.
- Risk management in Gamesa's ERM evolves by applying the principle of continuous improvement, audits, self-assessments, benchmarking, as well as by taking into consideration renowned references. The assessment conducted by Euskalit in 2016 on Gamesa's overall management (and, as part of it, on the ERM's management) according to the advanced management model should be highlighted (Gamesa's management model was granted a gold quality award).

Risk management as a support and catalyst for the attainment of goals is evident, as Gamesa ended 2016 after having attained not only its economic and financial targets early, which were clearly exceeded, but also the strategic objectives set out in the Business Plan 2015-2017 one year in advance.

## I.02.- ORGANIZATIONAL PROFILE

**G4-3** Name of the organization

**Gamesa Corporación Tecnológica, S.A.**

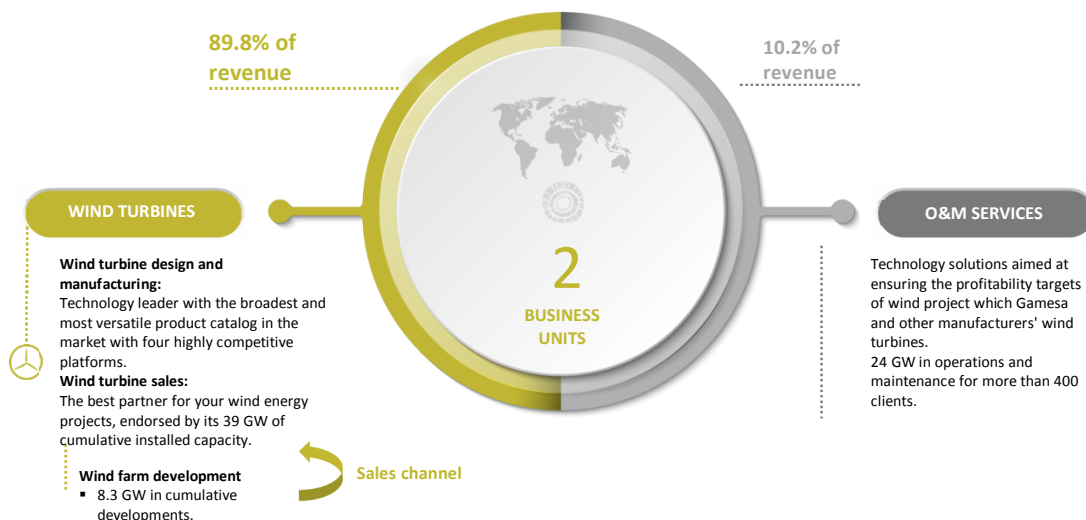
**G4-4** Primary brands, products and services

**GAMESA CORPORACIÓN TECNOLÓGICA, S.A.** is a global technology group specializing in the design, manufacture, installation, operation and maintenance of wind turbines, as well as in wind farm development, construction and sales. The company is equipped with its own vertically integrated wind turbine design and technology development capacity. This capacity includes the manufacturing of blades and blade molds, root joints, gearboxes, generators, converters and towers (outsourced in some countries), along with the assembly of wind turbines.

Gamesa has extensive experience in the wind energy sector and stands out for:

- Being a global manufacturer of reference which installed 4,262 MW in 2016 and has installed 38.9 GW of capacity over the last 22 years. The wind power it has installed is beneficial for the environment and to combat climate change, since it leads to a 58.3-million-ton reduction in CO<sub>2</sub> per year, a reduction in pollutant emissions into the atmosphere which are equivalent to replacing the use of 8.3 million tons of petroleum each year (TEP/year).
- Having of a wide range of technologies and services, with product platforms that allow it to meet the needs of all customer segments in the wind energy industry.
- Maintaining research and development centers in Spain (Pamplona, Madrid and Zamudio) and engineering firms domiciled in India, Asia Pacific, United States, Latin America and Brazil, along with an R&D investment capacity amounting to around €66 milling. It is among the 320 European companies with the highest R&D investment levels and has a patent application portfolio of 816 applications in all the markets in which it operates.
- Having a global organization with global production in Spain and China and local production capacity in India and Brazil.

Grupo Gamesa's reportable segments are adapted its business units' configuration and to the financial reporting and management used by the group's executive management bodies, which are as follows:



**Wind turbines**

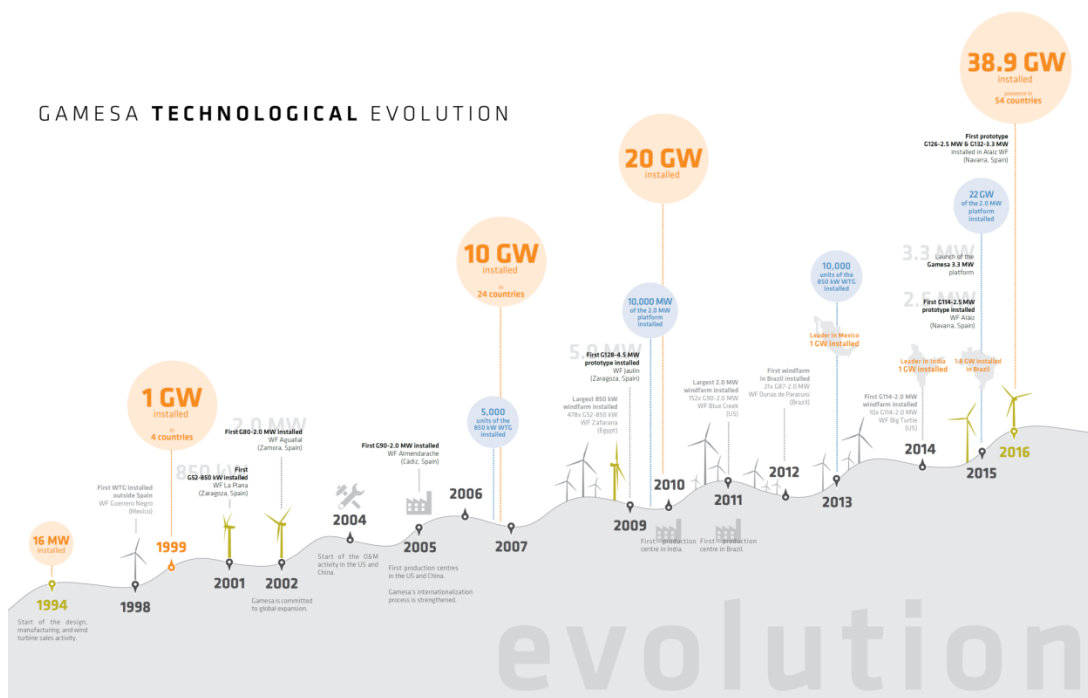
The wind turbines developed and manufactured by Gamesa have evolved significantly since its first turbine was manufactured in 1994 by incorporating the latest advances in technology. Not only has their power increased, so has their performance for the company’s customers.

The company is ranked among the world’s technology leaders in the multimegawatt segment with over **38.9 GW installed** in 54 countries and four product platforms (Gamesa 2.0 MW, Gamesa 2.5 MW, Gamesa 3.3 MW and Gamesa 5.0 MW)

The hallmarks of this broad product catalog are its products’ robustness, high reliability and adaptability to all kinds of sites and wind conditions, ranging from the most demanding and harshest sites to locations having medium and low wind speeds.

All of this is based on the company’s extensive experience gained over its 22 years of activity, which have made Gamesa the best possible partner for its customers’ wind power projects.

Fig 3.- Evolution of the cumulative wind power installed by Gamesa



**2.0 MW**

The multimegawatt wind turbines of the **Gamesa 2.0 MW platform** make it possible to attain more competitive investment per MW installed to cost of energy produced ratios. This is possible thanks to the versatile combination of a 2.0 MW unit power turbine and six blades of different dimensions measuring 80, 87, 90, 97 and 114 meters in diameter to achieve maximum performance in all kinds sites and wind conditions. A total of 26 GW of this platform has been installed in 39 countries.

**2.5 MW**

Gamesa launched its **Gamesa 2.5 MW platform** in order to improve the cost of energy in the 2.0-3.0 MW power segment. It is a new item in its product catalog and the logical evolution of the 2.0 MW platform. With three new rotors measuring 106, 114 and 126 meters, new tower options and increased rated power, the Gamesa 2.5 MW platform complements Gamesa’s 2.0 MW product offering, a point of reference in the market due to its outstanding power factors and high profitability levels. Proof of this is the fact that the G126-2.5 MW has recently been ranked by *Windpower Monthly* as the best wind turbine in the than 3 MW category in 2016.

### 3.3 MW

One of the keys to Gamesa's success is the constant development of new advanced products adapted to its customers' needs in any kind of site and which offer outstanding profitability.

The **new Gamesa 3.3 MW platform** was conceived with this aim in mind and its first model is the G132-3.3 MW wind turbine for Class II sites, a new-generation multimegawatt turbine placed on the market to become the very best cost-of-energy solution in the 3.0-3.6 MW segment.

### 5.0 MW

The **Gamesa 5.0 MW platform** is the result of the evolution in technology and exemplifies that Gamesa has the know-how, experience and resources needed to develop wind turbines capable of extracting the maximum amount of energy possible from the wind. Gamesa aims to position itself in the multimegawatt segment with this new range of products.

Table 4.- Wind turbines: Product range

<b>Gamesa 2.0 MW</b>	<b>G80 2.0 MW</b>	<b>G87 2.0 MW</b>	<b>G90 2.0 MW</b>	<b>G97 2.0 MW</b>	<b>G114 2.0 MW</b>	<b>G114 2.1 MW</b>
Rotor diameter (m)	80	87	90	97	114	114
Swept area (m <sup>2</sup> )	5,027	5,945	6,362	7,390	10,207	10,207
Rotation speed	9.0-19.0 rpm	9.0-19.0 rpm	9.0-19.0 rpm	9.6-17.8 rpm	7.8-14.8 rpm	7.8-14.8 rpm
Blade length (m)	39	42.5	44	47.5	56	56
Height of the tower (m)	67, 78 and 100	78 and 90	55, 78 and 90	78, 90, 100, 104 and 120	80, 93, 125 depending on site	80, 93, 106, 125 153 depending on site
Class	IA	IA	IA	IIA / IIIA /CS	IIA /IIIA	IIIA / CS

<b>Gamesa 2.5 MW</b>	<b>G106 2.5 MW</b>	<b>G114 2.5 MW</b>	<b>G114 2.625 MW</b>	<b>G126 2.5 MW</b>	<b>G126 2.625 MW</b>
Rotor diameter (m)	106	114	114	126	126
Swept area (m <sup>2</sup> )	8,825	10,207	10,207	12,469	12,469
Rotation speed	7.7-14.6 rpm	7.7-14.6 rpm	7.7-14.6 rpm	7.7-14.6 rpm	7.1-12.9 rpm
Blade length (m)	52	56	56	62	62
Height of the tower (m)	72, 80 and 93 depending on site	68, 80, 93, 125 depending on site	68, 80, 93, 125 depending on site	84, 102, 129, 137 depending on site	84, 102, 129, 137 depending on site
Class	IA	IIA	IIA	IIIA	IIIA

<b>Gamesa 3.3 MW</b>	<b>G132 3.3 MW</b>	<b>G132 3.465 MW</b>
Rotor diameter (m)	132	132
Swept area (m <sup>2</sup> )	13,685	13,685
Rotation speed	6.82-10.9 rpm	6.82-10.9 rpm
Blade length (m)	64.5	64.5
Height of the tower (m)	84, 97, 114, 134, 154 depending on site	84, 97, 114, 134, 154 depending on site
Class	IIA	IIA

<b>Gamesa 5.0 MW</b>	<b>G128 5.0 MW</b>	<b>G132 5.0 MW</b>
Rotor diameter (m)	128	132
Swept area (m <sup>2</sup> )	12,868	13,685
Rotation speed	12 rpm	12 rpm
Blade length (m)	62.5	64.5
Height of the tower (m)	81, 95, 120 and 140	95, 120, and 140
Class	IA/IIA	IIA

For further information on the product range, see the Gamesa website at: <http://www.gamesacorp.com/es/productos-servicios/aerogeneradores/>

**Operations and Maintenance (O&M)**

Gamesa also provides an integrated solution complemented by a broad offering of operations and maintenance (O&M) services and long-term warranties. It offers a full range of services dedicated to the maintenance of 24,311 MW at the end of 2016. Operations and maintenance services include predictive, preventive and corrective maintenance activities, along with a wide range of technology solutions, including:

Technology solutions aimed at meeting the profitability targets of our customers' projects	Advanced solutions portfolio
<p><b>Energy Thrust</b></p> <p>Optimized control software and hardware enhancements which increase production of all Gamesa platforms by up to 5%.</p>	<p><b>Fire Suppression System</b></p> <p>A system which minimizes damage to wind turbine components caused by fire, thereby reducing its economic impact.</p>
<p><b>Overhaul</b></p> <p>Conversion of a V47 turbine into a G47 turbine by renewing electrical and electronic components that increase production by up to 10%.</p>	<p><b>WindOne® Customers</b></p> <p>A centralized system which enables remote real-time monitoring of wind farms.</p>
<p><b>Life Extension Program</b></p> <p>Maximizes return by extending the useful service life of a wind turbine by 10 years.</p>	<p><b>WindCore &amp; WindOne</b></p> <p>A complete centralized control center which allows all customers to monitor and operate from the same operating system.</p>
<p><b>Multi-Brand Offer</b></p> <p>O&amp;M services, component reconditioning, enhancement and solutions for Gamesa in-house technology and that of other manufacturers.</p>	<p><b>SAG</b></p> <p>The Gamesa self-help system, a premium device which makes it easier for maintenance technicians to lower or raise the nacelle.</p>
	<p><b>MEGA</b></p> <p>Gamesa's forecasting tool for wind power production and a weather risk management system. Through the WINDONE® platform.</p>
	<p><b>SCADA solutions</b></p> <p>WindNet® PRO is a wind farm control and continuous monitoring software.</p>
	<p><b>Gamesa University</b></p> <p>A global network of centers specializing in ensuring continuous training and the transfer of the company's know-how about technological advances in Gamesa products and services.</p>

G4-5

**Headquarters**








**Gamesa Corporación Tecnológica, S.A.**  
Parque Tecnológico de Bizkaia,  
Edificio 222.  
48170 Zamudio, Vizcaya, Spain  
[www.gamesacorp.com](http://www.gamesacorp.com)





G4-6 Countries where there are significant operations

Table 5.- Gamesa's presence in countries at 2016 year-end

							
1. Germany		●			(197) ●	(50) ●	
2. Algeria					(10) ●	(10) ●	
3. Argentina					(11) ●		
4. Australia		●					
5. Azerbaijan					(8) ●		
6. Belgium					(25) ●	(18) ●	
7. Brazil	●	●	●		(2,153) ●	(2,066) ●	(1) ●
8. Bulgaria					(90) ●	(90) ●	
9. Canada					(16) ●	(27) ●	
10. Chile					(211) ●	(103) ●	
11. China	●	●	●	●	(4,504) ●	(932) ●	(3) ●
12. Cyprus					(20) ●		
13. Korea					(3) ●		
14. Costa Rica					(143) ●	(108) ●	
15. Cuba					(5) ●		
16. Ecuador					(2) ●		
17. Egypt		●			(780) ●	(200) ●	
18. Spain	●	●	●	●	(12,203) ●	(7,620) ●	(13) ●
19. United States	●	●	●	●	(4,860) ●	(2,167) ●	
20. Philippines		●			(144) ●	(144) ●	
21. Finland					(123) ●	(123) ●	
22. France		●			(854) ●	(522) ●	
23. Greece		●			(276) ●	(185) ●	
24. Honduras					(176) ●	(176) ●	
25. Hungary		●			(182) ●	(24) ●	
26. India	●	●	●	●	(4,043) ●	(3,616) ●	(2) ●
27. Ireland					(54) ●	(61) ●	
28. Mauritius					(9) ●	(9) ●	
29. Israel					(21) ●	(21) ●	
30. Italy		●			(1,729) ●	(1,100) ●	
31. Jamaica					(24) ●	(24) ●	
32. Japan		●			(110) ●	(62) ●	
33. Jordan					(66) ●	(66) ●	
34. Kenya					(14) ●		
35. Morocco					(238) ●	(238) ●	
36. Mauritania					(30) ●	(30) ●	
37. Mexico		●	●	●	(2,047) ●	(1,698) ●	
38. Nicaragua					(44) ●	(44) ●	
39. New Zealand					(15) ●	(7) ●	
40. Poland		●			(763) ●	(703) ●	
41. Portugal		●			(494) ●	(494) ●	
42. Puerto Rico					(1) ●		
43. United Kingdom	●	●			(757) ●	(578) ●	
44. Dominican Rep.					(52) ●	(52) ●	
45. Romania		●			(314) ●	(304) ●	
46. Sri Lanka		●			(45) ●	(40) ●	
47. Sweden		●			(108) ●	(103) ●	
48. Thailand		●			(60) ●	(10) ●	
49. Taiwan					(12) ●		
50. Tunisia					(242) ●		
51. Turkey		●			(166) ●	(145) ●	
52. Uruguay					(326) ●	(340) ●	
53. Venezuela					(71) ●		
54. Vietnam					(1) ●		
<b>Cumulative total</b>					<b>(38,875)</b>	<b>(24,311)</b>	<b>4(19)</b>
<b>Total countries</b>					<b>54</b>	<b>41</b>	<b>4</b>

 Operations & maintenance activity (MW ytd)	 Training centers (University)	 Main commercial offices	 Technological development activity
 Manufacturing Activity (No. of factories)	 Wind turbine installation activity (MW ytd)	 Corporate offices	

G4-7 Nature of ownership and legal form

**Share capital**

Gamesa Corporación Tecnológica, S.A.'s share capital amounted to €47,475,693.79 at December 31, 2016, consisting of 279,268,787 common shares with a par value of €0.17 each, represented by book entries.

All the shares are fully subscribed and paid up and confer the same rights. There are no different classes or series of shares. The company is listed on the Bilbao, Madrid, Barcelona and Valencia stock exchanges. Gamesa shares have been admitted to trading through the Stock Exchange Interconnection System (Continuous Market) since December 31, 2000 and are included in the IBEX-35 index.

Table 6.- Evolution of share capital

	Date	Share capital (€)	Shares
Book building process	08/09/14	47,475,693.79	279,268,787
Paid-up capital increase	25/07/12	43,159,721.89	253,880,717
Paid-up capital increase	15/07/11	42,039,297.28	247,289,984
Paid-up capital increase	19/07/10	41,770,668.89	245,709,817
3 x 1 par value split	28/05/04	41,360,983.68	243,299,904
Capital increase (raising the par value of shares)	28/05/04	41,360,983.68	81,099,968
Stock market flotation	31/10/00	40,549,984.00	81,099,968

**Significant shareholders and % interest**

Table 7.- Shareholding structure (at December 31)

	2016	2015	2014	2013	2012
Iberdrola, S.A.	19.69%	19.69%	19.69%	19.69%	19.69%
Norges Bank	3.21 %	-	3.02%	3.29%	-
Blackrock Inc. <sup>9</sup>	-	3.17%	3.21%	4.83%	4.83%
Fidelity International Limited <sup>10</sup>	1.06%	1.10%	-	-	-
OZ Master Fund Ltd. <sup>11</sup>	2.04 %	-	-	-	-
Dimensional Fund Advisors LP	-	-	2.68%	2.94%	-
Others <sup>12</sup>	74.00 %	76.04%	71.40%	69.24%	75.48%

<sup>9</sup> According to the National Securities Market Commission's records, Blackrock Inc. held part of its interest (0.166%) in the share capital of Gamesa Corporación Tecnológica, S.A. at December 31, 2015 through voting rights linked to the exercising of financial instruments.

<sup>10</sup> Significant interest pursuant to Article 32 of Royal Decree 1362/2007 of 19 of October on shareholders obliged to give notice of their interest for being domiciled in a tax haven or in a country or territory of no taxation or with which there is no effective interchange of tax information.

<sup>11</sup> Significant interest entirely based on voting rights linked to the exercising of financial instruments. Significant interest pursuant to Article 32 of Royal Decree 1362/2007 of 19 of October on shareholders obliged to give notice of their interest for being domiciled in a tax haven or in a country or territory of no taxation or with which there is no effective interchange of tax information.

<sup>12</sup> Each holding interests of less than 3%

### Corporate structure

Information on the consolidated companies which comprise Grupo Gamesa is provided in the consolidated annual accounts report for 2016. The group has initiated a process to adapt its corporate organization to a decentralized matrix model of management by regions, which are as follows:

- Europe and Rest of the World (including Mexico): Comprised by companies dedicated to wind turbine design and manufacturing like Gamesa Eólica, S.L. Unipersonal; Gamesa Innovation and Technology, S.L. Unipersonal, as well as to the development and sale of wind farms like Gamesa Energía, S.A. Unipersonal and Gamesa Inversiones Energéticas Renovables, S.A. Unipersonal.
- United States: Comprised by Gamesa Technology Corporation Inc. and its subsidiaries, which include Gamesa Wind US LLC as the most significant.
- India: Comprised by Gamesa Renewables Private Limited Co. and its subsidiaries.
- Brazil: Comprised by Gamesa Eólica Brasil, Sociedad Limitada.
- China: Comprised by Gamesa Wind Beijing and Gamesa Wind Tianjin as the most significant companies.

The Extraordinary General Meeting of Gamesa Corporación Tecnológica, S.A. held on 25 October resolved to approve the merger with Siemens Wind Power and the integration of its wind power assets through a swap of newly issued shares equivalent to 59% of share capital. The merger of Gamesa with Siemens' wind power business was officially announced as a Relevant Disclosure<sup>13</sup> at the registry of the Spanish Securities Market Commission (CNMV) on April 3, 2017.

Gamesa became the owner of all the share capital of the company 9REN España, SL. through the acquisition of First Reserve's entire interest on December 30.

#### G4-8 Markets served

Gamesa supplies the products and services set out under indicator G4-4 (p. 21) in the countries where the company operates, which are listed under indicator G4-6 (page 25).

#### G4-9 Scale of the organization

##### Employees

Table 8.- Number of employees by region

	2016	2015	2014	2013	2012
CORPORATE	1,377	-	-	-	-
EMEA	3,243	3,814	3,812	3,863	4,233
APAC	686	615	582	525	537
USA	440	361	349	408	613
INDIA	2,826	1,567	1,035	846	813
BRAZIL	553	509	303	112	78
LATAM	242	112	-	-	-
Rest of the World (ROW)	-	293	350	305	349
<b>Total workforce</b>	<b>9,367</b>	<b>7,271</b>	<b>6,431</b>	<b>6,079</b>	<b>6,646</b>

Note: Reported in 2016 according to a geographical realignment

<sup>13</sup> See CNMV link: Registration number: 250259 <https://www.cnmv.es/Portal/HR/verDoc.axd?t={4bddb925-9706-477c-a6fc-2aae990dcaaf}>

## Sales

Table 9.- Sales/revenue by countries/regions representing 5% or more of total revenue

(net turnover in € million)	2016	2015	2014	2013	2012
Spain	239	312	297	217	254
Rest of Europe	659	428	288	250	496
United States	555	469	381	49	484
China	199	275	126	11	251
India	1,379	814	478	466	293
Brazil	447	620	531	424	281
Mexico	439	179	360	555	360
Rest of the world	695	406	386	363	245
<b>Net turnover</b>	<b>4,612</b>	<b>3,504</b>	<b>2,846</b>	<b>2,336</b>	<b>2,665</b>

## Costs

Table 10.- Net costs included in the operating result by category

(expressed in € million)	2016	2015	2014	2013	2012
Procurement costs	3,239	2,478	1,996	1,390	1,825
Personnel expenses	408	341	303	309	365
Depreciation and provisions	282	229	175	154	415
Other operating expenses	405	307	297	258	317
Net (gains) losses from asset impairment or asset divestment	2	(32)	8	7	289
<b>Total costs</b>	<b>4,335</b>	<b>3,323</b>	<b>2,779</b>	<b>2,118</b>	<b>3,211</b>

## Capitalization

Table 11.- Total capitalization

(expressed in € million)	2016	2015	2014	2013	2012
Subscribed share capital	47	47	47	43	43
Parent company's equity	1,765	1,527	1,385	1,013	1,021
Net financial borrowing (cash and bank)	<sup>14</sup> (682)	(301)	(143)	420	495
Tangible fixed assets	1,252	1,106	1,015	1,061	1,036
Cumulative depreciation	(694)	(606)	(538)	(517)	(468)
Impairment	(138)	(140)	(144)	(166)	(166)

## Products and services provided

Table 12.- Products and services provided

	2016	2015	2014	2013	2012
<b>MWe of wind energy sold</b>	<b>4,332</b>	<b>3,180</b>	<b>2,623</b>	<b>1,953</b>	<b>2,119</b>

<sup>14</sup> Net financial borrowing construed as financial debt, including subsidized loans, derivative Instruments and other current financial liabilities minus other current financial assets and cash and bank.

Table 13.- Wind turbines: Track record of MW installed by country

<i>(in MW)</i>	<b>YTD 2016</b>	Additions 2016	Additions 2015	Additions 2014	Additions 2013	Additions 2012	Cumulative 2011-1994
1. Germany	210	14	12	8	-	16	161
2. Algeria	10	-	-	-	10	-	-
3. Argentina	11	-	-	-	-	-	11
4. Azerbaijan	8	-	-	-	-	-	8
5. Belgium	25	8	18	-	-	-	-
6. Brazil	2,153	345	940	416	356	96	-
7. Bulgaria	90	-	-	-	-	-	90
8. Canada	16	-	-	6	-	10	-
9. Chile	211	175	-	36	-	-	-
10. China	4,504	498	434	62	257	493	2,760
11. Cyprus	20	-	-	-	-	-	20
12. Korea	3	-	-	-	-	-	3
13. Costa Rica	143	80	10	40	-	-	13
14. Cuba	5	-	-	-	-	-	5
15. Ecuador	2	-	-	-	-	-	2
16. Egypt	780	174	-	118	82	-	406
17. Spain	12,203	-	1	2	56	393	11,753
18. United States	4,860	521	194	224	-	509	3,412
19. Philippines	144	-	76	68	-	-	-
20. Finland	123	-	-	92	32	-	-
21. France	854	66	24	44	60	20	640
22. Greece	276	3	94	-	7	17	155
23. Honduras	176	-	-	74	-	-	102
24. Hungary	182	-	-	-	-	-	182
25. India	4,043	1,471	883	569	376	222	547
26. Ireland	54	-	-	-	-	-	54
27. Israel	21	-	21	-	-	-	-
28. Italy	1,729	16	44	-	16	228	1,425
29. Jamaica	24	-	24	-	-	-	-
30. Japan	110	-	-	-	-	-	110
31. Jordan	66	-	66	-	-	-	-
32. Kenya	14	-	-	14	-	-	-
33. Kuwait	10	10	-	-	-	-	-
34. Morocco	238	-	-	-	-	-	238
35. Mauritius	9	-	9	-	-	-	-
36. Mauritania	30	-	30	-	-	-	-
37. Mexico	2,047	380	166	450	350	360	341
38. Nicaragua	44	-	-	-	-	44	-
39. New Zealand	14	-	7	-	-	-	8
40. Poland	763	-	100	38	58	39	529
41. Portugal	494	-	56	-	-	8	430
42. Puerto Rico	1	-	-	-	-	1	-
43. United Kingdom	757	282	-	24	192	21	238
44. Dominican Republic	52	-	-	-	-	52	-
45. Romania	314	-	30	10	-	62	212
46. Sri Lanka	45	-	-	10	5	10	20
47. Sweden	108	-	51	16	14	-	27
48. Thailand	60	52	8	-	-	-	-
49. Taiwan	12	-	-	-	-	-	12
50. Tunisia	242	-	-	11	28	33	171
51. Turkey	166	42	28	28	38	-	30
52. Uruguay	326	126	50	50	100	-	-
53. Venezuela	71	-	-	1	41	-	29
54. Vietnam	1	-	-	-	-	-	1
<b>Total</b>	<b>38,875</b>	<b>4,262</b>	<b>3,354</b>	<b>2,421</b>	<b>2,071</b>	<b>2,625</b>	<b>24,143</b>

Fig 4.- Wind turbines - Track record of MW installed by Gamesa

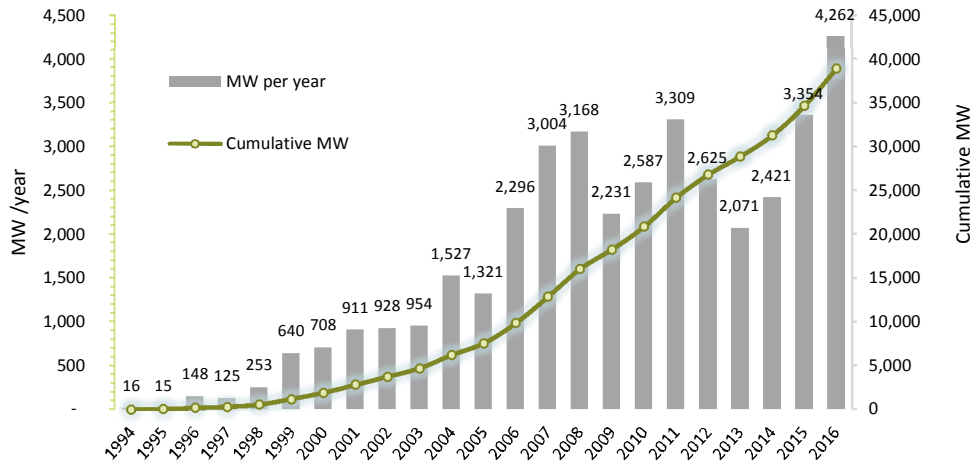


Table 14.- Wind turbines: Track record of MW installed by region and platform model

(in MW)	Made	Gamesa 660 kW	Gamesa 850 kW	Gamesa 2.0 MW	Gamesa 2.5 MW	Gamesa 5.0 MW	Total MW installed
APAC	1	-	17	824	-	-	842
BRAZIL	-	-	-	2,153	-	-	2,153
CHINA	22	7	2,322	1,654	-	-	4,006
EMEA	1,521	2,013	5,148	10,730	208	178	19,798
INDIA	44	-	936	3,108	-	-	4,088
LATAM	75	11	310	2,662	-	55	3,113
USA	-	-	57	4,818	-	-	4,876
<b>Total</b>	<b>1,664</b>	<b>2,031</b>	<b>8,791</b>	<b>25,949</b>	<b>208</b>	<b>233</b>	<b>38,875</b>

Fig 5.- Cumulative MW installed (by region)

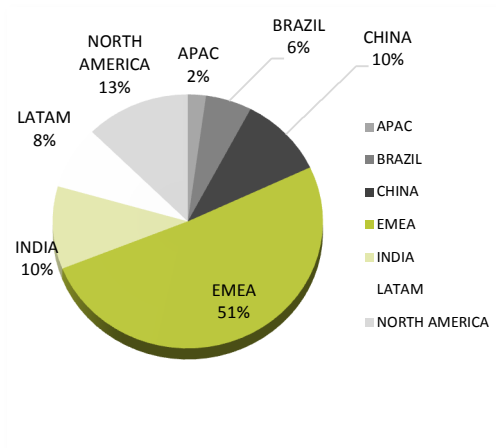


Fig 6.- Cumulative MW installed (by platform)

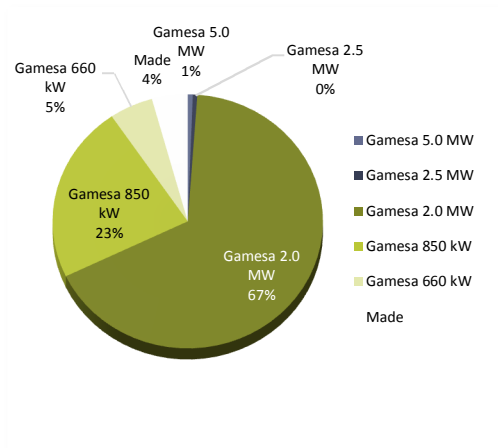


Table 15.- Operations and Maintenance: Track-record of MW in Operations & Maintenance

(in MW)	MADE	G4X	G5X	G8X	G9X	G114	G126	G10X	Others	Total MW
1. Germany	-	-	2	36	12	-	-	-	-	50
2. Algeria	-	-	10	-	-	-	-	-	-	10
3. Belgium	-	-	-	-	-	18	-	-	-	18
4. Brazil	-	-	-	192	1,534	340	-	-	-	2,066
5. Bulgaria	-	-	-	90	-	-	-	-	-	90
6. Canada	-	11	-	-	16	-	-	-	-	27
7. China	-	-	40	64	828	-	-	-	-	932
8. Chile	-	-	-	36	-	52	-	15	-	36
9. Costa Rica	-	-	-	108	-	-	-	-	-	108
10. Egypt	-	-	-	200	-	-	-	-	-	200
11. Spain	381	1,188	2,036	3,731	144	-	3	46	92	7,620
12. United States	-	-	59	1,194	498	410	-	-	6	1,558
13. Philippines	-	-	-	-	144	-	-	-	-	144
14. Finland	-	-	-	-	-	-	-	123	-	123
15. France	-	4	120	294	96	-	-	-	8	522
16. Greece	-	-	74	82	4	-	-	-	25	185
17. Honduras	-	-	-	152	24	-	-	-	-	176
18. Hungary	-	-	-	24	-	-	-	-	-	24
19. India	24	-	904	-	2,576	112	-	-	-	3,616
20. Ireland	-	-	27	15	-	-	-	-	19	61
21. Israel	-	-	21	-	-	-	-	-	-	21
22. Italy	-	-	521	354	118	30	-	-	77	1,100
23. Jamaica	-	-	-	24	-	-	-	-	-	24
24. Japan	-	-	-	62	-	-	-	-	-	62
25. Jordan	-	-	-	-	66	-	-	-	-	66
26. Morocco	-	-	216	22	-	-	-	-	-	238
27. Mauritius	-	-	9	-	-	-	-	-	-	9
28. Mauritania	-	-	-	-	30	-	-	-	-	30
29. Mexico	-	-	209	1,106	268	115	-	-	-	1,698
30. Nicaragua	-	-	-	44	-	-	-	-	-	44
31. New Zealand	-	-	7	-	-	-	-	-	-	7
32. Poland	-	-	9	590	88	16	-	-	-	703
33. Portugal	-	-	-	430	14	-	-	50	-	494
34. United Kingdom	-	-	65	390	4	-	-	-	120	578
35. Dominican Rep.	-	-	-	-	52	-	-	-	-	52
36. Romania	-	-	-	274	30	-	-	-	-	304
37. Sri Lanka	20	-	10	-	10	-	-	-	-	40
38. Sweden	-	-	2	20	58	24	-	-	-	103
39. Thailand	-	-	-	-	-	10	-	-	-	10
40. Turkey	-	-	-	52	52	41	-	-	-	145
41. Uruguay	-	-	-	50	150	120	-	-	20	340
<b>Total</b>	<b>425</b>	<b>1,203</b>	<b>4,341</b>	<b>9,587</b>	<b>6,816</b>	<b>1,287</b>	<b>3</b>	<b>234</b>	<b>367</b>	<b>24,311</b>

G4-10

Workforce

Table 16.- Workforce by country and gender

	2016		2015		2014		2013		TOTAL
	Men	Women	Men	Women	Men	Women	Men	Women	
1. Germany	23	8	20	6	19	4	16	4	23
2. Australia	1	-	-	-	1	1	2	2	4
3. Brazil	458	95	418	91	245	58	79	33	78
4. Bulgaria	1	-	1	-	2	-	2	-	6
5. Canada	3	-	-	-	-	-	-	-	-
6. Chile	14	2	2	1	1	-	1	-	-
7. China	518	147	470	145	442	140	386	139	537
8. Costa Rica	1	-	2	-	3	-	1	-	-
9. United States	369	69	302	59	293	56	346	62	613
10. Egypt	14	1	10	1	12	1	14	1	16
11. Spain	3,054	1,182	2,702	1,112	2,704	1,108	2,746	1,117	4,233
12. Philippines	7	1	5	1	-	-	-	-	-
13. Finland	14	-	14	-	9	-	4	-	-
14. France	21	9	19	8	19	9	18	7	32
15. Greece	13	2	13	2	12	2	12	2	21
16. Honduras	2	-	2	-	2	-	1	-	-
17. Hungary	3	-	3	-	3	-	3	1	5
18. India	2,759	56	1,523	44	998	27	820	26	813
19. Ireland	16	2	2	1	2	1	1	1	1
20. Italy	62	13	62	11	62	14	64	14	95
21. Japan	1	-	1	-	1	-	1	-	1
22. Morocco	7	-	6	1	6	1	6	1	8
23. Mexico	125	64	73	39	47	16	36	12	38
24. Nicaragua	1	-	-	-	-	-	-	-	-
25. Poland	20	7	20	6	21	6	22	5	31
26. Portugal	6	4	7	5	6	4	8	4	17
27. United Kingdom	129	16	15	8	31	7	29	5	44
28. Romania	6	1	9	2	9	2	11	2	13
29. Singapore	1	-	-	-	-	-	1	-	6
30. Sri Lanka	11	-	9	-	10	-	-	-	-
31. Sweden	8	2	8	2	6	1	6	1	6
32. Thailand	2	4	-	-	-	-	-	-	-
33. Turkey	6	1	5	1	5	1	4	-	4
34. Dominican Rep.	-	-	1	-	-	-	-	-	1
35. Uruguay	4	1	1	-	1	-	-	-	-
Subtotal	7,680	1,687	5,725	1,546	4,972	1,459	4,640	1,439	-
<b>Total workforce</b>	<b>9,367</b>		<b>7,271</b>		<b>6,431</b>		<b>6,079</b>		<b>6,646</b>

Table 17.- Workforce by type of employment contract and gender

	2016		2015		2014		2013		TOTAL
	Men	Women	Men	Women	Men	Women	Men	Women	
Permanent workers	7,043	1,543	5,234	1,441	4,601	1,365	4,247	1,332	6,156
Temporary workers	637	144	491	105	371	94	394	106	490
Subtotal	7,680	1,687	5,725	1,546	4,972	1,459	4,640	1,439	-
<b>Total workforce</b>	<b>9,367</b>		<b>7,271</b>		<b>6,431</b>		<b>6,079</b>		<b>6,646</b>

Table 18.- Workforce by type of employment and gender

	2016		2015		2014		2013		TOTAL
	Men	Women	Men	Women	Men	Women	Men	Women	
Direct workers	3,303	256	2,065	218	1,493	210	1,354	230	1,878
Indirect workers	2,011	267	1,578	232	1,416	198	1,511	251	2,175
Structural workers	2,366	1,164	2,082	1,096	2,063	1,051	1,776	957	2,593
Subtotal	7,680	1,687	5,725	1,546	4,972	1,459	4,640	1,439	-
<b>Total workforce</b>	<b>9,367</b>		<b>7,271</b>		<b>6,431</b>		<b>6,079</b>		<b>6,646</b>



Fig 7.- Average age of workforce 2016

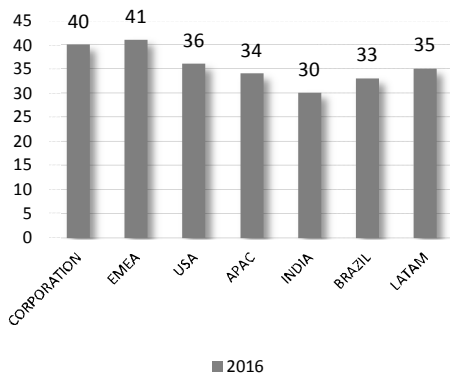


Fig 8.- Workforce by type of employment contract 2016

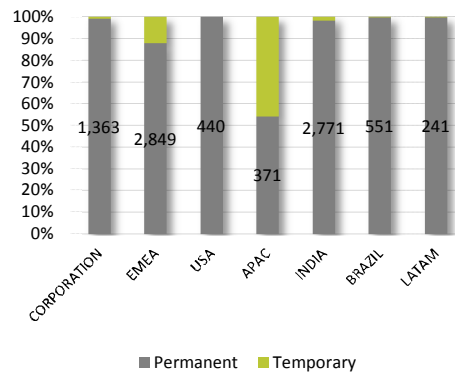


Table 19.- Global workforce (internal and external personnel)

	2016		2015		2014		2013		2012	
	INTERNAL	EXTERNAL	INTERNAL	EXTERNAL	INTERNAL	EXTERNAL	INTERNAL	EXTERNAL	INTERNAL	EXTERNAL
CORPORATION	1,377	14	1,350	9	1,206	5	1,212	6	1,254	15
O&M	-	-	-	-	842	4	799	7	787	4
EMEA	3,243	145	2,802	17	2,047	1	2,128	1	2,526	2
LATAM	242	27	154	1	67	2	48	-	38	-
BRAZIL	553	1	509	4	303	5	112	4	78	7
USA	440	1	360	3	349	3	408	2	613	8
APAC	686	63	637	62	582	49	525	1	537	2
INDIA	2,826	354	1,576	159	1,305	56	847	42	813	26
Subtotal	9,367	605	7,388	255	6,431	125	6,079	63	6,646	64
<b>Total workforce</b>	<b>9,972</b>		<b>7,643</b>		<b>6,556</b>		<b>6,142</b>		<b>6,710</b>	

Fig 9.- Evolution of global workforce

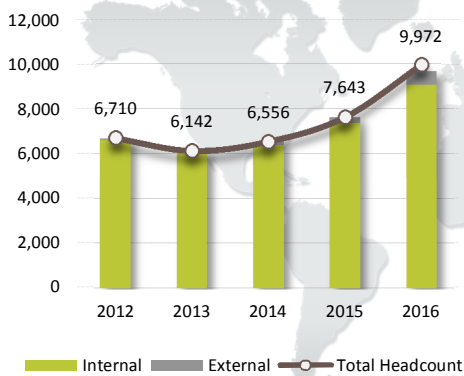
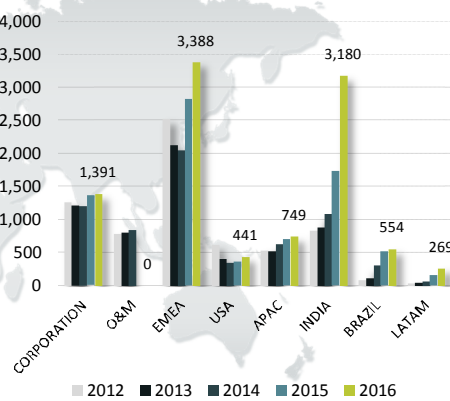


Fig 10.- Evolution of global workforce by areas



**G4-11 Employees covered by collective agreements**

In general terms, Grupo Gamesa’s collective agreements apply to all workers who provide their services under or at group companies, regardless of the way they were hired, the professional group they have been assigned to, their occupation or the job they perform.

However, issues connected to the company’s own business organization, each country’s legislation and even these countries’ customs and practices means that certain groups are expressly excluded from the scope of these collective agreements. This is the reason why 100% coverage has not been attained, as indicated in the following table:

Table 20.- Employees covered by collective agreements

(percentage in the region between brackets)	2016	2015	2014	2013	2012
EMEA	3,915 (89.2%)	1,404 (34.3%)	1,298 (31.2%)	1,377 (33%)	1,658 (36%)
USA	-	-	-	63 (15.4%)	186 (30.3%)
APAC	-	-	-	-	-
INDIA	-	-	-	-	-
BRAZIL	396 (71.6%)	324 (63.7%)	166 (54.8%)	29 (25.9%)	22 (28.2%)
LATAM	-	-	-	-	-
Total covered	4,311	1,728	1,464	1,469	1,866
% of total workforce	47.4%	23.7%	22.7%	24.1%	28.2%

The first collective agreement for Gamesa's<sup>15</sup> office workers was signed in 2016, representing a milestone for the company since it set out a single framework of working conditions for all its offices in Spain.

This agreement entered into force immediately after its approval in April and applies to all Gamesa's office employees in Spain (1,900 people). This is the reason why the data for 2016 is markedly higher than the data for 2015.

**G4-12 Description of the supply chain**

**Gamesa's positioning**

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

Gamesa's overall stance on the supply chain is set out in detail in the *Gamesa Supplier, Contractor and Collaborator Contracting and Relationship Policy* through a text<sup>16</sup> approved by a resolution taken by the Board of Directors on September 23, 2015. This declaration has an incidence on the principles upon which Grupo Gamesa intends to base an overall framework to control and manage the risks resulting from procurement and works and services contracting activities by taking the principle of creating value for the different stakeholders as a basis.

From the perspective of selecting suppliers, it has made an undertaking to an impartial and objective supplier, contractor and external collaborator selection process.

From the standpoint of behavior, Gamesa undertakes to establish the appropriate channels to gather information about the ethical behavior of its suppliers, contractors and collaborators and undertakes to adopt the necessary measures should such behavior contravene the values and principles enshrined in the Code of Conduct.

**Flexible and competitive supply base**

Gamesa is continuing to strengthen its supply chain in the regions where it has a presence by attempting to increase the amount of local supplies in all of them. In 2016, the company faced a series of challenges jointly with its suppliers, which involved the latter's technological development and the competitiveness:

- Achieving a rapid response to market needs and starting up new turbine configurations where they are demanded. This has posed a serious challenge for suppliers and led to the progressive increase in the capacity in terms of technology, flexibility and competitiveness. A good example of this is the development of the G114 2.5 supply chain in China.
- Rapid industrialization of two prototypes of way almost simultaneously: the G126 2.5 and the G132 3.3.

<sup>15</sup> See collective agreement: <http://www.boe.es/boe/dias/2016/08/04/pdfs/BOE-A-2016-7547.pdf>

<sup>16</sup> See the policy at: <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/gobierno-corporativo/politicas-corporativas/politicas-resp-social/politica-de-contratacion-y-relacion-con-proveedores-contratistas-y-colaboradores.pdf>

- Development of supply chains in India for the G114 Class S.
- Continuous improvement of the G97 and G114 mainstream products through the Model Year concept (grouping together the implementation of product changes result in provide cost improvements once a year to make our assembly plants more efficient).
- Specific cost reduction plans for BOP, construction and logistics. In the case of the logistics, the improvement in competitiveness has led us to negotiate freight charges directly with ship owners and to design tools that can be reassembled for towers shipments made by sea.
- Promoting supply chain localization chain in the regions where Gamesa manufactures or assembles parks whilst always complying with the company's quality standards like, for instance, in Egypt, Turkey, Chile and Uruguay.

Driving forward suppliers' overall development by giving them the chance of not only supplying the region to which they belong but also other regions on the basis of their performance. The Gamesa supply base in 2016 was comprised of **10,961 suppliers around the world** serving a procurement volume of over **€3.721 billion**.

Table 21.- Supply base: Number of suppliers

	2016	2015	2014	2013	2012
<b>EMEA</b>	<b>5,263</b>	<b>5,001</b>	<b>5,103</b>	<b>4,959</b>	<b>5,526</b>
Direct suppliers <sup>17</sup>	1,085	944	719	590	739
Indirect suppliers	4,178	4,057	4,384	4,369	4,787
<b>USA</b>	<b>778</b>	<b>737</b>	<b>824</b>	<b>847</b>	<b>1,187</b>
Direct suppliers	119	118	138	79	132
Indirect suppliers	659	619	686	768	1,055
<b>APAC</b>	<b>816</b>	<b>735</b>	<b>712</b>	<b>624</b>	<b>886</b>
Direct suppliers	300	280	302	209	254
Indirect suppliers	516	455	410	415	632
<b>INDIA</b>	<b>2,161</b>	<b>1,674</b>	<b>1,478</b>	<b>1,231</b>	<b>1,147</b>
Direct suppliers	311	242	198	105	114
Indirect suppliers	1,850	1,432	1,280	1,126	1,033
<b>BRAZIL</b>	<b>1,302</b>	<b>1,274</b>	<b>1,032</b>	<b>639</b>	<b>508</b>
Direct suppliers	152	136	96	37	29
Indirect suppliers	1,150	1,138	936	602	479
<b>LATAM<sup>18</sup></b>	<b>641</b>	<b>553</b>	(1)	(1)	(1)
Direct suppliers	52	27	(1)	(1)	(1)
Indirect suppliers	589	526	(1)	(1)	(1)
<b>Total suppliers in the supply base</b>	<b>10,961</b>	<b>9,528</b>	<b>8,862</b>	<b>8,300</b>	<b>9,254</b>

As far as procurement volumes are concerned, 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%).

Thus, the company helps to generate wealth in the areas where it has industrial activities, in addition to attaining a stable local economy.

<sup>17</sup> Note: Directly associated materials and procurements or which form part of the wind turbine.

<sup>18</sup> Note: Mexico and rest of LATAM were included under the Europe & Rest of the World geographic unit until 2015.

Table 22.- Procurement volume by supplier's country of origin

	2016	2015	2014	2013	2012
Spain	25.14 %	28.56%	33.59%	41.49%	36.74%
India	23.60%	17.83%	14.98%	9.82%	7.60%
China	17.33%	16.72%	12.77%	8.71%	10.24%
United States	8.68%	7.55%	7.10%	6.33%	21.52%
Brazil	8.07%	12.69%	11.01%	9.03%	4.12%
Mexico	3.99%	3.24%	4.76%	8.06%	7.35%
Germany	2.61%	2.81%	2.80%	2.41%	1.74%
United Kingdom	1.14%	0.53%	0.94%	1.23%	1.15%
Uruguay	1.20%	-	-	-	-
Italy	1.04%	1.38%	1.58%	1.78%	1.22%
France	0.82%	0.88%	1.30%	2.31%	1.34%
South Korea	0.71%	-	-	-	-
Egypt	0.65%	-	-	-	-
Denmark	0.59%	0.58%	-	-	-
<b>Procurement volume (€ million)</b>	<b>3,721</b>	<b>3,026</b>	<b>2,242</b>	<b>1,978</b>	<b>2,359</b>

**Procurement volume**

Fig.11.- Overall procurement volume (evolution)

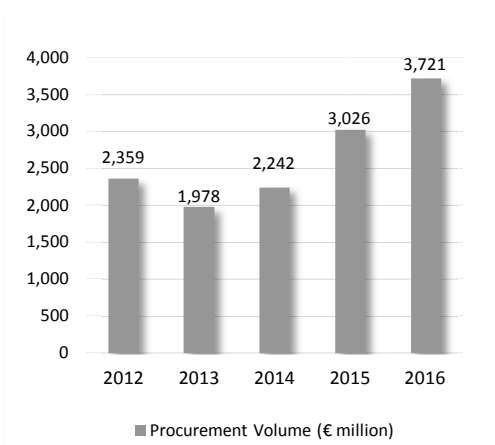


Fig 12.- Overall procurement volume 2016 (by geographic areas)

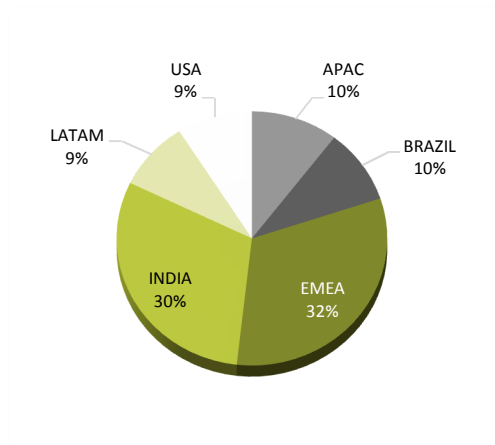


Fig 13.- Distribution of supplies 2016 (by geographic areas and typology)

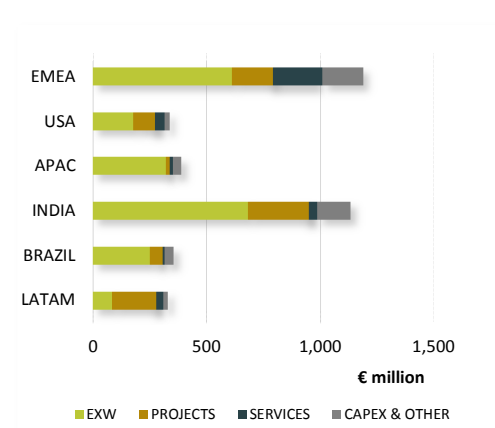


Fig 14.- Distribution of supplies 2016 (by nature of supply)

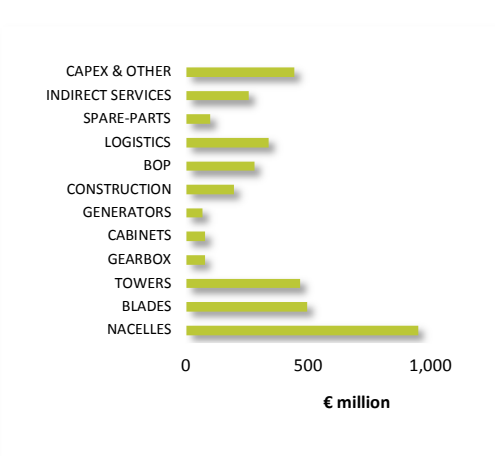


Table 23.- Direct procurement supply base (by business areas)

	2016		2015		2014		2013		2012	
	No.	%	No.	%	No.	%	No.	%	No.	%
<b>DIRECT PROCUREMENT</b>										
Nacelles	399	4.83%	373	21.6%	391	25%	432	30%	447	31%
Blades	119	1.44%	129	7.47%	146	9%	148	10%	190	13%
Towers	166	4.01%	81	4.69%	72	5%	65	5%	86	6%
Services	1,241	15.02%	579	33.53%	583	37%	523	37%	474	33%
Gearbox	331	33.13%	345	19.98%	209	13%	180	13%	184	13%
Converters	178	2.01%	150	8.69%	83	5%	78	5%	77	5%
Generators	273	3.30%	70	4.05%	79	5%	-	-	-	-
<b>INDIRECT PROCUREMENT</b>										
Construction	1,393	16.86%	1,174	24.37%	-	-	-	-	-	-
BOP	557	6.74%	439	9.11%	-	-	-	-	-	-
Logistics	867	10.50%	382	7.93%	-	-	-	-	-	-
Services	2,737	33.13%	-	-	-	-	-	-	-	-
Capex and Overheads	1,825	17.54%	2,467	51.21%	-	-	-	-	-	-
Rest of indirect procurement	320	3.08%	355	7.37%	-	-	-	-	-	-

#### Local supplier development and wealth creation

Gamesa assigns its own materials and quality development engineers to suppliers' facilities in order to ensure their technological development and competitiveness.

This is the case in **India**, for instance, where a hydraulic component manufacturer (Hydratech), an infusion resin supplier (Aditya Birla) and large cast parts manufacturers like Synergy Greem, Classic Tools and SE Forge have been developed.

In **China**, suppliers of blades (Aeolon), blade bearings (TMB), large cast parts (Danian Heavy and Dahua), pitch cylinders (Hydratech) and tower interiors (Alluwind) have been developed.

In **Brazil**, Gamesa has screened suppliers of metal parts (Jumbo and Painco), blade bearings (Kaydon), and nuts and bolts (Friedberg and Metalbrax).

In **EMEA**, suppliers of main axel bearings (ZKL), cast axels (Lucchini) and yaw engines (Emod) have been developed.

In **Mexico**, Gamesa has expanded the number of blade manufacturing lines at the TPI plant.

Local capacity is boosted through the supply chain's localization in the different regions. Thus, the company has managed to globalize its supply profile, which includes: global suppliers with a local presence, new locally-based suppliers and globalized current suppliers. This is viewed as the supplier accompanying Gamesa on the group's path to globalization.

Good proof of this is that the degree of localization (local procurement) achieved in 2016 amounted to 91% in China, 62% in India and 72% in Brazil.

Table 24.- Degree of procurement localization

	2016	2015	2014	2013	2012
<b>APAC</b>	-	89% (G8X)	88%(G8X)	-	98% (G8X)
	90% (G97)	89% (G97)	88% (G97)	94% (G97)	99% (G97)
	91% (G114)	90% (G114)			
<b>USA (United States + Asia)</b>	-	-	-	-	79% (G97)
<b>INDIA</b>	62% (G97)	63% (G97)	61% (G97)	74% (G97)	74% (G97)
	62% (G114)	-	-	-	-
<b>BRAZIL</b>	72% (G97)	52% (G97)	29% (G97)	49% (G97)	52% (G8X)
<b>LATAM</b>	69% (G97)	-	-	-	-

In order to provide a response to the Business Plan, the Procurement Department has also been working jointly with local suppliers and the Technology and Quality Department on reducing the cost of energy by designing turbine models which optimize AEP, like the ad-hoc turbine designs for specific markets. Good examples of this are the G114 CS 106 m turbine for India, a project geared at increasing AEP through the Max Power concept (5% increase in rated power) in order to improve turbines' competitiveness. It has also continued with the work on redesigning components under the Costwise Product Evolution and the Critical Component Development programs. Transformers in Europe have likewise been adapted to the Eco-Directive.

In 2016, **379 projects on different product platforms to generate alternative suppliers** were successfully concluded in China (94), India (140), EMEA (86) and Brazil (59).

Table 25.- Alternative supplier generation projects

	G10x	G114	G8x	G9x	2016	2015	2014	2013	2012
EMEA	5	68	8	5	86	100	116	61	85
USA	-	-	-	-	-	-	-	3	22
APAC		73		21	94	94	92	95	61
INDIA		110		30	140	93	65	88	79
BRAZIL		52		7	59	57	34	19	20
LATAM	-	-	-	-	-	-	-	-	-
<b>Total projects</b>	<b>5</b>	<b>303</b>	<b>8</b>	<b>63</b>	<b>379</b>	<b>344</b>	<b>307</b>	<b>266</b>	<b>267</b>

It is therefore evident that Gamesa's activity produces an indirect economic impact generated by wealth creation in the economy through changes in the productivity of companies, industries and the local economy. At the same time, it improves qualifications and know-how in the professional community and creates jobs dependent on the supply and distribution chains.

The company has continued to make progress in its strategy of combining internal manufacturing with external key component supplies, which maximizes operational flexibility and optimizes investment. The outsourcing of blade manufacturing through the development of the supplier Aeolon in China and the increase in the number of blade manufacturing lines at the TPI plant in Mexico have been particularly important.

#### Ongoing contact with the partners and suppliers

As an essential element to ensure the implementation of these actions, the company maintains ongoing dialog mechanisms with the supply base, including:

- Supplier events held in Brazil, China, Spain and India in 2016.
  - China (Tianjin), March 2016, approximately 104 suppliers
  - Spain (Bilbao), November 2016, approximately 93 suppliers
  - Brazil (Sao Paulo), February 2016, approximately 83 suppliers
  - India (Chennai), April 2016, approximately 100 suppliers

The aim of these events is to share the company's challenges concerning new products, new market requirements and increases in demand and consequently capacity. Said events have a global and local focus (for the EMEA region in the case of Pamplona and for APAC in the case of Tianjin) in order to effectively convey the need to contribute to the Business Plan's attainment jointly with Gamesa.

- Supplier portal aimed at interchanging technical information on products, quality documents and delivery management.
- Gamesa website, which contains:
  - The new general procurement terms and conditions (GPC), which include the Suppliers Code of Conduct
  - Suppliers' quality manual.
- Gamesa assesses all suppliers on a monthly basis via the Supplier Quality Assurance Department

through indicators (lack of quality costs, deviations, 8Ds, H&S and the environment) in order to supervise the quality levels of components or materials. In addition, a quarterly grading has been put into place which covers the most significant part of the supply chain. The SQA Department draws up a list of suppliers which will undergo supervision based on several criteria like the size and importance of the components they supply or their turnover with Gamesa.

### Responsible development of the supply chain

Within the scope of its responsibility, the Procurement Department has a supplier management model which seeks to create long-term value through the management of the opportunities and risks resulting from relevant economic, environmental and social values.

In order to fulfill the guidelines set out in the Corporate Social Responsibility Master Plan 2015-2017, the company's Procurement and Supplies Area continued with the deployment of the Achilles-Repro platform, an administrative supplier control tool which covers areas like suppliers' i) corporate social responsibility; ii) quality management; iii) health and safety management; iv) environmental management; v) technical resources; and vi) human resources.

Data is obtained and background situations are assessed through said supplier screening and assessment platform, which also includes auditing services. At the 2016 year-end, 1,031 the Gamesa suppliers were registered in the Achilles-Repro system, whose cumulative invoicing amounted A almost €390 million.

Fig 15.- Procurement: CSR assessment on suppliers 2016

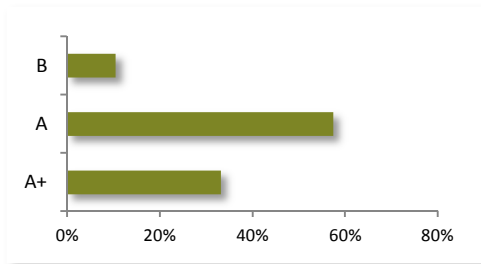
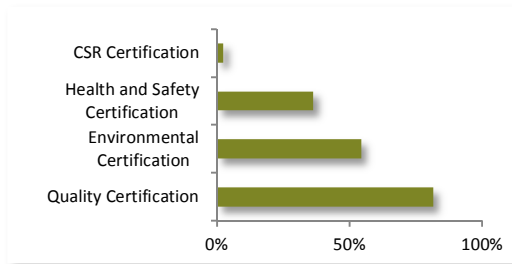


Fig 16.- Procurement: Supplier management systems



### Quality of suppliers

Supplier management at Gamesa is based on the Gamesa Suppliers Quality Manual (GSQM). Its aim is to specify and explain the procedures and requirements which govern cooperation between Gamesa and its suppliers in order to ensure outstanding quality for our customers at all levels in the supply chain. This Quality Manual sets out three basic processes in the Gamesa-supplier relationship which ensure the quality of supply:

- 1. Supplier grading process:** which describes the supplier's grade for it to be assigned with materials and components. When suppliers are selected and assessed, Gamesa conducts several audits to confirm their capacity beyond their level of certification. Gamesa approved 50 new suppliers as part of this process in 2016 (66 in 2015). This includes, among other matters, an assessment of the social and environmental criteria set out in the internal procedure.
- 2. Production parts approval process (PPAP):** this process allows the supplier to i) ensure that the process is well defined and fulfills Gamesa specifications; ii) ensure the process's stability which will allow quality products to be supplied on an ongoing basis throughout the product's useful life; and iii) provide objective proof that demonstrates the process's capacity and robustness.
- 3. Series life management process:** which allows i) changes in processes or products to come about; ii) specifications to be modified by Gamesa; and iii) deviations and lack of quality costs to be managed. More specifically, the Supplier Quality Assurance (SQA) Department conducts ongoing monitoring on lack of quality costs, which allows all the incidents involving Gamesa's suppliers to be known, filtered and managed.

A quarterly assessment of the quality management system of the most important suppliers (TOP 100) is conducted by Gamesa's Supplier Quality Assurance Department as part of the series life management process. 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.

Fig 17.- Quality: Performance assessment of the most important suppliers 2016



Table 26.- Responsible measures on the supply chain

	Preventive measures	Incentivizing measures
Actions on Gamesa's behavior	<ul style="list-style-type: none"> <li>Gamesa Supplier Relationship and Procurement Policy (updated in September 2015)</li> <li>Gamesa Code of Conduct</li> <li>Overall CSR Policy</li> <li>ISO 9001 certified procurement procedures</li> <li>Corporate defense policy and program</li> </ul>	<ul style="list-style-type: none"> <li>Annual improvement targets for procurement teams</li> <li>Supplier screening, classification and control system</li> </ul>
Actions on suppliers' behavior	<ul style="list-style-type: none"> <li>Gamesa Supplier Relationship and Procurement Policy (updated in September 2015)</li> <li>Gamesa Suppliers Code of Conduct (November 2014)</li> <li>Supplier screening and grading system</li> <li>External supplier auditing</li> <li>General Procurement Terms and Conditions for goods and services</li> <li>Supplier quality assurance system.</li> </ul>	<ul style="list-style-type: none"> <li>Supplier screening, classification and control system</li> <li>Suppliers' development projects</li> <li>Supplier improvement and communication actions</li> <li>Contracting specialized employment agencies</li> </ul>

The **Gamesa Supplier, Contractor and Collaborator Contracting and Relationship Policy**<sup>19</sup> sets out the principles upon which Grupo Gamesa intends to base an overall framework to control and manage the risks resulting from procurement and works and services contracting activities by taking the principle of creating value for the different stakeholders as a basis.

**Gamesa's Code of Conduct applies to Gamesa's suppliers, contractors and collaborators**<sup>20</sup> and sets out rules to ensure working conditions in the company's supply chain are safe, that workers are treated decently and with respect and that business transactions are ethically, socially and environmentally responsible. This code is independent and appropriately updated to reflect Gamesa's standards and operations with suppliers, contractors and collaborators.

The **supplier screening, classification and control system**, currently in the implementation stage, analyzes, classifies and assesses key suppliers in so far as they can negatively or significantly affect the attainment of the company's strategic goals in the event of a breach or defective compliance. The system gives priority to suppliers equipped with advanced management systems certified by a third-party, particularly on environmental, quality, occupational health and safety and corporate social responsibility action matters.

The **supplier auditing systems**, which is currently in the implementation stage and reflected in the CSR Master Plan 2015-2017, is an effective tool to assess the performance of key suppliers in relation to the expectations laid down by the policies and codes which apply to the supplier in question, while at the same ensuring it carries on with the improvement process. The cumulative number of complete audits conducted by Gamesa on suppliers and carried out through Repro-Achilles service amounted to 132 at the 2016 year-end.

<sup>19</sup> See the policy at: <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/gobierno-corporativo/politicas-corporativas/politicas-resp-social/politica-de-contratacion-y-relacion-con-proveedores-contratistas-y-colaboradores.pdf>

<sup>20</sup> See: <http://www.gamesacorp.com/recursos/doc/rsc/compromisos/proveedores/codigo-de-conducta-de-proveedores-2015-esp.pdf>



In addition to contractual elements in accordance with the prevailing legislation in the countries involved in a transaction, **supply contracts** include clauses on social responsibility issues (through the general procurement terms and conditions and or supply agreements), which are reflected in the Supplier Code of Conduct that the supplier has to accept when entering into supply contracts.

Gamesa's **general procurement terms and conditions**<sup>21</sup> explicitly include provisions on the respect for human rights and labor practices, as well as an evident stance against fraud and corruption. Gamesa is now working to ensure they are fully implemented across its entire supply chain.

The **supplier quality assurance system (SQA)**: Gamesa's SQA engineers audit quality regularly to check that the terms and conditions agreed to in the PPAP are still being implemented. These audits can be conducted within of 24 hours from the date Gamesa's notice is received. The supplier has to cooperate in said audits and allow the SQA engineer access to all areas involved in the component or material's production. Gamesa may be accompanied in this kind of audits by of its customers.

It expected that both Gamesa and its suppliers will improve continuously in quality and the cost of their products in order to be competitive. We therefore expect our suppliers to implement continuous improvement processes and to be proactive when putting forward process and product improvements. Any improvements in processes that may be made by our suppliers will be valued in a positive light.

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**G4-13 Significant changes during the year**

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**Changes in the supply chain:** No significant changes came about in the supply chain of Gamesa Corporación Tecnológica, S.A. during the year.

**Changes in activities and/or operations:** No significant changes came about in the activities and/or operations of Gamesa Corporación Tecnológica, S.A. in 2016.

**Changes in the share capital structure:** No significant changes came about in the company's share capital in 2016. For further information, see indicator G-7 on share capital (p. 26).

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<sup>21</sup> See: <http://www.gamesacorp.com/recursos/doc/rsc/compromisos/proveedores/espana-condiciones-de-compra-version-gpc-001-201503.pdf>

Commitments to external initiatives

G4-14 Precautionary principle

Gamesa has incorporated the precautionary principle with regard to environmental protection in accordance with the provisions of Article 15 of the Rio Principles. This principle has been widely accepted in laws and regulations aimed at protecting the environment.

The Gamesa Code of Conduct includes health and safety and the environment among its fundamental principles and sets forth that Gamesa is fully committed to continuous improvement and collaboration to achieve sustainable development by developing and applying best practices aimed at environmental protection from the standpoint of prevention and by providing information and training on this culture.

Conservation of the environment is ensured through the approval of the appropriate environmental policy (integrated into the health and safety, quality, environmental and energy efficiency policy) and the implementation of an environmental management system. It likewise requires that the people thus affected must know and assume said policy in the area where they operate and always act in accordance with the criteria of respect and sustainability inspired by it, adopt environmental best practice habits and behavior, and contribute positively and effectively to achieving the objectives which have been set. They must make every effort to minimize the environmental impact arising from their activities and the facilities, equipment and work resources placed at their disposal, endeavoring to make efficient use thereof.

G4-15 Externally developed principles or initiatives which the organization subscribes or endorses

Gamesa fully assumes voluntary commitments in the areas of sustainability, climate change and the defense of fundamental human rights and freedoms. The most significant initiatives worth highlighting include:

Table 27.- External initiatives which the company subscribes

<p><b>United Nations Global Compact (Global Compact)</b><sup>22</sup></p>	<p>Voluntary. Since 2005. Commitment and support to the promotion of the ten principles of labor rights, human rights, environmental protection and the fight against corruption. The company publishes a Communication on Progress (COP) annually, which reviews compliance with such principles. This document is made publicly available on the Spanish United Nations Global Compact Association's website.</p>	
<p><b>Global Reporting Initiative (GRI)</b><sup>23</sup></p>	<p>Voluntary. Since 2006. A non-governmental organization whose purpose is to create a way of exchanging reliable transparent sustainability reporting by developing a common application framework for all types of organizations.</p>	
<p><b>Caring for Climate: The business leadership platform</b><sup>24</sup></p>	<p>Voluntary. Since 2007. A United Nations Global Compact initiative which encourages the involvement of companies and governments in taking measures against climate change. The corporation has remained faithful to its commitments to increase energy efficiency, reduce GHG emissions and collaborate with other public and private institutions in a positive way.</p>	<p>Caring for Climate</p> 

<sup>22</sup> See link: <https://www.unglobalcompact.org/what-is-gc/participants/4098-Gamesa-Corporacion-Tecnologica-S-A-#company-information>  
<sup>23</sup> See link: <https://www.globalreporting.org/Pages/default.aspx>  
<sup>24</sup> See link: <http://caringforclimate.org/>

<p><b>Carbon Disclosure Project (CDP)</b></p>	<p>Voluntary. Since 2008. Public disclosure of the information provided to investors and the supply chain. The CDP compiles information on the risks and opportunities which have been identified in connection with climate change, emission reduction plans and the transparency of corporate actions to mitigate climate change.</p>	
<p><b>Endorsement of the Luxembourg Declaration<sup>25</sup></b></p>	<p>Voluntary. Gamesa aligned itself with the European Network for Workplace Health Promotion (ENWHP), whose aim is “Healthy people in healthy companies” in 2014. In order to make this commitment visible, Gamesa endorsed the Luxembourg Declaration on Workplace Health Promotion, which contains the basic contents of the ENWHP, and has also joined the Network of Healthy Companies promoted by Spain’s National Institute for Occupational Health and Safety.</p>	
<p><b>University of Cambridge Institute for Sustainability Leadership (CISL).</b></p>	<p>Voluntary. Gamesa has successively signed the Carbon Price (2012), Cancun (2010), Copenhagen (2009) and Poznan (2008) Communiqués on Climate Change within the framework the United Nations Framework Convention on Climate Change (UNFCCC). Furthermore, in 2015, Gamesa reaffirmed its commitment to a secure and stable climate in which one the rise in temperature is limited to less than 2 degrees centigrade. Endorsement of the Paris Pledge for Action<sup>26</sup> means we welcome the adoption of a new universal agreement at the COP 21 in Paris and give it our support to ensure the aspirations set forth in the agreement are attained and exceeded.</p>	
<p><b>Endorsement of the Diversity Charter<sup>27</sup></b></p>	<p>Voluntary. In 2015, Gamesa endorsed the Diversity Charter promoted by the Diversity Foundation and driven forward by the European Commission and the Spanish Ministry of Equality with the undertaking to observe equal opportunity and anti-discrimination standards.</p>	
<p><b>Companies for a Gender-Violence-Free Society<sup>28</sup></b></p>	<p>Voluntary. Gamesa joined the Companies for a Gender Violence-Free Society network in 2015 through a collaboration agreement with the Spanish Ministry of Health, Social Affairs and Equality to foster awareness raising about gender violence and its victims’ insertion into the labor force.</p>	
<p><b>Advanced Management System</b></p>	<p>Voluntary. Gamesa endorsed the advanced management system in 2015 and was granted an Advanced Management Diploma by Euskalit Foundation, which recognizes the undertaking and advances made by Gamesa in the area of advanced management, a term the foundation defines as the search for better results along five axes: strategy, customers, people, society and innovation. <b>Gamesa was granted a Golden A in Advanced Management by the Basque Government in 2016, an award endorsed by the Foundation for Quality Management (EFQM).</b></p>	

<sup>25</sup> See link: [http://www.insht.es/PromocionSalud/Contenidos/Promocion%20Salud%20Trabajo/Documentos%20ENWHP/Documentos%20estrategicos/Ficheros/22\\_1%20Declaracion\\_%20Luxemburgo.pdf](http://www.insht.es/PromocionSalud/Contenidos/Promocion%20Salud%20Trabajo/Documentos%20ENWHP/Documentos%20estrategicos/Ficheros/22_1%20Declaracion_%20Luxemburgo.pdf)

<sup>26</sup> See link: <http://www.parispledgeforaction.org/wp-content/uploads/2015/12/Paris-Pledge-for-Action-Spanish.pdf>

<sup>27</sup> See link: [http://www.insht.es/PromocionSalud/Contenidos/Promocion%20Salud%20Trabajo/Documentos%20ENWHP/Documentos%20estrategicos/Ficheros/22\\_1%20Declaracion\\_%20Luxemburgo.pdf](http://www.insht.es/PromocionSalud/Contenidos/Promocion%20Salud%20Trabajo/Documentos%20ENWHP/Documentos%20estrategicos/Ficheros/22_1%20Declaracion_%20Luxemburgo.pdf)

<sup>28</sup> See link: <http://www.msssi.gob.es/gabinete/notasPrensa.do?id=3723>

**G4-16 Membership in main associations**

The company actively participates in both industry-specific and business associations and organizations in each significant place where it operates. Gamesa was an active member of 23 organizations and associations in Spain and 29 associations in the rest of world in 2016, which amounted to a total expenditure of €1.5 million in membership fees.

Table 28.- Main Spanish associations of which Gamesa is a member (2016)

• ASOCIACIÓN NAVARRA EMPRESARIOS METAL (ANEM)	• FUNDACIÓN EMPRESA UNIVERSIDAD DE NAVARRA
• ASOCIACIÓN EMPRESARIAL EÓLICA (AEE)	• FUNDACIÓN EUSKOIKER
• ASOCIACIÓN PROGRESO DE LA DIRECCIÓN (APD)	• FUNDACIÓN NAVARRA PARA LA EXCELENCIA
• BASQUE ECODESIGN CENTER – BEdC	• FUNDACIÓN UNIVERSIDAD EMPRESA
• CÁMARA DE COMERCIO BRASIL-ESPAÑA	• IZAITE, ASOCIACIÓN DE EMPRESAS VASCAS POR LA SOSTENIBILIDAD
• CLÚSTER DE ENERGÍA	• NUEVA ECONOMIA FORUM
• CONFEDERACIÓN EMPRESARIAL DE BIZKAIA (CEBEK)	• RED PACTO MUNDIAL ESPAÑA
• EUSKALIT FUNDACIÓN VASCA PARA LA CALIDAD	

Table 29.- Main international associations of which Gamesa is a member (2016)

• AMERICAN WIND ENERGY ASSOCIATION (AWEA)	• GLOBAL REPORTING INITIATIVE (GRI)
• ASOCIACIÓN MEXICANA DE ENERGÍA EÓLICA (AMDEE)	• INDIAN WIND ENERGY ASSOCIATION (INWEA)
• ASOCIACIÓN URUGUAYA DE ENERGÍA EÓLICA (AUÉE)	• INDIAN WIND TURBINE MANUFACTURERS ASSOCIATION
• ASSOCIAÇÃO BRASILEIRA DE ENERGIA EÓLICA	• MADRAS MANAGEMENT
• ASSOCIAZIONE NAZIONALE ENERGIA DEL VENTO	• NEW ZEALAND WIND ENERGY ASSOCIATION (NZWEA)
• BUNDESVERBAND WIND ENERGIE (BWE)	• RENEWABLE UK ASSOCIATION, LTD.
• CÁMARA NACIONAL DE COMERCIO	• ROMANIAN WIND ENERGY ASSOCIATION (RWEA)
• CANADIAN WIND ENERGY ASSOCIATION (CANWEA)	• RUSSIAN ASSOCIATION OF WIND POWER INDUSTRY (RAWI)
• CLEAN ENERGY COUNCIL AUSTRALIA (CEC)	• SCOTTISH RENEWABLES
• CORPORATE ECO-FORUM	• STY – SUOMEN TUULIVOIMA YHDISTYSRY - FINNISH WIND POWER
• CONFEDERATION OF INDIAN INDUSTRY	• SVENSK VINDENERGI EKONOMISK FÖRENIN
• SPANISH CHAMBER OF COMMERCE CHINA	
• EUROPEAN UNION CHAMBER OF COMMERCE IN CHINA	
• EUROPEAN WIND ENERGY ASSOCIATION (EWEA)	

Table 30.- Association membership and expenditure (€)

	2016	2015	2014	2013	2012
Number of Spanish associations	23	25	31	22	23
Number of international associations	29	27	33	26	26
Memberships costs in Spain	368,060	300,128	306,632	245,207	625,608
International membership costs	1,140,548	638,813	515,208	511,390	656,966

## I.03.- MATERIAL ASPECTS AND BOUNDARIES

### **G4-17** **Entities included in the organization's consolidated financial statements and in the boundary of this report**

Gamesa, which is present in more than fifty countries, has followed the GRI guidelines to define this report's boundary, taking into account the entities in which it has capacity to exercise control, those in which it has a significant influence and the group's relevant activities from the economic, environmental and social standpoints.

For the purpose of this report:

- The Spanish company Gamesa Corporación Tecnológica, S.A., Grupo Gamesa's parent company, is referred to as "Gamesa" or "the company".
- The set of subsidiaries over which Gamesa has the capacity to exercise control or to jointly control is referred to as "Grupo Gamesa" or "the group".
- The set of companies in which Gamesa holds an interest, but without having capacity to exercise control, are referred to as "investee companies".

#### **Boundary**

The consolidated annual accounts for the year ending at December 31, 2016 set out the companies in which Gamesa holds a direct or indirect interest.

#### **Financial consolidation**

The quantitative information available on all its companies' economic performance corresponds to Gamesa and its subsidiaries and investee companies and refers to all of the company's activities. The economic information included in this report for 2016 comes from the annual accounts, the annual management report and the audit report for 2016.

#### **Social and environmental consolidation**

The principles and the corporate policies which Grupo Gamesa adopts and publicly discloses, along with its strategies, apply to all the activities of the group's subsidiaries in all of the countries where they operate. Information on the management approach, targets and performance are included in this report. The quantitative information on the environmental and social dimensions included in the tables and charts of this report considers the activities Gamesa performs in the countries where the company's presence is most relevant in terms of sustainability.

#### **Limitations on the information**

The Corporate Responsibility Report for 2016 covers Gamesa and its subsidiaries which make up the group. This means that this document includes all the corporate responsibility information of Grupo Gamesa and its companies. There are therefore no other documents drawn up by the subsidiaries which complete this balance.

This report therefore does not include any qualitative or quantitative information on joint ventures or associated companies in which Gamesa does not hold a majority interest, or information on subcontracted activities or on leased facilities in order to ensure clear year-on-year comparability.

Gamesa included the company 9REN Spain, S.L. into the group on December 30, 2016. This inclusion is fully effective for the purpose of calculating the economic indicators (G4-EC series of indicators). The number of 9REN's employees (264 people) has been included for the purpose of consolidating the workforce (indicators G4-9, G4-10 and G4-LA12) as well as for the rates on the number of employees.

There are therefore no significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report. Hence, Gamesa considers that this report presents a reasonable and balanced view of the group's economic, environmental and social performance. Should there be any limitations on the information reflected in this report due to not completely entering quantitative data into the management systems, they are considered to have little influence on the overall data on the group and, in Gamesa's judgment, do not affect in any relevant way the assessment the reader may make about the company's performance.

G4-18 Definition of the contents and boundary of the report and the application of GRI principles

In order to draw up this report, Gamesa has adopted the *GRI Sustainability Reporting Guidelines* (version G4). As the GRI indicates, these guidelines are the result of a process in which different stakeholders around the world take part, including representatives from the business world, the trade unions, civil society, the financial markets, auditors and specialists in various business disciplines, regulators and government agencies in different countries.

For its part, Gamesa, as a multinational enterprise having a presence in countries in several continents with different economic and social models, has also been developing systems and processes to obtain the necessary information to meet the GRI's requirements and recommendations, as well as those from other entities which are concerned with corporate responsibility issues, such as the Dow Jones Sustainability Indices, the FTSE4Good, the Ethibel Sustainability Index and the Carbon Disclosure Project.

**Material aspects identified by the Global Reporting Initiative (GRI)**

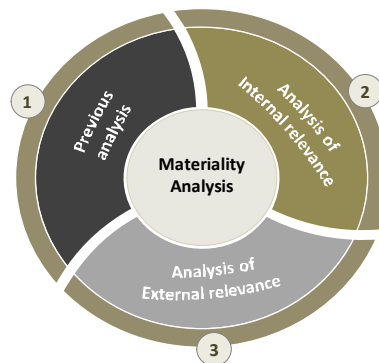
The aspects identified in the GRI Guidelines result from an extensive process of stakeholder engagement and they comply with the requirements of sufficient materiality to be included in corporate responsibility reports.

Gamesa's corporate responsibility report for 2016 includes reporting on aspects identified by the GRI Guidelines and provides continuity with previous years' reporting. These aspects are specifically identified in Appendix I of this report.

**Material aspects identified internally**

In order to analyze the evolution of the internal material aspects identified in preceding years, Gamesa updated its materiality analysis in 2016. This has allowed the company to deepen its understanding of the stakeholders' needs and expectations to thus identify any aspects which are key to both Gamesa and the different stakeholders.

The materiality analysis has been divided in three stages as follows:



- The **preliminary analysis** aims to obtain a list of aspects to be analyzed, taking into account internal policies and procedures as well as knowledge about the industry in which Gamesa operates. As a result of this stage, 34 topics were identified which were grouped under nine thematic areas.
- The aim of the **internal relevance analysis** is to determine the relevance for Gamesa of the aspects identified in the previous stage. To achieve this, the aspects were prioritized according to their importance in the company's strategy.
- The aim of the **external relevance analysis** is to determine the relevance for stakeholders of the aspects identified in the previous stage. In order to achieve this, CSR topics on competitors, industry opinion makers, CSR opinion makers and the mass media were thoroughly analyzed and prioritized.

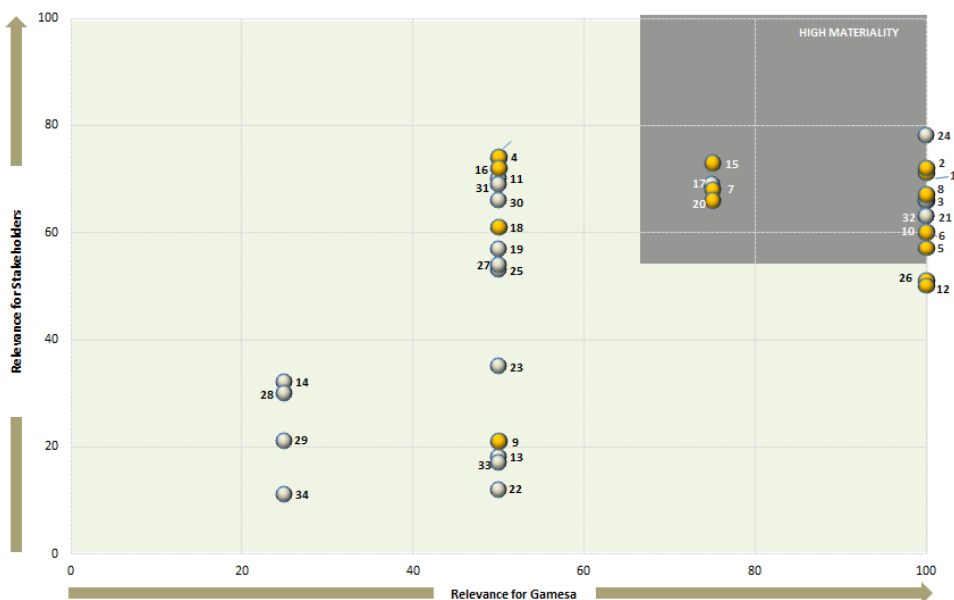
Fig. 18.- List of aspects analyzed

	<b>Organization profile</b> 1. Business model and strategy 2. Management of risks and opportunities (business, CSR risks, etc.)		<b>Social contribution</b> 18. Relationship with communities and the social environment in which it operates 19. Community investment and programs 20. Human Rights
	<b>Ethics, Corporate Governance and Compliance</b> 3. Corporate Governance 4. External commitments with stakeholders 5. Investor relations 6. Ethics, Integrity and fight against corruption 7. Regulatory compliance		<b>Responsible supply chain</b> 21. Procurement practices and supplier assessment based on sustainability criteria 22. Supply security
	<b>Economic aspects</b> 8. Financial performance and management 9. Direct and indirect economic impacts 10. Renewable energy lanscape (project portfolio, market trends)		<b>Environment</b> 23. Biodiversity management and impacts 24. GHG emissions and strategy to fight against climate change 25. Environmental management systems and certifications 26. Environmental risks and impacts management 27. Waste management 28. Environmental expenses and investments 29. Land use 30. Programs to reduce the environmental impact of the Company 31. Efficient resource consumption (materials, energy, water, etc)
	<b>Labour aspects</b> 11. Training, professional development and employability 12. Equal opportunities, diversity and non-discrimination 13. Work-life balance and social benefits 14. Talent attraction and retention 15. Occupational health & safety		<b>Customer management</b> 32. Client satisfaction. 33. Privacy and security of information. 34. Complaint mechanisms
	<b>Product/ Service</b> 16. Lifecycle analysis and impact of products and services 17. Programs and investments in research & development		

**G4-19 Material aspects identified**

Once the external and internal relevance of each of the aspects identified was analyzed, the results obtained were cross-referenced to obtain the following materiality matrix:

Fig 19.- Gamesa materiality analysis 2016



24	GHG emissions and strategy in the fight against climate change	7	Regulatory compliance	21	Procurement practices and supplier assessment based on CSR criteria
15	Health and safety	8	Economic management and performance	32	Customer satisfaction
2	Risk and opportunities management (business, risks, CSR, etc.)	3	Corporate governance	10	Renewable energy environment (project portfolio, market forecasts)
1	Business model and strategy	6	Ethics, integrity and the fight against corruption	5	Investor relations
17	R&D and innovation programs and investment	20	Human rights		

The aspects thus identified have been grouped into three groups depending on their relevance for stakeholders and Gamesa. The **material aspects** include any aspects which are highly relevant for both stakeholders and Gamesa. These aspects are currently a priority in the company's business strategy.

The **future material aspects** include any which are highly relevant for stakeholders though not for Gamesa. These aspects, though not currently considered as material aspects, are those whose importance Gamesa is aware of and it consequently is equipped with the management tools that enable it to give a response to the stakeholders' expectations.

Lastly, the aspects defined as **non-material aspects** are those which are of minor relevance for the company and the stakeholders. They are, however, analyzed periodically to ensure the business strategy is in line with the stakeholders' needs and expectations.

G4-20 **Boundary within the organization**  
G4-21 **Boundary outside the organization**

Most relevant topics	General topics of special interest identified	Stakeholders which consider the aspect material	Gamesa's response in the report
<b>Climate change</b>	<ul style="list-style-type: none"> <li>• Policies and strategies to combat climate change</li> <li>• Inclusion of climate change in product design as an environmental element.</li> <li>• Historic CO<sub>2</sub> emissions trend (direct and indirect).</li> <li>• Quantitative emission reduction targets.</li> <li>• Commitment to public initiatives to combat climate change.</li> </ul>	<ul style="list-style-type: none"> <li>• Competitors</li> <li>• CSR opinion makers</li> <li>• Industry opinion makers</li> <li>• Mass media</li> <li>• Sustainability indices</li> <li>• Gamesa management</li> </ul>	Section II.10 "ENVIRONMENTAL DIMENSION" (p. 93)
<b>Health and safety</b>	<ul style="list-style-type: none"> <li>• Health and safety policies and programs.</li> <li>• Track record of accidents and near misses.</li> <li>• Health and safety measure to improve productivity and the quality of employment</li> <li>• Culture of safety across the company</li> <li>• Development of effective management systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Competitors</li> <li>• CSR opinion makers</li> <li>• Industry opinion makers</li> <li>• Sustainability indices</li> <li>• Gamesa management</li> </ul>	Management approach to health and safety (p. 121 and the following)
<b>Risk and opportunities management</b>	<ul style="list-style-type: none"> <li>• Risk identification, assessment and management systems implemented and business and CSR opportunities.</li> <li>• Risk mitigation systems.</li> <li>• Risk control and management policy.</li> </ul>	<ul style="list-style-type: none"> <li>• Competitors</li> <li>• CSR opinion makers</li> <li>• Sustainability indices</li> <li>• Gamesa management</li> </ul>	Indicator G4-2
<b>Business model and strategy</b>	<ul style="list-style-type: none"> <li>• Integration of CSR aspects in the company's strategy.</li> <li>• CSR Policy and Master Plan.</li> <li>• Organization's structure.</li> </ul>	<ul style="list-style-type: none"> <li>• Competitors</li> <li>• CSR opinion makers</li> <li>• Mass media</li> <li>• Sustainability indices</li> <li>• Gamesa management</li> </ul>	Section I.02. "ORGANIZATIONAL PROFILE" (21)
<b>R&amp;D and innovation</b>	<ul style="list-style-type: none"> <li>• Innovation programs.</li> <li>• R&amp;D and innovation. Innovation process.</li> <li>• Wind turbine models and features.</li> </ul>	<ul style="list-style-type: none"> <li>• Competitors</li> <li>• CSR opinion makers</li> <li>• Industry opinion makers</li> <li>• Mass media</li> <li>• Sustainability indices</li> <li>• Gamesa management</li> </ul>	"Innovation" section (p. 87); "Wind Turbines" section in G4-4 (p. 21)



<b>Most relevant topics</b>	<b>General topics of special interest identified</b>	<b>Stakeholders which consider the aspect material</b>	<b>Gamesa's response in the report</b>
<b>Regulatory compliance</b>	<ul style="list-style-type: none"> <li>Breaches of prevailing legislation.</li> <li>Grievances, fines and penalties in CSR topics.</li> </ul>	<ul style="list-style-type: none"> <li>Competitors</li> <li>CSR opinion makers</li> <li>Industry opinion makers</li> <li>Sustainability indices</li> <li>Gamesa management</li> </ul>	Indicators G4-EN34, G4-LA16, G4-HR12, G4-PR8, G4-EN29, G4-SO7, G4-PR2, G4-PR4, G4-PR7, G4-PR9, G4-SO8.
<b>Economic management</b>	<ul style="list-style-type: none"> <li>Management model; direct economic value generated and distributed; profit, sales and growth expectations.</li> <li>Significant indirect economic impacts; significant financial aid received.</li> <li>Supplier management, policies, practices and proportion of expenditure on locally-based suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Competitors</li> <li>CSR opinion makers</li> <li>Mass media</li> <li>Gamesa management</li> </ul>	Management approach to economic performance (p. 84 and the following)
<b>Corporate governance</b>	<ul style="list-style-type: none"> <li>Linkage between remuneration and performance.</li> <li>Board remuneration in line with ESG targets.</li> <li>Ensuring the independence of the Board's structure.</li> <li>CSR responsibilities within the Board.</li> <li>Promotion of the diversity as regards gender, ethnicity, nationality and professional experience.</li> </ul>	<ul style="list-style-type: none"> <li>Competitors</li> <li>CSR opinion makers</li> <li>Mass media</li> <li>Sustainability indices</li> <li>Gamesa management</li> </ul>	Indicators from G4-34 to G4-58
<b>Ethics, integrity and the fight against corruption</b>	<ul style="list-style-type: none"> <li>Codes of conduct and compliance systems.</li> <li>Policies against bribery and corruption.</li> <li>Public commitments to business ethics.</li> <li>Whistleblowing procedures and conflict of interest resolution processes.</li> <li>International ethics and integrity initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>Competitors</li> <li>CSR opinion makers</li> <li>Sustainability indices</li> <li>Gamesa management</li> </ul>	Section I.07.- ETHICS AND INTEGRITY (75)
<b>Human rights</b>	<ul style="list-style-type: none"> <li>Formal policies on human rights issues in line with leading international standards.</li> <li>Promoting practices that respect human rights among employees.</li> <li>Promoting human rights in areas where the company can exert influence, especially among partners and suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Competitors</li> <li>CSR opinion makers</li> <li>Sustainability indices</li> <li>Gamesa management</li> </ul>	Section I.07 "Ethics and integrity", indicators G4-56; G4-57; G4-58; Management approach to "Human Rights" (p. 137)
<b>Procurement practices and supplier assessment based on CSR criteria</b>	<ul style="list-style-type: none"> <li>Policies on relationships with suppliers, which include basic principles of business ethics.</li> <li>Policies and procedures on the ethical supply of components and materials in the supply chain.</li> <li>Monitoring working conditions at suppliers and contractors. Audits and periodic assessments.</li> <li>Contingency plans if violations of labor rights in the supply chain are identified.</li> </ul>	<ul style="list-style-type: none"> <li>Competitors</li> <li>CSR opinion makers</li> <li>Sustainability indices</li> <li>Gamesa management</li> </ul>	Indicator G4-12
<b>Customer management</b>	<ul style="list-style-type: none"> <li>Processes to measure customer satisfaction.</li> <li>Characteristics of products and services.</li> </ul>	<ul style="list-style-type: none"> <li>Competitors</li> <li>CSR opinion makers</li> <li>Sustainability indices</li> <li>Gamesa management</li> </ul>	Management approach to "Product and Service Labeling" (p.153); Customer privacy (p. 156 ); Customers' health and safety (p. 152); G4-4; G4-PR5; G4-PR3
<b>Renewable energy sector</b>	<ul style="list-style-type: none"> <li>Situation of the competitive environment.</li> <li>Project portfolio and market forecasts.</li> <li>National targets and aid for the installation of wind power.</li> <li>Price kWh.</li> </ul>	<ul style="list-style-type: none"> <li>Competitors</li> <li>CSR opinion makers</li> <li>Industry opinion makers</li> <li>Mass media</li> <li>Gamesa management</li> </ul>	Indicator G4-2
<b>Investor relations</b>	<ul style="list-style-type: none"> <li>Investor relations policy.</li> <li>Collaboration with shareholders and investors.</li> <li>Transparent communication with investors.</li> <li>Encouraging ongoing reporting to investors.</li> </ul>	<ul style="list-style-type: none"> <li>Competitors</li> <li>CSR opinion makers</li> <li>Mass media</li> <li>Gamesa management</li> </ul>	Indicator G4-26 in the "Dialog with Investors and Shareholders" section

As far as each of the material aspects' coverage is concerned, Gamesa considers that all the aspects have internal and external coverage because, as the materiality matrix demonstrates, they have effects both within the company as well as on the different stakeholders.

**G4-22**      **Restatements of information provided in previous reports**

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Gamesa has not considered it necessary to restate any information from previous reports owing to corporate restructurings. However, there could be minor deviations with respect to the quantitative data disclosed in several years and 2016 as a consequence of updates and adjustments.

As in every year, it is possible that the economic and financial figures set out in this report may not correspond to the original figures due to the rounding up or down of figures. In the event of any discrepancy, the information provided in the Consolidated Annual Accounts for the year ending at December 31, 2016 shall prevail.

**G4-23**      **Significant changes in the report's scope and boundary**

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No changes deemed as significant came about in 2016 in the scope, boundary and assessment methods used in the report. The possibility of comparing the group's main figures with those of previous years is therefore maintained.

## I.04.- STAKEHOLDER ENGAGEMENT

### G4-24 Stakeholders engaged by the organization

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 their expectations and needs and, from a reputation-related perspective, managing the perception these stakeholders have of the company.

Seeing as these stakeholders are very numerous in a business group like Gamesa, they have been analyzed in accordance with their relevance for the company's activities and have been grouped together under the following categories for practical purposes:

Fig 20.- Stakeholders



### G4-25 Basis for the selection of stakeholders

The identification and selection of Gamesa's stakeholders is carried out through internal processes of reflection involving the management team and based on establishing relationships with key groups to meet both their expectations and the company's needs.

### G4-26 Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group

Gamesa consolidates preferential communication channels with these groups in order to identify the most relevant topics and provide a reasonable response to their expectations, in as much as it is possible.

These channels have their own specific features as regards format, responsibilities, intensity of the relationship and frequency of use, ranging from permanently available means of engagement, like mailboxes and portals, to annual or multiannual means, such as surveys. They also include other non-periodic means which, as a whole, configure a relationship which the company views as proximity to its stakeholders. The most important means of engagement with these stakeholders are summed up in the following table:

Table 31.- Stakeholders: Most relevant means of engagement

<b>Stakeholder</b>	<b>Most relevant means of engagement</b>	<b>Other means of engagement</b>
Customers	Direct contact with customers through the sales area and network of key account managers, visits to customers, customer satisfaction polls (CSP), meetings with customers, product seminars with customers, certified courses and seminars on technical, wind energy and prevention issues.	Relationships through industry organizations. Exclusive portal for operations and maintenance service customers. Satisfaction surveys
Shareholders, investors, ESG analysts and indexes	Shareholders’ meeting, personal contact with shareholders, shareholder information office, results presentations, Business Plan presentations, investor relations department, visits to financial centers, talks with institutional investors.	Specific corporate website, telephone and e-mail aimed at the financial community.
Public administrations and regulators	Queries, formal procedures and meetings with different administrative agencies and public authorities. Participation in forums, workshops, events and collaborative initiatives with the community.	Participation in business associations and other social organizations.
Employees	Trade union committees and social dialog, Gamesa intranet, specific e-mail accounts for employees, employment portal, Gamesa buying club, flexible compensation plan information center, GMBO process, orientation and other activities, self-development resources center, Think Safe program.	Internal magazine ( <i>Gamesa Planet</i> ), suggestions box, Whistleblowing Channel, etc.
Suppliers	Events with suppliers, suppliers’ portal and website containing general procurement terms and conditions, suppliers’ quality manual, supplier screening and classification procedures.	Supplier surveys. Joint projects with suppliers.
Mass media	Press releases, group and face-to-face meetings with journalists, query mailbox on the website, social network communication channels.	Corporate website.
Society and community	Direct relationships with national, regional and local public administrations; participation in business associations and other chambers of commerce; relationships with a large number of social organizations. Social Initiative projects and relationships with the local community.	Collaboration projects with social organizations; participation in forums, seminars and workshops; direct relationships with environmental and social groups in the surroundings of work centers and wind farms.

Same practical examples of the engagement channels are shown in the tables below:

Table 32.- Interaction with shareholders and the financial community

	2016	2015	2014	2013	2012
General Shareholders' Meeting: % share capital in attendance	59.24%	58.88%	49.22%	39.05%	32.09%
General Shareholders' Meeting: Monitoring	43	58	80	152	308
No. of queries attended by Shareholder Information Office	363	294	291	477	560
Institutions which analyze Gamesa's boundary	29	30	24	22	22
Attendance at results presentations (No. of people) <sup>29</sup>	432	613	1,547	983	823
Shareholder services mailbox (queries attended)	237	125	82	100	400
Investors and analysts' mailbox (queries attended)	443	517	303	248	328

Table 33.- Interactions with employees

	2016	2015	2014	2013	2012
Gamesa Club: Products and services offered	53	48	55	37	41
Gamesa Club: No. of sessions	4,583	3,746	15,609	11,368	9,286
Gamesa Club: Pages viewed	n.a.	n.a.	n.a.	n.a.	22,084
Gamesa Club: Average time of visits	0'25"	0'31"	1'09"	1'18"	1'44"
Gamesa Flex: No. of employees who acquire services	564	585	525	653	529
Gamesa Flex: Queries attended	2,712	2,042	2,030	1,029	1,193
Human resources mailbox: Communications and International Office ( <i>See note</i> )	128	125	6	8	301
Employment portal: No. of job offers posted	608	107	121	47	-
Employment portal: Applications received	7,484	1,501	1,486	1,053	-

*Note: Considering only collective messages, not said mailboxes' direct activity with employees.*

Table 34.- Interaction with workers' representatives

	2016	2015	2014	2013	2012
Works councils	37	36	35	34	37
Meetings with committees	307	234	278	212	147
Downsizing plans: Negotiation meetings	-	16	24	37	65
Downsizing plans: Monitoring meetings	-	16	24	26	31
No. of trade union elections	5	15	6	6	-
No. of collective agreements signed	8	-	4	2	-
No. of meetings with the Psychosocial Risk Board	1	4	5	4	-
No. of meetings with the Diversity and Equality Committee	5	3	5	8	2

*Note: The data refers to Spain*

Table 35.- Interactions with employees, media and general public

	2016	2015	2014	2013	2012
Gamesa website: No. of sessions	1,136,695	888,243	795,904	1,084,099	1,421,560
Gamesa website: Pages viewed	3,040,045	2,462,907	2,303,102	2,887,732	3,893,073
Gamesa website: Average time of visits	2'13"	2'37"	2'52"	3'32"	4'01"
Gamesa website: No. of news items posted	73	72	76	52	80
Gamesa intranet: No. of sessions	1,303,576	751,462	718,433	124,359	142,954
Gamesa intranet: Pages viewed / No. of sessions	2,657,976	1,612,985	1,526,410	419,101	509,947
Gamesa intranet: Average time of visits	4' 11"	4' 23"	4'33"	4'24"	4'36"
Gamesa intranet: No. of news items posted	174	152	147	97	118
Gamesa Planet for employees: No. of editions	9	8	10	-	-
No. of press releases to media	73	72	76	52	80
Social networks: Twitter followers	6,651	4,408	3,200	2,484	-
Social networks: LinkedIn followers	86,336	61,978	41,635	27,401	-
Social networks: No. of YouTube visits	34,091	18,912	-	-	-
Social networks: Average time of visits	1'42"	1'53"	-	-	-
Disclosures to the CNMV	43	48	44	43	30

<sup>29</sup> Note: Includes attendance by telephone and webcast.

Fig 21.- Gamesa website in 2016

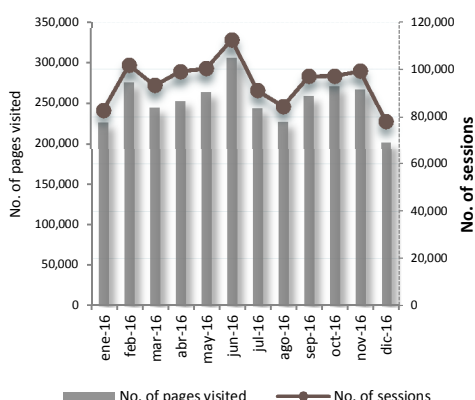
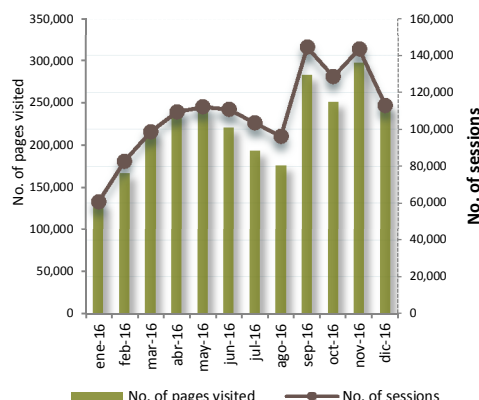


Fig 22.- Gamesa intranet in 2016



**Meetings with journalists, press conferences and informative meetings with the mass media**

Several informative meeting were held with the mass media in 2016, the following of which stand out: meetings held prior to the merger with Siemens wind power business to explain the operation, meeting with the Gamesa Chairman after the Extraordinary General Shareholders’ Meeting, inauguration of the off-grid prototype in La Muela in the province of Aragon, celebration of the nacelle annual production record at the Ágreda plant in the province of Soria, meetings held during the Windenergy trade fair in Hamburg, meetings held with the Basque media on the Gamesa Dreamfooter children’s team participating in the Donosti Cup soccer tournament and invitation to the Galician media to visit the blade factory at As Somozas due to its expansion.

**Gamesa Planet**

Five new issues of the internal corporate magazine *Gamesa Planet* were circulated by e-mail in 2016 to all the company’s employees with an e-mail account. As the previous years, it was also sent in PDF format to Gamesa plant managers in Spain, Brazil, India and China so it could be printed out and posted on the production centers’ bulletin boards. It was also projected on screens at several production centers in Spain. In addition to these issues, *Gamesa Planet News Flashes* containing a summary of the main figures obtained were sent by e-mail after each results presentation. The magazine’s five issues attracted 23,552 visits (vs. 13,955 in 2015) and the visits averaged 2’07” (vs. 2’21”).

**Suitability of the information for stakeholders**

Gamesa is ranked 28<sup>th</sup> among the companies listed on the General Madrid Stock Market Index (IGBM - *Índice General de la Bolsa de Madrid*) which best adapt information to communications with their stakeholders regarding their activities, operations, expansion plans, risk management and corporate responsibility. This was confirmed in the *Reporta 2016* report, which analyzes the best practices and communications guidelines of the 113 Spanish listed companies by taking in consideration the principles of transparency, suitability and accessibility.

Gamesa stood out for its general ranking in the 2016 edition of said report, being ranked 28<sup>th</sup> with a total score of 67.7 points. The company was ranked above the average score for the selective IBEX 35 index in the areas of transparency and relevance, an indicator which measures the correspondence between what a company reports and what effectively has material importance for the company itself and its stakeholders.

#### Awards and recognition

- According to *The Sustainability Yearbook 2017*, Gamesa is ranked among the world's most sustainable companies. It is ranked among the best companies in the machinery and electrical equipment sector.
- Gamesa shares were considered by *Expansion* as the best shares in 2015. The company's shares price rose by 109.3% in 2015, thereby reflecting its ability to move forward solidly with its Business Plan.
- The G132-3.3 MW turbine was chosen as one of the year's best 100 ideas by the magazine *Actualidad Económica*. The publication has been recognizing the creativity and imagination of companies which manage to set trends and maintain their competitiveness in the market for 24 years.
- Gamesa India was recognized for its EPC Solar capabilities by *India Solar Week 2016*. It was granted the Rising Star - Solar PV EPC Company of the Year - Utility Scale Award.
- Ramesh Kymal, Gamesa India's CEO, was awarded at the 7th Renewable Energy Congress by the Global Energy and Environment Foundation.
- Gamesa was granted the Corporate Dragon Award to the best Spanish company in China. The award recognizes the contribution made by companies to business relationships, investment and business cooperation between China and Spain.
- According to the *Economic Times*, Gamesa India was the best infrastructure company. The Indian economic daily recognized the important contribution the company has made to the country's industrial growth.
- Gamesa was a finalist at the Prevenir Awards. These awards recognize the most outstanding initiatives in occupational hazard prevention matters.
- Gamesa's Legal Department was granted the Gold Award by *Iberian Lawyer*.
- Gamesa was granted a Golden A in Advanced Management by the Basque Government, an award endorsed by the Foundation for Quality Management (EFQM).
- Gamesa received the 47th Diplóos Award, a national occupational safety award which the Association for Occupational Accident Prevention (APA - *Asociación para la Prevención de Accidentes Laborales*) grants on a yearly basis.
- Gamesa was granted a Silver Award at the SAP Quality Awards for the GATE project, an integrated human resources program that centralizes all talent management resources within a single tool with a global scope. The program services more than 6,000 users in 55 countries.
- Gamesa was granted the Best Business Practices Award by *El Confidencial*. The company was awarded in the Transparency and Good Governance category.

#### Engagement with investors and shareholders

The company maintains numerous channels of engagement with shareholders, investors and analysts open, such as:

- The Investor Relations Department made visits to financial centers like Madrid, London, Frankfurt, Boston, Geneva, Zurich, Paris, Amsterdam and New York in 2016.
- In addition to results presentations (FY 2015, Q1 16, 1HY 16 and 9M 16), a conference was held in 2016 to announce and present the advantages of the merger with Siemens Wind Power to the market.
- The company was present at nine conferences aimed at institutional investors in London and Madrid.
- Institutional Investors and Analysts Mailbox: 443 queries.
- Ongoing contact with 32 firms of analysts during the year. Several firms ceased coverage in 2016 and others restricted it due to the merger. At total of 29 firms were providing coverage at December 31, of which two had temporarily restricted coverage.

**G4-27 Key topics and concerns that have been raised through stakeholder engagement**

The process of managing the means of engagement described in section G4-26 above means that Gamesa analyzes and assesses the information it receives and identifies the topics which concern the different stakeholders. Said topics are analyzed by the company’s different areas and, to the extent it is considered appropriate, lead to a response by the company, which aims to improve said stakeholders’ satisfaction with the topics thus identified. In general terms, the most relevant thematic areas which were dealt with in 2016 are summed up in the following table:

Table 36.- Main topics of interest to stakeholders

Stakeholder	Main topics broached by each group
Customers	<ul style="list-style-type: none"> <li>• Codes of conduct and anti-corruption practices</li> <li>• Labor practices</li> <li>• Health and safety policies</li> <li>• Human rights in the working environment and supply chain</li> <li>• Climate change policies and emission controls</li> <li>• General economic management</li> <li>• Product responsibility</li> <li>• Environment of renewable energy</li> </ul>
Shareholders, investors, ESG analysts and indexes	<ul style="list-style-type: none"> <li>• Corporate governance, policies practices and model, General Shareholders’ Meeting</li> <li>• Economic and financial situation and general economic management</li> <li>• Resolution of conflict of interest cases</li> <li>• Supplier relationship policies based on ethical principles</li> <li>• Position in the renewable energy sector</li> </ul>
Public administrations and regulators	<ul style="list-style-type: none"> <li>• General sustainability practices</li> <li>• Reporting transparency practices</li> <li>• Good corporate governance</li> <li>• Climate change undertakings</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• General labor conditions</li> <li>• Health and safety conditions</li> <li>• Training offers and practices to promote employability</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Responsible procurement policies and practices</li> <li>• Procurement area’s knowledge of and relationship with suppliers</li> <li>• Supplier development</li> </ul>
Society and community	<ul style="list-style-type: none"> <li>• Contribution of Gamesa to society as a whole</li> <li>• Environment and products, environmental impact</li> <li>• Community relations policies and management systems</li> <li>• Identification and management of company projects’ social impact</li> <li>• Policy to contribute to local development through social investment programs</li> </ul>
Mass media	<ul style="list-style-type: none"> <li>• The company’s strategy and positioning</li> <li>• Topics connected with good corporate governance</li> <li>• Economic and financial topics</li> <li>• Position in the renewable energy sector</li> </ul>

Gamesa can provide direct responses and through the above-mentioned channels of engagement and the different public reporting formats it has developed, of which this report is a good example, with the methodology described in the previous sections and the processes to identify material aspects described in sections G4-18 to G4-21.



## I.05.- REPORT PROFILE

### G4-28 Reporting period

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Financial year 2016. This sustainability report is the thirteenth (13<sup>th</sup>) published by Gamesa on an annual basis. The period covered by this document reflects Gamesa's activities in 2016 and also provides information on some significant events in the first quarter of 2017.

### G4-29 Date of previous report

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Financial year 2015 (published in April 2016)

### G4-30 Reporting cycle of the report

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Annual

### G4-31 Contact point for questions regarding the report

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For any general question concerning the report, please contact:

**Gamesa Corporación Tecnológica, S.A.**  
Corporate Social Responsibility Department  
Parque Tecnológico de Bizkaia, Edificio 222  
48170 Zamudio, Vizcaya, Spain  
Tel No.: 902.73.49.49  
e-mail: sostenibilidad@gamesacorp.com

This full document is only available in electronic format in either Spanish or English on the Gamesa corporate website ([www.gamesacorp.com](http://www.gamesacorp.com)).

## GRI Content Index

### G4-32 GRI Index regarding the "in accordance" option chosen

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This report has been drawn up following the comprehensive option of the Global Reporting Initiative GRI-G4 Guidelines. The GRI G4 Content Index has been placed in Appendix I (p. 158 of this report) due to its length.

## Assurance

### G4-33 External assurance of the report

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An external organization has been asked to independently assure the information on social and environmental practices contained in this report for the eleventh (11<sup>th</sup>) year in a row. Ernst & Young was commissioned to conduct such assurance and the independent external assurance report is included in Appendix II (p. 164) of this report.

## I.06.- GOVERNANCE

### Governance structure and composition

#### G4-34 Governance structure

Gamesa's governance structure is based on two main bodies, namely: the General Shareholders' Meeting and the Board of Directors<sup>30</sup>.

##### General Shareholders' Meeting

The General Shareholders' Meeting is the meeting of the company's shareholders that, once duly convened, shall decide by majority voting on the issues within its powers. All shareholders, including those that do not take part in the General Meeting or who have expressed their disagreement, are subject to the resolutions taken at the General Meeting, without prejudice to their legal right to challenge such resolutions.

The General Meeting takes resolutions on all issues that lie within its powers in accordance with the Law, the Articles of Association and the General Meeting Regulations<sup>31</sup>.

Table 37.- General Meeting attendance data

	2016	2016	2015	2014	2013	2012
<b>General Meeting</b>	25/10/2016	22/06/2016	08/05/2015	28/05/2014	19/04/2013	29/06/2012
<b>% personal attendance</b>	23.13%	24.41%	24.37%	22.73%	21.88%	23.66%
<b>% by proxy</b>	34.80%	34.83%	34.51%	26.49%	17.17%	8.43%
<b>% remote voting</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total attendance</b>	<b>57.93%</b>	<b>59.24%</b>	<b>58.88%</b>	<b>49.22%</b>	<b>39.05%</b>	<b>32.09%</b>

Note: An Extraordinary General Shareholders' Meeting was held in 2016. Additional information can be found in the Annual Corporate Governance Report 2016, Section B.

##### Board of Directors

The Board of Directors' mission is to promote the company's interests, represent the company and its shareholders in the management of its assets, manage the business and direct the business's administration.

Apart from the matters reserved for the powers of the General Shareholders' Meeting, the Board of Directors is Gamesa's highest representative and decision-making body. It has no substantial constraints apart from those laid down in legislation and the Articles of Association, particularly regarding the company's corporate purpose.

The Board of Directors conducts general oversight and sets general strategies and policies. It likewise deals with the company's relevant issues and its responsibilities (Article 7 of the Board of Directors Regulations).

The criteria which must at all times govern the Board of Directors' actions are unity of purpose, independence of judgment and Gamesa's corporate interest, which is materialized in maximizing the company's economic value in a sustainable fashion (Article 6 of the Regulations). Regarding such issues, it is particularly important that the Board of Directors adopts all the necessary measures to ensure that corporate management and the Chief Executive Officer are under the effective oversight of the Board of Directors and that no single individual or a small group of people hold decision-making powers not subject to checks and balances.

<sup>30</sup> Please note that all the information on the Board of Directors and its Committees included in this report was closed on December 31, 2016. The merger of Gamesa with Siemens' wind power business was officially announced as a Relevant Disclosure at the registry of the Spanish Securities Market Commission (CNMV) on April 3, 2017. On April 5, 2017, the company gave notice of the Board of Directors' resolutions on the compositions and offices thereof and of its Committees, as well as of the review of the company's Corporate Governance Rules (CNMV registration No.: 250331. Link: [https://www.cnmv.es/Portal/HR/verDoc.axd?t=\(d962dd19-03c0-4e30-ab9d-64dbde8ca90\)](https://www.cnmv.es/Portal/HR/verDoc.axd?t=(d962dd19-03c0-4e30-ab9d-64dbde8ca90)) )

<sup>31</sup> See link to the General Shareholders' Meeting Regulations: (Article 6.-Powers of the General Shareholders' Meeting). Link: <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/gobierno-corporativo/reglamentos-estatutos/reglamento-iunta-general-accionistas.pdf>

Table 38.- Table on the Board of Directors' composition (at December 31, 2016):

Name or trade name of director	Office held in the Board	Date first appointed	Date last appointed	Appointment procedure
Martín San Vicente, Ignacio	Chairman and Chief Executive Officer	23/05/2012	22/06/2016	General Meeting
Arregui Ciarsolo, Juan Luis	Deputy Chairman	28/01/1976	19/04/2013	General Meeting
Rodríguez-Quiroga Menéndez, Carlos	Director and Secretary	27/09/2001	19/04/2013	General Meeting
Vázquez Egusquiza, José María	Director	25/05/2007	19/04/2013	General Meeting
Lada Díaz, Luis	Director	23/10/2009	19/04/2013	General Meeting
Aracama Yoldi, José María	Director	08/03/2011	19/04/2013	General Meeting
Rubio Reinoso, Sonsoles	Director	14/12/2011	22/06/2016	General Meeting
Aldecoa Sagastasoloa, José María	Director	25/07/2012	19/04/2013	General Meeting
Villalba Sanchez, Francisco Javier	Director	25/02/2015	08/05/2015	General Meeting
Cendoya Aranzamendi, Andoni	Director	08/05/2015	08/05/2015	General Meeting
Hernández García, Gloria	Director	08/05/2015	08/05/2015	General Meeting
Codes Calatrava, Gerardo	Director	14/09/2016	25/10/2016	General Meeting
Cortajarena Manchado, José Antonio	Deputy Secretary, Non-Member	N/A	N/A	N/A

Information on the Board of Directors' composition, as well as the personal and biographical profiles of its members can be found in section C.1.3 of the Annual Corporate Governance Report and on the company's website. Likewise, a table containing information on the number of female directors in the last four years can be found in section C.1.4<sup>32</sup>.

#### The Boards' Committees

The Board of Directors of Gamesa has an Executive committee endowed with general decision-making powers and three specialized committees to deal with specific areas of activity entrusted with powers to report, advice, put forward proposals and exercise oversight and control: the Audit and Compliance Committee, the Appointments Committee and the Remuneration Committee. Information on these Committees can be found in the Annual Corporate Governance Report.

#### Executive Committee

At its meeting held on January 10, 2012, the Board of Directors resolved, after having received a favorable report from the Appointments and Remuneration Committee, to set up an Executive Committee comprised of five (5) members to which all powers are to be delegated, except those which cannot be delegated under the Law and the Articles of Association. The details on its regulations and functioning are set forth in Article 23 of the Board Regulations<sup>33</sup>.

Table 39.- Table on the Executive Committee's composition (at December 31, 2016):

Name	Office	Type	Representation
Martín San Vicente, Ignacio	Chairman	Executive	N/A
Arregui Ciarsolo, Juan Luis	Member	Non-Executive Independent	N/A
Aldecoa Sagastasoloa, José María	Member	Non-Executive Independent	N/A
Lada Díaz, Luis	Member	Non-Executive Independent	N/A
Codes Calatrava, Gerardo	Member	Non-Executive Proprietary	Iberdrola, S.A.
Rodríguez-Quiroga Menéndez, Carlos	Secretary, Non-Member	N/A	N/A
Cortajarena Manchado, José Antonio	Deputy Secretary, Non-Member	N/A	N/A

<sup>32</sup> Link: <http://www.gamesacorp.com/es/accionistas-inversores/gobierno-corporativo/informe-anual-de-gobierno-corporativo/>

<sup>33</sup> Link: <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/gobierno-corporativo/informes-gobierno/informe-anual-de-gobierno-corporativo-2016.pdf>

### Audit and Compliance Committee

The Audit and Compliance Committee shall have a minimum of three (3) and a maximum of five (5) non-executive directors, a majority of whom must be independent directors. The Board of Directors shall endeavor to ensure that the members of the Audit and Compliance Committee, and particularly at least one of the independent directors appointed to it, have knowledge and experience of accounting, auditing or risk management matters.

In keeping with international best practices that require a majority of independent members, this committee is currently comprised as follows:

Table 40.- Table on the Audit and Compliance Committee's composition (at December 31, 2016):

Name	Office	Type	Representation
Hernández García, Gloria	Chairman	Non-Executive Independent	N/A
Rubio Reinoso, Sonsoles	Member	Non-Executive Proprietary	Iberdrola, S.A.
Vázquez Egusquiza, José María	Member	Non-Executive Independent	N/A
Aracama Yoldi, José María	Member	Non-Executive Independent	N/A
Rodríguez-Quiroga Menéndez, Carlos	Secretary, Non-Member	N/A	N/A

The Audit and Compliance Committee's basic responsibilities are set forth in Articles 5 to 12 of the Audit and Compliance Committee Regulations. The consolidated text of the Audit and Compliance Committee Regulations strengthened the powers of the Audit and Compliance Committee in accordance with the new responsibilities set forth in Act 19/1988 of 12 July on the Auditing of Accounts as a result of the amendment made by Act 12/2010 of 30 June and also to fulfill the recommendations set forth in the Code of Good Governance issued by the Spanish Securities Market Commission.

Thus, new powers are required by the Audit and Compliance Committee, such as reviewing the weaknesses of the internal control system together with the auditors, overseeing its effectiveness and the obligation to issue an annual report prior to issuing the audit report expressing an opinion on the auditors' independence.

The Audit and Compliance Committee may seek external professional advice to better fulfill its duties. The Audit and Compliance Committee issues its own annual activity report, which is made publicly available on the company's website<sup>34</sup>.

It should be noted that the Board of Directors resolved to approve the amendment of the Audit and Compliance Committee Regulations at its meeting held on February 22, 2017. The aforementioned amendment was essentially technical in nature and mainly aimed at adapting the Committee's powers to the new contents set forth in Article 529m of the Corporate Enterprises Act

A series of reforms aimed at advancing in the implementation of the recommendations set forth in the Code of Good Governance were included.

<sup>34</sup> Link <http://www.gamesacorp.com/es/accionistas-inversores/gobierno-corporativo/comisiones-del-consejo/comision-auditoria-cumplimiento.html>

### Appointments Committee

The Board of Directors resolved to separate the Appointments and Remuneration Committee into two separate Committees on 16 December 2015. The Appointments Committee shall have a at least three (3) and at most five (5) non-executive directors. The Board of Directors shall endeavor to ensure that the members of the Appointments Committee are appointed taking into account their knowledge, capacity and experience in the matters entrusted to the Appointment Committee. This Committee's basic responsibilities are set forth in Articles 5 to 7 of the Appointments Committee Regulations.

In keeping with international best practices that require a majority of independent members, it is currently comprised as follows:

Table 41.- Table on the Appointments Committee's composition (at December 31, 2016):

Name	Office	Type	Representation
Cendoya Aranzamendi, Andoni	Chairman	Non-Executive Independent	N/A
Aracama Yoldi, José María	Member	Non-Executive Independent	N/A
Villalba Sanchez, Francisco Javier	Member	Non-Executive Proprietary	N/A
Rodríguez-Quiroga Menéndez, Carlos	Secretary, Non-Member	N/A	N/A

### Remuneration Committee

The Remuneration Committee shall have at least three (3) and a at most five (5) non-executive directors. The Board of Directors shall endeavor to ensure that the members of the Remuneration Committee are appointed taking into account their knowledge, capacity and experience in the matters entrusted to the Remuneration Committee. This Committee's basic responsibilities are set forth in Articles 5 and 6 of the Remuneration Committee Regulations.

In keeping with international best practices that require a majority of independent members, it is currently comprised as follows:

Table 42.- Table on the Remuneration Committee's composition (at December 31, 2016):

Name	Office	Type	Representation
Cendoya Aranzamendi, Andoni	Chairman	Non-Executive Independent	N/A
Arregui Ciarso, Juan Luis	Member	Non-Executive Independent	N/A
Villalba Sanchez, Francisco Javier	Member	Non-Executive Proprietary	N/A
Rodríguez-Quiroga Menéndez, Carlos	Secretary, Non-Member	N/A	N/A

## G4-35

### Delegation of authority from the highest governance body to senior executives and other employees

The Executive Committee and the Chairman and Chief Executive Officer have been delegated with all the Board of Directors' powers, except those which cannot be delegated according to the Law or the Articles of Association.

Furthermore, the Board of Directors has a structure of executives and employees who are attorneys in fact to implement its strategy and basic management guidelines. The powers included in the powers of attorney are granted according to two main principles: the first is the principle of joint signing, which governs any economic, dispositional or organizational powers and the other is the principle of severally signing, which governs any powers that are merely representational in nature.

These principles are set forth in an internal rule approved by the Chief Executive Officer, which lays down the same scheme for the bodies of governance of other companies in Grupo Gamesa.

**G4-36 Executive-level positions with responsibility for economic, environmental and social topics**

The company’s organization is equipped with departments holding responsibility for the economic, social and environmental areas attributed to general departments, the highest-ranking officers of the three departments mentioned above form part of the Management Committee, which is chaired by the Chairman and Chief Executive Officer, thereby ensuring that information reaches the Board of Directors directly.

Aside from the foregoing, the highest-ranking officers of these departments appear before the Board of Directors when they are required to do so.

Table 43.- Table on the organization’s operating structure

Office / Position	Name and Surname(s)
Executive Chairman	Ignacio Martín San Vicente
Executive General Manager	Xabier Etxeberria Muguruza
Chief Corporate Officer - Legal Counsel	José Antonio Cortajarena Manchado
Chief Financial Officer	Ignacio Artázcov Barrena
Chief Business Development Officer	David Mesonero
Internal Auditing Manager	Félix Zarza Yabar

**G4-37 Processes for consultation between stakeholders and the Board of Directors**

The company has a Shareholder Information Office which deals with shareholders on a daily basis and responds to any queries they may raise. The aforementioned office is coordinated by the Investor Relations Department, which reports directly to the Chairman. Shareholders can ask questions by telephone, traditional mail or e-mail. The various addresses and numbers are posted on the company’s website.

In accordance with Article 21 of the General Shareholders’ Meeting Regulations, on the day the General Shareholders’ Meeting is held, the Shareholder Information Office responds to any questions raised by those in attendance regarding the meeting’s proceedings prior to the meeting itself without prejudice to the shareholders’ right to speak, table proposals and vote granted to them by the Articles of Association. It also deals with and informs those in attendance and shareholders who wish to take the floor, draws up a list of those who have previously expressed their wish to intervene and compiles the texts of their interventions, if they are available in writing.

In accordance with prevailing legislation, any shareholders representing at least three (3) per cent of the company’s share capital may request the publication of an addition to the General Shareholders’ Meeting announcement that includes one or more points on the agenda. This right shall be exercised by means of giving the Board of Directors’ Secretary irrefutable notice thereof, which must be received at the company’s registered address within five (5) days from the date the announcement of the General Shareholders’ Meeting is published.

The Board of Directors shall do everything that may be required to verify, justify and publish the addition to the announcement and shall resolve as many questions or issues as may arise in relation to the addition and the publication thereof.

Likewise, any shareholders representing at least three (3) per cent of share capital may table grounded proposals for resolutions on any issues already included or which are to be included in the agenda of the General Shareholders’ Meeting within the same time limit set forth in the preceding paragraph.

In accordance with Article 539.2 of Corporate Enterprises Act, the company set up an electronic shareholders’ forum when the 2016 General Shareholders’ Meeting and Extraordinary General Shareholders’ Meeting held on October 25, 2016 were called in order to facilitate communications among Gamesa shareholders between the date of the call and the date of the General Meeting. Registered users could send communications to be posted on said forum solely for the following purposes:

- Proposals they would like to put forward as additions to the agenda published in the General Meeting announcement.

- Requests for support for such proposals.
- Initiatives aimed at reaching the necessary percentage to exercise minority rights provided for by Law or in the internal regulations of Gamesa Corporación Tecnológica, S.A.
- Voluntary proxy offers or solicitations.

It should likewise be highlighted that any contents which must be published are accessible from the website's home page, as well as in the "Shareholders and Investors" section in accordance with the Securities Market Act, the Corporate Enterprises Act, Circular 3/2015 of June 23 of the National Securities Market Commission (CNMV) and Order ECC/461/2013 of March 20 of the Ministry of the Economy and Competitiveness.

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**G4-38 Composition of the highest governance body**

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The composition of the company's highest governance body is duly set out in section G4-34 (p. 58) of this report and in the Annual Corporate Governance Report.

According to the information set out in the aforementioned section G4-34, the Board of Directors is made up of twelve members, of whom two are executive directors, three are proprietary directors and the remaining seven are independent directors.

That same section also provides a breakdown of the composition of each of the Board of Directors' Committees, including: the Executive Committee, the Audit and Compliance Committee, the Appointments Committee and the Remuneration Committee.

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**G4-39 Report whether the chair of the highest governance body is also an executive officer and the reasons for this arrangement**

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The Chairman of Gamesa is also the company's Chief Executive Officer and is therefore its highest-ranking executive officer.

After receiving a favorable report from the Appointments Committee, Gamesa's Board of Directors unanimously resolved to reappoint Mr. Ignacio Martín San Vicente as Chairman of the Board of Directors and as the company's Chief Executive Officer at its meeting held on June 22, 2016. It delegated all powers to him that correspond to the Board of Directors according to Law and the Articles of Association, except those that may not be delegated.

The following basic powers correspond to the Chairman of the Board of Directors:

- To convene the Board of Directors, either himself or through the Board Secretary, and set its agenda, which is obligatory, as well as to include in the agenda any matters requested by the lead independent director or by at least three directors;
- To direct the Board of Directors' deliberations;
- To organize and coordinate with the Chairmen of the relevant committees the Board of Directors' periodic assessment, as well as of the Chief Executive Officer or highest-ranking executive;
- To bring proposals before the Board which he may deem appropriate to ensure the company is properly run, especially concerning how the Board itself and other corporate bodies are run, and to propose people to hold the offices of Deputy Chairman, Secretary and Deputy Secretary of the Board.

In his office as the company's highest-ranking officer, he holds responsibility for the effective management of the company's business in accordance with the resolutions and criteria adopted by the General Shareholders' Meeting and the Board of Directors within their respective areas of responsibility. The aforementioned operations shall be brought before the Board of Directors or the Executive Committee, as appropriate.

Regarding the reasons justifying an Executive Chairman, the following considerations should be taken into account:

- 1.- When assessing the advantages and disadvantages of joining or separating the offices of Chief Executive Officer and Chairman of the Board of Directors<sup>35</sup>, the Code of Good Governance for Listed Companies does not oppose joining both powers. It only indicates that it should be accompanied by the necessary checks and balances (Recommendation 34 of the Code of Good Governance).

Gamesa has taken various measures along these lines to reduce any risks arising from concentrating power in a single person, which are as follows:

- Appointing one of the company's Independent Directors as Deputy Chairman;
  - Appointing one of the company's Independent Directors as the Lead Independent Director;
  - Absence of the Chairman and Chief Executive Officer at the meetings held by the Board's consultative and supervisory committees (Audit and Compliance Committee, Appointments Committee and Remuneration Committee);
  - Powers of the Board of Directors and reserving certain powers for the Executive Committee as a collegiate body;
  - Assessment conducted on the Chairman and Chief Executive Officer by the Board of Directors, a process which is led by the Appointments Committee.
- 2.- It reflects Spanish tradition, as only 31% of Ibex-35 companies have chosen to separate these offices (*Spain Board Index 2016, Spencer Stuart*<sup>36</sup>). This originates from the high percentage of business, financial or family groups that are major or controlling shareholders in Spanish companies. This situation is not unknown to Gamesa, where there is an important shareholder (Iberdrola, S.A.) which exerts a controlling interest and limits the risk of excessive power being vested in an executive chairman.
  - 3.- In some countries highly developed in the area of corporate governance, the reality of this issue does not in all cases suggest the separation of offices. In the United States, 52% of the companies listed on the S&P 500 have an executive chairman (*Spain Board Index 2016, Spencer Stuart*). In addition, Section 972 of the Dodd-Frank Act (July 2010) requires – like the Spanish Unified Code of Good Governance – an explanation for joining the offices and the reasons behind it should an accumulation of offices exist.
  - 4.- Lastly, regarding the reasons for having an Executive Chairman, if adequate control and oversight of the risk, as well as the best management of any possible conflicts of interest are among the main arguments used to promote the separation of offices, there are equally valid and more efficient alternatives. Gamesa has such solutions:
    - a) A risk control system: Gamesa is equipped with a well-honed organizational structure that provides value by working on risk control and management.
    - b) Appropriate regulations and oversight of potential conflicts of interest and transactions with significant shareholders that require, on the one hand, an obligation of internal reporting, abstention of the affected parties from all deliberations and decisions and, finally, a prior report issued by the Audit and Compliance Committee or the Remuneration Committee, along with a justified decision by the Board of Directors (Article 31 of the Board of Directors Regulations)

Information on the Executive Chairman can be found in sections C.1.2, C.1.3, C.1.10 and C.1.22 of the Annual Corporate Governance Report. Information on the risk control system can be found in section E of the Annual Corporate Governance Report and information on conflicts of interest in section D.6 of the aforementioned report.

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<sup>35</sup> CNMV Code of Good Governance for Listed Companies:

[http://www.cnmv.es/docportal/publicaciones/codigogov/codigo\\_buen\\_gobierno.pdf](http://www.cnmv.es/docportal/publicaciones/codigogov/codigo_buen_gobierno.pdf)

<sup>36</sup> *Spencer Stuart Board Index 2016*: <https://www.spencerstuart.com/research-and-insight/spain-board-index-2016>



**G4-40**      **Nomination and selection processes for the highest governance body**

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In the different assessment processes commissioned to external companies, the Board of Directors identifies the backgrounds and competencies it requires to ensure it fulfills its responsibilities better and more efficiently. Based on the assessment's results, once a vacancy or the re-election of Directors arises, the circumstances are assessed and candidates are actively sought that have certain competencies. In general terms, an effort is made to seek candidates of the gender having less representation. Among the specialized knowledge and experience required for the selection of members of the Board of Directors, candidates having knowledge about international business needs stand out, especially about all the dimensions of the markets where Gamesa operates, particularly the economic, environmental and social dimensions.

In accordance with its internal rules, Gamesa's Board of Directors shall be comprised in such a way so that non-executive directors, with the presence of independent directors, represent a majority over executive directors. The Board of Directors shall likewise attempt to ensure that the majority group of non-executive directors includes proprietary and independent directors.

**The Board of Directors Regulations** (Article 11) make reference to the law and, pursuant to Article 529k of the Corporate Enterprises Act, deems the following non-executive directors as independent:

- Proprietary directors: any directors (i) who hold an interest which is equivalent to or exceeds the figure legally deemed as significant or appointed due to their status as a shareholder despite the fact that their interest does not reach such figure; or (ii) whose appointment has been proposed to the company by the shareholders referred to in item (i) above. For the purpose of this definition, it shall be construed that a director has been proposed to the company by a shareholder where the director: (i) has been appointed through the right of representation being exercised; (ii) is a director, senior executive, employee or non-occasional service provider of such shareholder or companies belonging to its same group; (iii) it can be deduced from corporate documents that the shareholder assumes that the director represents or has been appointed by such shareholder; (iv) is the spouse or a related party of the shareholder through an analogous personal relationship, or a relative up to the second degree of kinship.
- Independent directors: directors appointed due to their personal or professional qualities and able to perform their functions without being conditioned by relationships with the company, its significant shareholders or its executives.
- Other non-executive directors: any non-executive directors not deemed as proprietary or independent directors.

Furthermore, Article 529k(4) of the Corporate Enterprises Act sets forth that the following shall under no circumstances be appointed as independent directors:

- a) Anyone who has been an employee or executive director of group companies, except where three (3) or five (5) years have respectively elapsed since they stood down from such offices.
- b) Anyone who receives from the company or its group any amount or benefits for an item other than remuneration as a director, except where such amount or benefits are insignificant for the director. For the purpose set forth in this item, neither dividends nor pension scheme complements received by the director arising from his/her previous professional or employment relationship shall be taken into consideration, as long as such complements are unconditional and consequently the company paying them out may not discretionally suspend, amend or revoke their payment without breaching its obligations.
- c) Anyone who is or has been a partner of the external auditor or those holding responsibility for the auditor's report during the last three years, whether it be of the listed company's audit or of any other group company during the aforementioned period.
- d) Anyone who is an executive director or senior executive of another company in which some executive director or senior executive of the company is a non-executive director.
- e) Anyone who maintains or has maintained during the past year a significant business relationship with the company or with any of the companies of its group, be it on their own behalf or as a significant shareholder, director or senior executive of an organization that maintains or has maintained such a relationship. The provision of goods or services, including financial and advisory or consultancy services, shall be construed as business relationships.
- f) Anyone who is a significant shareholder, an executive director or a senior executive of an organization that receives or has received during the last three (3) years donations from the

company or its group. Anyone who is simply a governing board member of a foundation that receives donations shall not be included among those set forth in this paragraph.

- g) Anyone who is the spouse or a related party through an analogous relationship of the director or senior executive of the company, as well as their family members up to the second degree of kinship.
- h) Anyone whose appointment or renewal has not been put forward by the appointments committee.
- i) Anyone who has been a director for a continuous period exceeding twelve (12) years.
- j) Anyone finding themselves in any of the circumstances set forth in paragraphs a), e), f) or g) above with respect of a significant shareholder or party represented on the board. In the case of the family relationship set forth in paragraph g), the limitation shall not only apply with respect of the shareholder but also the shareholder's proprietary directors in the investee company.

Proprietary Directors whose condition as such ceases to be the case as a result of the shareholder who put forward his/her appointment selling their interests may only be reappointed as independent directors when the shareholder they have represented up to that moment has sold all their shares in the company.

Directors who own an interest in the company may be considered as independent directors, provided they meet all the conditions set forth in this article and where their interests do not constitute a significant shareholding.

Information on the composition of the governing body can be found in the Annual Corporate Governance Report in sections C.1.2 and C.1.3 and on the company's website.

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**G4-41 Procedures to ensure conflicts of interest are avoided in the highest governance body**

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Section D.6 of the Annual Corporate Governance 2016 describes the mechanisms implemented to detect and resolve any possible conflicts of interest between Gamesa and its directors, executives and significant shareholders. It sets out details on:

- Mechanisms to detect and correct possible conflicts of interest between the company and/or its group and its directors;
- Mechanisms to detect and correct possible conflicts of interest between the company and/or its group and its executives;
- Mechanisms to detect and correct possible conflicts of interest between the company and/or its group and its significant shareholders;
- Relationships of directors and/or significant shareholders with group companies.

The company has had a specific rule entitled "Rule on the Prevention of Conflicts of Interest and/or Cases of Corruption and/or Bribery" to complement this information since 2009, which was last reviewed in 2016 and resulted in approval of a separate rule entitled "Rule on the Prevention of Conflicts of Interest", which was approved by the Ethics and Compliance Department. Both rules implement points 3.8 (Combating Fraud, Rejecting Corruption and Bribery) and 3.9 (Avoiding Conflicts of Interest) of the Code of Conduct.

The aforementioned rules are comprised of a set of guidelines addressing honesty, impartiality and professionalism. They serve as a guideline for the behavior of Gamesa's entities and people, placing special attention on third parties. The rules enable the company to take a firm stance in the relevant markets based on respect of and consideration for shareholders, employees, customers, suppliers, contractors and collaborators of the company, along with public authorities and the community as a whole through Gamesa's actions.

The "Crime Prevention and Anti-Fraud Policy" is likewise worth mentioning. It was approved in 2011 and serves as a general framework for the crime prevention and anti-fraud model. The policy and the model (implemented through manuals) were last amended through a resolution taken by the Board of Directors on September 23, 2015<sup>37</sup>.

The Code of Conduct, its implementing rules mentioned above and the Gamesa Crime Prevention and Anti-Fraud Manual (general part approved by the Board of Directors on September 23, 2015 and special part approved by the Ethics and Compliance Department on the same date) are the main pillars of this model.

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<sup>37</sup> Gamesa's Crime Prevention and Anti-Fraud Policy: <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/gobierno-corporativo/politicas-corporativas/politicas-gobierno-corpor/politica-para-la-prevencion-de-delitos-y-contra-el-fraude.pdf>

Additionally, the manuals of the main Spanish companies were approved on February 2, 2016 by the relevant governing bodies (general part of said manuals) and the Ethics and Compliance Department (special part of said manuals).

In general, the mechanisms used to detect, identify and resolve possible conflicts of interest between the company and/or its group and its directors, executives and significant shareholders are based on the following rules on their powers:

- a) The Board of Directors or the General Shareholders' Meeting hold among their basic powers the power to authorize operations or transactions that could involve conflicts of interest (i) with the company and group companies; (ii) with the company and the group's directors and their related parties; (iii) with shareholders holding a significant interest or represented on the Board of Directors and their related parties; (iv) with senior and other executives; as well as (v) any other relevant transaction involving the same, except where the dispensation is preceded by the relevant report by (a) the Audit and Compliance Committee on transaction subject to a possible conflict of interest in which the adoption of a specific resolution on it is proposed, or (b) the Appointments Committee and the Remuneration Committee if it has to do with dispensing with fulfilling contractual obligations (pursuant to the provisions set forth in Articles 31 and 33 of the Board Regulations).
- b) The basic responsibilities of the Audit and Compliance Committee include providing information about transactions that entail or could entail conflicts of interest or about transactions with shareholders owning a significant interest and, in general terms, concerning the matters set forth in Chapter IX of the Board of Directors Regulations.
- c) The Remuneration Committee shall inform about transactions that involve a conflict of interest where dispensing with the fulfillment of director's contractual obligations is concerned.

Gamesa provides information about any transactions it may effectuate with directors, major shareholders and related parties in the periodic financial reporting process and within the scope laid down by the Law. This likewise includes information about the transactions of the company or group companies with administrators and related parties, as well as with whoever may act on their behalf, where such transactions are not within the normal course of business or are not carried out under normal market conditions. This information is also available in section D.2 of the Annual Corporate Governance Report.

### Highest governance body's role in setting purpose, values, and strategy

#### G4-42 Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies and goals

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Gamesa's values have been the following since 2010: Teamwork, Innovation, Excellence, Respect and Sustainability.

Furthermore, Gamesa considers the following as attitudes for success: leadership, a global company and being customer-driven.

Gamesa's corporate principles and values apply across the entire company in all its different regions and to all the businesses which comprise it.

These Values, as well as the Principles of Corporate Social Responsibility are reflected in the Gamesa Code of Conduct<sup>38</sup> and govern the conduct of the companies making up Gamesa. They also govern people in the performance of their duties and work, as well as in their commercial and professional relationships in order to consolidate a universally accepted corporate ethics.

The Code of Conduct has been reviewed periodically since its first edition was published in 2005. The review made in 2016 is currently in force, which is available to employees on the website and intranet together with the main changes made to the rules and their scope. It is also posted on bulletin boards and explanatory chats on it are given to workers without a corporate intranet connection, which are planned by the Ethics and Compliance Department on an annual basis.

### Highest governance body's competencies and performance evaluation

#### G4-43 Highest governance body's collective knowledge of economic, environmental and social topics

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Gamesa's governance model is structured on the following bases:

- The **Board of Directors**: the highest body of governance which sets and approves the company's strategies and general policies, the business plan and annual budgets, and oversees their attainment. The general policies approved by this body are grouped together in three subgroups, these being: corporate governance policies and regulatory compliance, risk policies and social responsibility policies.
- The **Executive Committee**: a collegiate set up within the Board of Directors to facilitate the effective management of the company's business. This body provides support to the Board of Directors' decision-making in a context marked by the company's increasing globalization and has the power to adopt decisions, allowing them to be taken more quickly, rapidly and directly.
- **Chairman and Management Team** (Executive Committee and Management Committee): with the support provided by the Executive Committee and the company's senior executives, the Chairman and Chief Executive Officer holds responsibility for the group's strategic organization and coordination by disseminating, implementing and monitoring the basic management strategy and guidelines set by the Board of Directors. The Executive Committee is comprised of senior executives and provides technical, information, management and decision-making support on the setting, oversight, organization and monitoring of general management guidelines, as well as on the strategic planning of the business.
- The **Audit and Compliance Committee and Internal Auditing** (Business Risk Control): the Audit and Compliance Committee oversees the internal risk control and management systems on a monthly basis, among other matters. The Internal Auditing Department provides independent supervision of the internal control system and reports to the Audit and Compliance Committee. The Corporate Business Risk Control (BRC) Department sets guidelines and coordinates activities with the Risk Controller Network and BRC managers in the different geographic areas. It also appears before the Audit and Compliance Committee.

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<sup>38</sup> <http://www.gamesacorp.com/es/sostenibilidad/sostenibilidad-mision-y-valores.html>

- The **Appointments Committee**: handles the recruitment process for members of the Board of Directors and assesses the appointment of senior executives.
- The **Remuneration Committee**: proposes the director and senior executive remuneration policy to the Board of Directors and is in charge of its oversight.

A significant number of senior executives from the company's different areas and departments appeared before the committees in 2016 in order to give an overview to the committees' members within the framework of overseeing economic performance:

- Human Resources: three (3) times before the Appointments Committee.
- Different departments: 69 times before the Audit and Compliance Committee. (see table)

Table 44.- Appearances of senior executives before the Audit and Compliance Committee 2016

Department	Number of appearances
<b>Internal appearances:</b>	
Chairman and CEO	2
General Finance Department	13
General Business Development Department	1
General Counsel's Office and General Corporate Department	12
Tax Area Manager	2
Financing Projects Department	1
Internal Auditing Department (*)	6
Legal Department	2
General Services Unit Department	1
Sales Department	4
Ethics and Compliance Department (*)	6
Business Risk Control Department	3
Management Control Department	1
Social Responsibility Department	2
Consolidation Department	3
	<b>Subtotal</b>
	<b>61</b>
<b>External appearances:</b>	
Auditor of accounts (*)	5
Consultants	3
	<b>Subtotal</b>
	<b>8</b>
	<b>Total appearances</b>
	<b>69</b>

(\*) This number of appearances solely includes direct participation in matters under their responsibility. Regular appearances before the Committee's meetings to help it fulfill its duties properly and as a communications channel with the organization are not included.

**G4-44 Highest governance body's performance**

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Article 33.5(j) of the Articles of Association and Article 7.3(d)(iv) of the Board of Directors Regulations set forth that one of the powers reserved for the Board of Directors shall be *“to assess and supervise the quality and efficiency with which the Board of Directors and its committees are run, in addition to assessing the performance of the Chairman and the Chief Executive Officer, if any, with regard to their duties”*.

Article 7.8 of the Appointments Committee Regulations<sup>39</sup> sets forth that one of Appointment Committee's duties shall be *“to promote the annual performance assessment process on the performance of the Chairman of the Board of Directors, the Chief Executive Officer, if any, the Executive Committee, the Audit and Compliance Committee, the Remuneration Committee, the Lead Director and any other consultative committee set up in accordance with the provisions set forth in the corporate governance rules”*.

Gamesa relied on the support of external consultants to conduct the assessment of its governance bodies in 2016. Said assessment did not give rise to any changes in its internal organization or to any procedures which apply to said bodies' activities.

**Highest governance body's role in risk management**

**G4-45 Highest governance body's role in the identification and management of economic, environmental and social impacts, risks and opportunities, including its role in the implementation of due diligence processes and stakeholder consultation**

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Gamesa is equipped with several Risk Control and Management Systems which are included under its corporate governance rules within an internal reference framework which we call ERM (Enterprise Risk & Management). ERM is considered at the highest level, starting off, on the one hand, from the guidelines set forth in the Board of Directors Regulations (Articles 6 and 7) and in its delegated committees' regulations – essentially the Audit and Compliance Committee Regulations (Articles 9 and 11) – and, on the other, from prestigious international methodologies (COSO, ISO/CD 31000 y EFQM).

ERM Risk Control and Management Systems are promoted by the Board of Directors and senior management and have been implemented across the entire organization following the strategic guideline of globalizing industrial, technological and commercial activities in the different geographic areas where the company operates. They provide a global integrated overview that contributes to achieving business objectives, in addition to creating value for different stakeholders and aiding the organization's sustainable and profitable development.

The basis of these systems is to be found the General Risk Control and Management Policy<sup>40</sup>, which was initially approved by the Board of Directors on April 22, 2009 and last amended on September 23, 2015. This latest version established the bases and general context upon which key ERM elements are based.

Risk management in Gamesa's ERM evolves by applying the principle of continuous improvement, audits, self-assessments, benchmarking, as well as through taking into consideration renowned references. The assessment conducted by Euskalit on Gamesa's overall management (and, as part of it, on the ERM's management) in accordance with the advanced management model should be highlighted for 2016 (Gamesa's management model was granted a gold quality award).

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<sup>39</sup> Gamesa's Appointments Committee Regulations: <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/gobierno-corporativo/comisiones-consejo/reglamento-de-la-comision-de-nombramientos.pdf>

<sup>40</sup> Gamesa's General Risk Control and Management Policy: <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/gobierno-corporativo/politicas-corporativas/politicas-riesgos/politica-general-de-control-y-gestion-de-riesgos.pdf>

Regarding the highest governance body and its committees, dependent bodies and the main duties each of them performs on the Risk Control and Management System, the following are worth highlighting:

- **Board of Directors:** sets general policies and strategies, including the company's Risk Control and Management Policy and tax strategy, and monitors their implementation, while also supervising internal reporting and control systems.
- **Audit and Compliance Committee:** Among other functions, it has been entrusted by the Board of Directors with the functions of:
  - Safeguarding the independence and effectiveness of the Internal Auditing Department and periodically reviewing the internal control and risk management systems' effectiveness, including tax risks, to identify, analyze and properly report on the main risks.
  - Ensuring that the risk control and management policies identify the different kinds of risks (operational, technology, financial, legal, reputation-related, etc. risks) faced by the company and its group, including contingent liabilities and other out-of-balance risks among financial risks, as well as the risk levels the company and the group deem acceptable according to corporate governance rules and the preventive measures to mitigate the impact of any risks identified should they materialize.
  - Based on the information received from the person holding responsibility for tax affairs, informing the Board of Directors of the tax policies applied by the company and, in the case of operations and issues that have to be submitted to the Board of Directors' approval, of their tax repercussions when they constitute a relevant risk factor.
- **Ethics and Compliance Department:** The Ethics and Compliance Department reports directly to the Audit and Compliance Committee of Gamesa Corporación Tecnológica, S.A.'s Board of Directors. Its main duty is to safeguard the application of the Code of Conduct and the Internal Rules of Conduct on the Securities Markets, as well as to supervise the implementation and fulfillment of the Crime Prevention and anti-Fraud Policy, Program and Manuals across Grupo Gamesa.
- **Internal Auditing Department:** Reports directly to the Board of Directors, on which it depends through the Audit and Compliance Committee. This allows it to ensure the full independence of its actions.

This department informs, advises and reports to the Audit and Compliance Committee in relation to any risks connected with the balance sheet and existing activities which identify, measure and control them. In order to do so, it carries out the annual internal auditing work plan and reports on the activities performed under such plan and any incidents it has encountered.
- **Business Risk Control (BRC) Department:** Reports to the Internal Auditing Department and takes part in setting the risk strategy and ensures the effectiveness and proper operation of the control systems which mitigate any risks detected. It also safeguards executive guidelines and assesses all aspects connected with the company's risks, including operational, technology, legal, social, environmental, political and reputation-related risks.

Further information can be consulted in Section E of the Annual Corporate Governance Report (ACGR) 2016, especially Section E.2, which describes the group's four levels of protection and defense to face and manage risks.

**G4-46 Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics**

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These roles can be found in Section E "Risk Control and Management Systems" of the Corporate Governance Report 2016.

The following stand out as common/general control and supervision actions carried out throughout 2016 which apply to significant risks:

- Reports by the Business Risk Control Department to the Audit and Compliance Committee and the Management Committee on the corporate risk map's evolution and specific reports on significant risks.
- Appearances by executives before the Audit and Compliance Committee in 2016, which focused on the supervision of control systems for specific and significant risks, including: financial (accounts receivable, working capital), balance sheet, sales target coverage, services business unit, tax, legal, crime/fraud and exchange rate risks.
- Control exercised by business unit and geographic area managers and the Management Committee's oversight of the evolution of risk maps and mitigation plans.
- Internal audits conducted on some significant risks and submission of the corresponding reports to the Management Committee and the Audit and Compliance Committee.

**G4-47 Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities**

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These roles can be found in Section E "Risk Control and Management Systems" of the *Corporate Governance Report 2016*. Supervision is conducted on at least a quarterly basis.

**Highest governance body's role in sustainability reporting**

**G4-48 Highest committee or position that formally reviews and approves the sustainability report**

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The Board of Directors of Gamesa is the body responsible for reviewing and approving this Corporate Responsibility Report 2016, which was approved prior to the General Shareholders' Meeting's announcement.

**Highest governance body's role in evaluating economic, environmental and social performance**

**G4-49 Process for communicating critical concerns to the highest governance body**

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The process for communicating critical concerns to the highest governance body is set out in detail in section G4-43 (p. 68) contained herein. Please see said section.

**G4-50 Critical concerns that were communicated to the highest governance body**

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The Board of Directors of Gamesa addresses the concerns which lie within its powers, as set forth in detail in Article 7 of the Board of Directors Regulations. These concerns may be classified under the following categories:

- The company's general strategies and policies
- Group of companies
- General management
- General Shareholders' Meeting
- Organization and running
- Annual accounts, transparency and veracity of reporting



## Remuneration and incentives

### G4-51 Remuneration policies for the highest governance body and senior executives, as well as how they relate to economic, environmental and social performance

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The company rules which govern the remuneration of members of the Board of Directors are set forth in Article 45 of the Articles of Association and in Article 29 of the Board of Directors Regulations.

The Board of Directors' remuneration shall be in keeping with market rates.

The remuneration of members of the Gamesa Board of Directors for their work as directors consists of a fixed annual remuneration item of a certain amount (including, as appropriate, contributions to pension schemes and the payment of life insurance premiums) for sitting on the Board and on the Executive, Audit and Compliance, Appointments and Remuneration Committees, along with an attendance allowance for their dedication and attendance at Board of Directors' meetings and the meetings of the above-mentioned committees.

The remuneration received by the Chairman and Chief Executive Officer for performing his executive duties includes the following items: fixed remuneration, annual variable remuneration items and medium/long-term variable remuneration items.

The annual variable remuneration item is benchmarked to the company's and the group's financial and activity-related target attainment indicators. These indicators are set by the Board of Directors each year at the Remuneration Committee's proposal and are essentially based on the annual budget and market guidelines for the year in course.

Other indicators having to do with sustainability performance (like occupational health and safety indicators), which are established in general for all management personnel, are added to these business indicators.

The company's Board of Directors approved a 2016-2017 incentive plan (the "Plan") on February 22, 2017 with two-fold aim in mind: (i) to give continuity to previous multi-year programs, considering that the company had not approved a long-term plan covering the period 2016 to 2017 to date given the negotiations and evolution of the merger between Gamesa Corporación Tecnológica, S.A. and Siemens Holdco, S.L. Unipersonal (the "Merger"); (ii), to serve as an instrument to keep and retain key executives that are to contribute to attaining the Merger's goals.

The figure the aforementioned Plan's indicator makes reference to is Grupo Gamesa's absolute cumulative EBIT during 2016 and the first quarter of 2017.

In general terms, the remuneration policy does not contemplate recurring contributions to pension schemes (pension plans) or contributions to social welfare schemes. However, pursuant to Article 45.2 of the Articles of Association, a collective life insurance policy was taken out in 2014 for three (3) years, the beneficiaries of which are all directors holding office, aside from the Chairman and Chief Executive Officer.

For further details, see the Consolidated Annual Accounts<sup>41</sup> for 2016 on the website.

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<sup>41</sup> <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/informacion-financiera/cuentas-anales/cuentas-anales-2016.pdf>

**G4-52 Process for determining the remuneration of the highest governance body and senior executives, reporting whether any independent consultants are involved**

The Board of Directors' remuneration is set in accordance with the Articles of Association approved by the General Shareholders' Meeting and with the Board of Directors Regulations approved by said body.

According to Article 29 of the Board of Directors Regulations, the Board shall determine the way and amounts in which the remuneration thus set shall be distributed among its members in each financial year, which may be done on an individual basis.

The remuneration amounts for each director for holding office are approved by the Board of Directors and are itemized in the Annual Director Remuneration Report, which is subject to a consultative vote at the General Shareholders' Meeting.

The company uses external consultants to determine the Board of Directors' remuneration.

**G4-53 Report how stakeholders' views and expectations are sought and taken into account regarding remuneration policies**

The company's General Shareholders' Meeting submits the Annual Director Remuneration Report to a consultative vote on an annual basis. In accordance with prevailing legislation contained in the Corporate Enterprises Act and 4/2013 National Securities Commission Circular, as amended by Circular 7/2015, the remuneration policy of the year in course and the preceding year is set out in detail, including each director's individual remuneration.

Said report was approved with 95.87% of the votes in favor, 3.22% votes against and 0.91% abstentions at the company's General Shareholders' Meeting held on June 22, 2016<sup>42</sup>.

**G4-54 Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation**

In order to calculate the ratio of the annual total compensation to the median annual total compensation, the data of all employees – except executives – in countries where significant operations are carried out was taken:

Table 45.- Ratio of the annual total compensation for the organization's highest-paid individual to median annual total compensation

	Spain	China	Brazil	USA	India	Mexico
2014	3:1	6:1	3:1	3:1	10:1	-
2015	3:1	8:1	4:1	4:1	10:1	3:1
2016	3:1	8:1	7:1	3:1	12:1 (*)	3:1

**G4-55 Ratio of percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation**

In order to calculate the ratio of percentage increase in annual total compensation to the percentage increase in median annual total compensation, the data of all employees – except executives – in countries where significant operations are carried out was taken:

Table 46.- Ratio of percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation (in percentage points)

	Spain	China	Brazil	USA	India	Mexico
2014	-2.32 p.p.	-1.33 p.p.	-1.32 p.p.	-2.62 p.p.	-0.00 p.p.	-
2015	0 p.p.	-0.89 p.p.	-20.84 p.p.	-0.78 p.p.	45.2 p.p.	-11.32 p.p.
2016	1.50 p.p. (*)	-0.66 p.p.	2.33 p.p.	1.50 p.p.	1.92 p.p.	-0.71 p.p.

(\*) A percentage increase of 2.5% was accumulated in 2016 (1% that not was applied in 2015 and 1.5% applied in 2016).

<sup>42</sup> See link: <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/gobierno-corporativo/junta-general-accionistas/documentacion-2016/desarrollo-de-la-jga-2016.pdf>

## I.07.- ETHICS AND INTEGRITY

G4-56 Description of the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics

### Values

CORPORATE VALUES				
Teamwork	Innovation	Excellence	Respect	Sustainability
<p>We believe that the whole is greater than the sum of its parts.</p> <p>We work as a team, jointly sharing challenges and solutions.</p>	<p>We make an effort to achieve new goals. We always look for new and creative ways to meet our customers' challenges.</p> <p>We are among the renewable energy sector's leaders and we make a real effort to maintain our advanced position regarding new and dynamic technologies.</p> <p>In order to maintain leadership, we always adapt. We are flexible and agile in the way we meet new challenges.</p>	<p>We aspire to the highest quality, efficiency, productivity and excellence standards when designing our products, services and solutions.</p> <p>We are committed to excellence regardless of the requirements it demands.</p>	<p>We value the contributions of each person and respect their differences.</p> <p>We behave fairly, transparently and honestly in all interactions in order to build trust in our relationships.</p> <p>We are concerned about and support each other, respecting our differences and valuing what we can learn from one another.</p>	<p>We satisfy today's needs without compromising tomorrow.</p> <p>Our short and long-term objectives take into account our customers, stakeholders and society as a whole.</p>

Furthermore, Gamesa considers the following as attitudes for success which must accompany the attainment of said values: i) leadership; ii) a global company; and iii) being customer-driven.

Gamesa's corporate principles and values apply across the entire company in all its different regions and to all the businesses which comprise it.

### Policies and principles

These corporate values, as well as the Corporate Social Responsibility Policy<sup>43</sup>, are reflected in the Gamesa Code of Conduct<sup>44</sup> and govern the conduct of the companies making up Gamesa. They also govern people in the performance of their duties and work, as well as in their commercial and professional relationships in order to consolidate universally accepted corporate ethics.

The latest version of the Code of Conduct (revised periodically since its first edition in 2005) was approved by the Board of Directors: of Gamesa Corporación Tecnológica, S.A. on April 5, 2016. It is placed at the disposal of employees on hard copy and also on the website and intranet, along with other important internal and external rules (like, for instance, the Crime Prevention and Anti-Fraud Policy, crime prevention and anti-fraud manuals, the Prevention of Conflicts of Interest Regulation, etc.) and other new aspects of the company's ethics and compliance model. The Code is also circulated and placed at the disposal of employees by posting it on bulletin boards and explanatory chats on it are given to workers without a corporate intranet connection.

The Board of Directors of Gamesa Corporación Tecnológica, S.A. has approved different corporate policies geared at ethical business behavior in keeping with the principles and values mentioned above<sup>45</sup>.

In 2016, the Ethics and Compliance Department also drew up, reviewed and approved important internal regulations aimed at not only preventing, detecting and reacting against possible crimes, but also preventing and controlling other kinds of fraud, administrative infringements and serious irregularities (regulations on the Whistleblowing Channel, disciplinary proceedings, the prevention of conflicts of interest, crime prevention and anti-fraud manuals for the main Spanish and Italian subsidiaries of the group, along with updating the risk maps and crime controls for Italy, India, China, Mexico, Brazil and the USA).

<sup>43</sup> <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/gobierno-corporativo/politicas-corporativas/politica-de-rsc.pdf>

<sup>44</sup> <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/gobierno-corporativo/reglamentos-estatutos/codigo-conducta.pdf>

<sup>45</sup> See Table 55.- List of corporate policies,

The Code of Conduct has been reviewed periodically since the first edition was published in 2005, being the new review approved by the Board of Directors in 2016. It is placed at the disposal of employees via the Internet and the intranet, along with the main changes and scope of some of the rules. It is also posted on bulletin boards and explanatory chats on it are given to workers lacking a corporate intranet connection.

Table 47.- List of corporate policies (available on the corporate website)

• Corporate Governance Policy	• Senior Executive Charter	• General Risk Control and Management Policy
• Communications policy and contacts with shareholders, institutional investors and voting consultants	• Auditor of Accounts Engagement Policy	• Overall Corporate Social Responsibility Policy
• Shareholder Remuneration Policy	• Crime Prevention and Anti-Fraud Policy	• Diversity and Inclusion Policy
• Policy Grupo Gamesa’s Definition and Coordination and Bases of the Corporate Organizational Structure	• Corporate Tax Policy	• Supplier, Contractor and Collaborator Contracting and Relationship Policy
• Director Recruitment Policy	• Investment and Financing Policy	• Policy Against Climate Change
• Director Remuneration Policy		

**Gamesa and the United Nations Global Compact**

Gamesa endorsed the **United Nations Global Compact** on February 2, 2005 (participant ID 4098) and ratified its commitment to support the Compact’s ten principles for yet another year.

The management mechanisms implemented and the progress made over the year with regard to these principles are set out throughout this report and briefly explained in the table below:

Fig 23.- The United Nations Global Compact’s ten principles

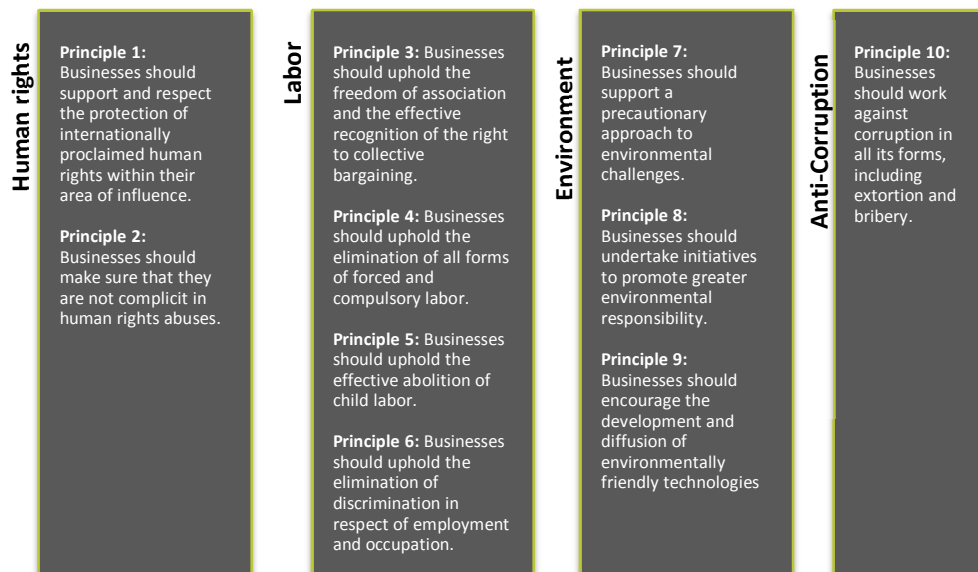
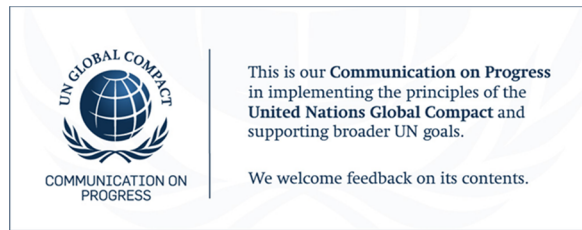


Table 48.- Progress report on compliance with the Global Compact’s principles

Principle	Policies and systems implemented	Significant progress made
Principle 1 Principle 2 Principle 3 Principle 4 Principle 5	<ul style="list-style-type: none"> <li>Support and respect for human rights. Adoption of a Corporate Social Responsibility Policy. ⇒Section I.07 Ethics and integrity (p. 75)</li> <li>Support and respect for human rights. Adoption of Code of Conduct’s values ⇒Section I.07 Ethics and integrity (p. 75)</li> <li>Commitment to human rights, the fight against child labor and forced labor. ⇒“Child labor” and “Forced labor” sections (p. 140)</li> <li>Economic, social and environmental performance supervision mechanisms established ⇒Section G4-43 (p. 68) and the following.</li> <li>Priority given to occupational health and safety of employees ⇒“Occupational health and safety” (p.121)</li> <li>Justice and equity. Employees treated with respect and remunerated in a fair and equitable way. ⇒“Diversity and equal opportunities” section (p. 131 and the following)</li> <li>Labor conditions are given priority in talent management and appropriate training given to people. ⇒“Training and education” section (p.128)</li> <li>Responsible management of the global supply chain. ⇒Section G4-12 (p. 34 and the following)</li> <li>Protection and defense of human rights in the communities where Gamesa has a presence. ⇒Section II.11B Human Rights (p.137)</li> <li>Corporate safety practices which set out the defense of human rights. ⇒“Safety measures” section on p.140</li> <li>Defense of the freedom of association and collective bargaining. ⇒“Freedom of association and collective bargaining” section on p.139</li> </ul>	<ul style="list-style-type: none"> <li>The company has had a formal Corporate Social Responsibility Policy since 2008, which complies with the provisions set forth in Article 19.1 of the Articles of Association and with Articles 5 and 39 of the Board of Directors Regulations. As a result, the 2015-2017 Corporate Social Responsibility Master Plan is being drawn up. ⇒(p. 10)</li> <li>112 training sessions given to over 2,400 Professionals in EMEA (Spain and Italy), Brazil, USA and Mexico on the Code of Conduct, conflict of interest prevention rule, the crime prevention and anti-fraud model and the Whistleblowing Channel. ⇒Section I.07 Ethics and integrity (p. 75)</li> <li>Implementation of the Occupational Health and Safety Plan through 99 full audits conducted, 967 specific training actions on occupational health and safety, 3,482 improvement actions on health and safety, 10,463 safety inspections and 4,380 preventive observations and 96.6% compliance in health screening check-ups. ⇒“Occupational Health and Safety” section (p. 121)</li> <li>Supply base of more over 9,900 suppliers and procurement volume exceeding €3.7 billion create jobs and local wealth. Human rights compliance processes in the supply chain. ⇒ Section G4-12 (p.34 and the following)</li> <li>Community actions and programs in Mexico, Brazil, Uruguay and India aimed at covering basic educational needs and access to other decent conditions. ⇒Section G4-SO2 (p. 145)</li> <li>Commitment made to workers to defend human and labor rights by means of a Global Collective Agreement. 307 meetings with works on the defense of workers’ rights ⇒“Labor/Management Relations” section (p.120 )</li> <li>Undertakings in equality and diversity matters. ⇒“Equality and Diversity” section (p. 131 )</li> </ul>
Principle 6	<p>Gamesa does not tolerate discrimination and seeks to develop a favorable framework for labor relations based on the equal opportunities. This stance is set out in the Diversity and Inclusion Policy, the Corporate Social Responsibility Policy and in Section 3.3 of the Code of Conduct</p> <ul style="list-style-type: none"> <li>⇒“Diversity and equal opportunities” section (p. 131 and the following)</li> </ul>	<ul style="list-style-type: none"> <li>The percentage of women in the workforce at the end of 2016 amounted to 18% (1,687) and remained steady when compared to previous years. The total number of people in the workforce suffering a disability exceeding 33% amounted to 29. People aged above 40 years are the most numerous in the workforce (2,444.26; 26%), followed by employees aged between 31-35 years (2,172; 23%), employees aged between 36-40 years accounted for 21%, those between 25-30 years for 20% and finally employees aged less than 25 years (9%). Spaniards are a majority at Gamesa, accounting for 44% of the workforce, followed by Indians (30%) and Chinese (7%). ⇒“Diversity and equal opportunities” section (p. 131 and the following)</li> </ul>
Principle 7	<p>Responsibility for protecting the environment in wind turbine design and manufacturing processes by applying management requirements in accordance with the ISO 14.001 standard and other environmental standards which apply. ⇒Section II.10 Environmental Dimension (p. 93 and the following)</p>	<ul style="list-style-type: none"> <li>ISO 14.001 certified product.</li> <li>Ecodesign ISO 14006 certification for G128-4.5 MW turbine</li> <li>Ecodesign ISO 14006 certification for G114-2.0 MW turbine</li> <li>Greenhouse gas emissions verified according to ISO 14064.</li> <li>Life cycle assessment (LCA) on the G90 platform in accordance with the UNE-EN ISO 14.040 and 14.044 standards.</li> <li>Environmental Product Declaration (EPD) obtained for Gamesa G90-2.0 MW, G114-2.0 MW, G128-5.0 MW and G132-5.0 MW turbines ⇒Section G4-EN28 (p. 113)</li> </ul>
Principle 8	<p>Commitment to researching and developing environmentally friendly products that produce long-term environmental benefits. ⇒“Products and services” section (p.113)</p>	<ul style="list-style-type: none"> <li>€66 million invested in R&amp;D activities in 2016 and patent portfolio of 518 patents. 905,000 technology personnel man-hours, 555 employees. ⇒“Investing in Innovation” section (p. 87)</li> <li>Participation in wind energy research projects. ⇒“Economic performance” section (p. 87)</li> </ul>
Principle 9	<p>Gamesa employs and distributes clean energy. It is committed to environmentally exceptional technologies which allow the use of finite resources to be reduced and existing resources to be used more efficiently. ⇒Section G4-2 (p. 7) and G4-4 (p. 21)</p>	<ul style="list-style-type: none"> <li>An environmental portfolio amounting to 38.8 GW installed for our customers which avoid the emission into the atmosphere of 58 million tons of CO2 a year. ⇒Section G4-2 (p. 7)</li> </ul>
Principle 10	<p>Gamesa makes sure its activity is based on respect for the Law and on the fight against corruption in all its forms. This stance is set out in the Corporate Social Responsibility Policy and in the section 3.7 of the Code of Conduct. ⇒“Fight against corruption” section (p. 147 and the following)</p>	<ul style="list-style-type: none"> <li>Whistleblowing Channel available on the intranet, the website and by post, as well as a system of rights, duties, guarantees, conditions of access and use thereof by users. ⇒Section G4-58 (p. 79)</li> <li>No reports on behavior that supposedly breaches the Code of Conduct’s provisions on anti-corruption matters were received in 2015. ⇒Section G4-5 (p. 148)</li> </ul>



**G4-57 Internal and external mechanisms for seeking advice on ethical and lawful behavior**

The Ethics and Compliance Department 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. 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.

The Ethics and Compliance Department carried out several initiatives in 2016 aimed at fostering the establishment of an ethical culture in the group, which included the following:

- a) A new space on the corporate intranet (accessed directly from the home page) through which said Department makes accessing the Whistleblowing Channel easier and places essential documents and information on ethical behavior at Gamesa at the disposal of the group's professionals.
- b) The Department gave 112 training sessions to over 2,400 Professionals in EMEA (Spain and Italy), Brazil, USA and Mexico on the Code of Conduct, conflict of interest prevention rule, the crime prevention and anti-fraud model and the Whistleblowing Channel, along with specific training to several executives on the Internal Securities Market Regulation.
- c) Each attendant was handed a copy of: i) the Code of Conduct; ii) the Rule on the Prevention of Conflicts of Interest; iii) an informative leaflet that set out the pillars upon which the group's business ethics culture is based; and (iv) a card which describes in detail the different reporting channels for any illegal or irregular behavior. Taking advantage of these sessions, the Ethics and Compliance Department asked the attendants to provide their Conflict of Interest Declarations and issued acknowledgments of receipt for the documents handed over.
- d) The department distributed and hung posters carrying the slogan "YOUR commitment, our commitment, OUR ethics, your ethics" and Styrofoam billboards expressing the commitments made by signatories of the Code of Conduct and the Crime Prevention and Anti-Fraud Policy.
- e) It posted different news items of the intranet (for instance, a news item headlined "Gamesa approves new review of the Code of Conduct"; "The Ethics and Compliance Department opens new space on the Intranet" when the new Ethics and Compliance Department was inaugurated; and "Our aim is to integrate ethics and compliance daily" to celebrate international anti-corruption day).
- f) It contributed/participated in several events organized by public and private organizations like the University of Castilla-La Mancha, the National Compliance Congress, *Legal Today*, etc. It also took part in training programs led by Transparency International under the TI-E Integrity Project/Siemens Integrity Initiative through which the Ethics and Compliance Department was granted an Expert in Corporate Integrity, Transparency and Good Governance Diploma issued by Transparency International (the rest of the people which form part of the Ethics and Compliance Department are expected to obtain the same certificate in 2017).

This department appears before the Audit and Compliance Committee on a half-yearly basis (in July and September) to report on the degree of compliance and the actions it has performed in connection with the Code of Conduct and the Internal Rules of Conduct Regarding the Securities Markets during the relevant period, as well as on the department's action plan.

In addition, the Ethics and Compliance Manager attended several Audit and Compliance Committee meetings in 2016 as an invited guest to provide said committee with advice on matters related with his duties that could come up during said meetings.

**G4-58 Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity**

**Whistleblowing Channel:** Pursuant to the provisions contained in the Gamesa Code of Conduct and in Article 10(g) of the Gamesa Audit and Compliance Committee Regulations, the company places at the disposal of Gamesa and Grupo Gamesa employees a mechanism (Whistleblowing Channel) which allows them (and third parties) to report (anonymously in any jurisdictions where it is so required) any potentially significant irregularities concerning the Code of Conduct, the Internal Rules of Conduct Regarding the Securities Markets and the Crime Prevention and Anti-Fraud Manual and Policy, along with any other presumably criminal, fraudulent or irregular actions they may become aware of within the group, regardless of how these are defined or their amount. Users can access the Whistleblowing Channel and file their accusations before the Ethics and Compliance Department through the corporate intranet, the corporate website, by post or at the telephone extension made available for such purpose, without detriment to the possibility of filing the relevant accusation in person before the Ethics and Compliance Department.

Gamesa employees can likewise use these means to address any doubts that may arise concerning the interpretation and/or application of the Code of Conduct, as well as to ask questions or make any suggestions and proposals concerning the Code of Conduct and the Crime Prevention and Anti-Fraud Policy and manuals. The rules on the Whistleblowing Channel's operation (updated in 2016) are publicly available and can be accessed on the corporate website<sup>46</sup> or the corporate intranet.

**Code of Conduct:** A breach of the Code of Conduct by professionals could give rise to infringements laid down in legal, corporate and labor legislation. According to Section 5 of the Code of Conduct ("Breaches and Infringements"), should a professional be aware or have reasonable suspicions of illegal actions or breaches of the Code of Conduct, they are obliged to report the breach by any of the channels made available to do so, including: a) through a written accusation addressed to the Chairman of the Audit and Compliance Committee, which shall be brought before the Ethics and Compliance Department; b) through a written accusation addressed to the Ethics and Compliance Department, which can be sent to said department's e-mail address; and c) through the Whistleblowing Channel, which is available on the website and the intranet.

**Action protocol in the event of workplace harassment:** The reporting procedure included in the harassment action protocol allows the person suffering harassment or a third party aware of the sexual or psychological harassment to trigger the protocol. In order to do so, a Whistleblowing Channel associated to the Sexual Harassment Prevention Protocol has been established for Europe and Asia, which may be used in cases of sexual harassment or mobbing. Said protocol is managed by the Harassment Prevention Committee and the Ethics and Compliance Department forms an integral part of it.

Table 49.- Number of accusations received by the Ethics and Compliance Department

	2016	2015	2014	2013	2012
EMEA	9	3	5	4	0
USA	1	0	0	0	0
APAC	2	0	0	0	0
INDIA	0	1	0	1	0
BRAZIL	4	3	0	0	0
LATAM	3	4	0	0	0
<b>Total</b>	<b>19</b>	<b>11</b>	<b>5</b>	<b>5</b>	<b>0</b>

<sup>46</sup> <http://www.gamesacorp.com/es/pages/pdf/es/canalDenuncia.pdf>

Nineteen notifications were received through the mechanisms put into place for such purpose in 2016, which corresponded to accusations about 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: recommendations intended to prevent, as appropriate, similar situations from taking place in the future.

Furthermore, 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 Grupo Gamesa's professionals, 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.

Changes in the procedures to improve controls, improved clauses in contracts with third parties and background checks are among the most noteworthy measures taken in 2016.



**PART II: Specific Standard Disclosures**

## II.08.- MANAGEMENT APPROACH

This section provides a description of the material aspects affecting Gamesa, which have been defined according to the criterion set out under indicator G4-19 of this report. The approach the company takes to properly manage each aspect is described and the results achieved are reported through the corresponding indicators. Where several of these aspects are managed with similar approaches, said approach is described for one them and the relevant cross-reference is made in the others. There are also general company-wide tools, processes and procedures for the management of the material aspects identified. These are applied to all the said aspects and described below. They should be taken into account to understand the way in which Gamesa performs its activities and manages its economic, environmental and social impacts.

### G4-DMA Management approach applicable to all the report's aspects

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#### Policies and commitments

The company's corporate governance system is comprised of the Articles of Association, its corporate policies, internal rules of corporate governance and the other internal codes and procedures that are described in detail on the group's corporate website<sup>47</sup>.

Thus, Gamesa has equipped itself with a set of corporate policies that implement the principles reflected in the corporate governance system and contain the guidelines which govern the company's actions and those of the companies belonging to its group, along with the actions of its directors, executives and employees under the framework of the company's strategic plan and vision and values.

In addition, Gamesa has made certain public commitments which guide the group's actions:

- Through endorsing a variety of initiatives connected with its activity's environmental and social dimensions, which are listed in the section on indicator G4-15 herein.
- Through its membership of certain business or social associations, like the ones described in section G4-16 of this report, and identifying itself with their objectives and goals.

#### Responsibilities

Indicators G4-34 a G4-36 of this report describe the group's organizational model and responsibilities structured according to their broadest level. Moreover, the responsibilities which the corporate areas or business units have regarding the different aspects dealt with in this document can be summed up as follows:

- Aspects having to do with corporate governance and aspects having a legal scope are the responsibility of the General Counsel's Office and the Board of Directors.
- Aspects connected with labor practices are the responsibility of the Human Resources Department, which forms part of the General Executive Management Department.
- Aspects related to safety, health and the environment are the responsibility of the Quality, Safety and Environmental Department, which reports to the Industrial Department.
- Aspects connected with procurement are the responsibility of the Procurement Department, which forms part of the General Executive Management Department.
- Aspects having to do with public policies are the responsibility of the General Corporate Department.
- Aspects related to products and customers are the responsibility of the Sales Department.
- Aspects related to production facilities are the responsibility of the Industrial Department.

Additionally:

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<sup>47</sup> <http://www.gamesacorp.com/es/accionistas-inversores/gobierno-corporativo/>

- The Management Committee (comprised of the Executive Chairman, the Executive General Manager, the Chief Corporate Executive Officer, the Legal Counsel, the Chief Financial Officer and the Chief Business Development Officer) constitutes an internal technical support, reporting and management committee for the roles of defining, supervising, organizing and monitoring general management guidelines and the businesses' strategic planning.
- The Ethics and Compliance Department is in charge of the Ethical Code, the Crime Prevention and Anti-Fraud Policy, the Internal Rules of Conduct Regarding the Securities Market and any others it may be assigned with by the company's Board of Directors or by the corporate governance system.

In order to exercise these responsibilities, the Gamesa model sets forth that such responsibilities must be assumed in a decentralized way by the parent companies of the businesses in each region. These are organized through their respective boards of directors, which deal with the effective management of each of the businesses, as well as with their day-to-day management and control.

#### **Objectives, resources and results**

Gamesa publicly discloses its medium and long-term objectives periodically, using different ways to do so.

Internally, the different businesses and corporate organizations set their annual targets according to the group's financial and non-financial strategic objectives aimed specifically at the activities under their responsibility. The results obtained in relation to the targets set serve to establish the annual variable remuneration of the company's management team.

In order to attain these targets, Gamesa is equipped with an annual resource allocation process, which allocates the corresponding budgets. The achievements Gamesa has obtained are reflected in the different quantitative indicators' evolution for the different aspects dealt with in this report.



## II.09.- ECONOMIC DIMENSION

### Economic performance

#### G4-DMA Management approach

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##### Business Plan's results

Gamesa ended 2016 with some outstanding results in a stable demand environment. It reached a record figures for order placements, sales and profitability that exceeded the targets set forth for the year, which were readjusted upwards twice over the course of the year.

##### Main consolidated figures 2016:

- **Sales:** €4.612 billion (+ 31.6% y/y)
- **EBIT:** €477 million (+ 47.9% y/y)
- **Net Profit:** €301 million (+ 77.0% y/y)
- **NFD (cash):** € (682) million<sup>48</sup>
- **MWe sold:** 4,332 MWe (+36.2% y/y)
- **Firm order placements:** 4,687 MW (+20.7% vs. 2015)<sup>49</sup>

Gamesa's complete economic results for the financial year are summed up in the annual financial statements for 2016<sup>50</sup>, which are available at [www.gamesacorp.com](http://www.gamesacorp.com).

In addition to these results, the company also requires its subsidiaries to explain how they were achieved and their assessment in terms of sustainability. In the case of Gamesa, this integrated view can be obtained by consulting this Corporate Responsibility Report 2016, along with the aforementioned financial information.

##### Stock market evolution. Balance for the year

Gamesa shares rose by 21.8% in 2016, greatly exceeding the wind power industry's rise, which ended the year in negative figures, and the IBEX 35. The share price reached its peak (€21.77) on September 22, while lowest value was reached at beginning of the year, January 21(€13.78). The largest daily variation (+18.8%) took place on January 29 and was related to the first news on a possible merger agreement between Gamesa and Siemens Wind Power breaking out in the press. The share price's evolution in 2016 was linked to four key events: the merger between Gamesa and Siemens Wind Power, the presentation of the results for 2015 and the announcement of the guidelines for 2016, the disclosure of the first half-year results containing as upward adjustment of the targets set for 2016 and the disclosure of the 9M 2016 results containing a second upward adjustment of the year's targets.

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<sup>48</sup> Net financial borrowing construed as financial debt, including subsidized loans, derivative Instruments and other current financial liabilities minus other current financial assets and cash and bank.

<sup>49</sup> Firm orders and framework agreement confirmation for delivery in the current and future years. Includes orders signed in 4Q 2016 (731 MW) and published separately 1T 2017.

<sup>50</sup> <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/informacion-financiera/resultados-trimestrales/2015/2015-presentacion-anual-de-resultados.pdf>

The **first quarter** of the year began with a great deal of volatility in the wind turbine manufacturing sector's stock market evolution, similar to the volatility seen in 2015. There were more falls in share prices than rises in the sector. This volatile negative trend extended beyond the sector to the variable-income securities market in general and was due to an environment affected by several risk factors: a crisis in raw materials and especially the low price of oil, a slowdown in growth in China, a limited recovery in Europe and doubts whether the ECB's monetary policies would have a real impact on the economy. These factors were added to the political uncertainty affecting certain markets like Spain and United Kingdom.

A key event temporarily removed the evolution of Gamesa's share price from this negative trend on January 29, when the first news on a possible merger agreement with Siemens Wind Power broke out. This news resulted in the highest daily rise in the share price amounting to 18.8%. After the first news pieces were published, which were then confirmed by the company, the evolution in the share price fell back to its previous trend in keeping with the rest of the sector, but not to its lowest point, until the 2015 results were disclosed. As in previous years, the complete year's results were accompanied by the disclosure of the guidelines for 2016. Both –the results and the guidelines – were received very positively by the market with a daily rise of 5.8% after their disclosure.

The results for 2015 exceeded the sector's expectations with sales growth amounting to 23% and a rise in EBIT of 8.4%, 1.7 percentage points above the EBIT margin for 2014, excluding the positive impact of the capital gains resulting from the incorporation of Adwen, a joint venture with Areva to operate in the offshore sector. Net profit grew by 85% and the working capital balance fell to reach €12 million, equivalent to 0.3% of sales in the year. Said profitable growth and the control over working capital and investment allowed Gamesa to end the year with a net cash and bank position in the balance sheet of €301 million – €157million above the position for 2014 – and maintain the dividend distribution policy of 25% of the net profit earned in 2015. Along with the results for 2015, which beat expectations, the targets set for 2016 forecast extraordinary performance in the year with a growth in sales of almost 20% and an EBIT margin equivalent to or greater than 9%. This not only meant bringing fulfillment of the Business Plan 2015-2017 forward by a complete year, but also improving the targets set for 2017.

Mirroring these events, the share price rose by 10% (€17.36) at the end of March with respect of the price at the 2015 year-end.

The year's most relevant events took place during the **second quarter**. These consisted of the signing and announcement of the merger agreement with Siemens Wind Power on June 17. The market's reaction to the announcement was relatively modest, with a rise of 5.6% on the date of the announcement, since the negotiations had been carried out with the market's knowledge. The merger agreement with Siemens Wind Power will allow one of the industry's leading companies to be created, with a sales volume and order book that will position the company as number one in the market. Both companies' diversification and complementarity nature, the scale of the new group, its global scope and its presence in the industrial segments and geographic markets currently undergoing the highest growth rates will enable the merged entity to maintain the creation of value through profitable growth in the future. The new group's larger scale will help it to maximize growth opportunities and resist demand troughs in an increasingly competitive industrial environment characterized by a change in electricity producers' business model from subsidized systems to competitive auctions.

The year's first quarter results were also disclosed in the second quarter. These were in line with the guidelines set in February. Sales in the quarter rose by 30% y/y and the operating result grew by 80% to reach a margin of 11.1%. In addition to the first quarter's outstanding economic and financial performance, the sales area's robustness is well worth pointing out. A total of 1,031 MW of orders were placed, a 26% increase on the sales volume signed in the first quarter of 2015.

During the second quarter, the General Shareholders' Meeting was also held. It approved the dividend share-out charged to 2015.

Thus, Gamesa ended the second quarter with an increase of its share price amounting to 1.9% (€17.70) in relation to the end of March and a total rise of 11.9% in relation to the beginning of the year.

The price of Gamesa shares reached its highest value (€21.77) in the **third quarter**, more specifically on September 21. It was also the quarter with the highest rise in the share price, which amounted to 20.5% from the end of June, despite it being the quarter in which the Brexit referendum held on June 30 confirmed the United Kingdom’s exit from the European Union and the consequent volatility this event caused in the markets.

The second quarter results for 2016 were disclosed during the quarter. Due to their robustness, these results forced the company to increase the targets it had initially set for the year. A 33% growth in sales on the same period in the preceding year was recorded and the recurrent EBIT margin rose by more than two percentage points to stand at 10.5%. Furthermore, order placement during the second quarter of the year revealed the sales area’s robustness. A total of 1,180 MW of orders were placed, 16% more than the orders placed in the same period of 2015. All this led to the company raising the sales volume forecast for the year from the 19% it had initially forecast to 26%. The EBIT margin forecast was also raised from a minimum of 9% to a minimum of 9.5%, which amounts to absolute EBIT growth of 47% on recurrent EBIT in 2015.

Gamesa proceeded to pay out the dividend charged to the 2015 results in July, which totaled €42.6 million.

Part of the significant increase seen in the third quarter was reversed in the **fourth quarter**. The share price fell by 9.6% and ended the year with an annual rise of 21.8%. This correction took place in a market environment that was placing the sustainability of demand growth into doubt and despite the fact that several relevant milestones had been achieved towards the approval of the merger agreement with Siemens Wind Power. The nine-month results were also disclosed, the strength of which forced Gamesa to once more increase the targets it had set for the year.

As far as the merger with Siemens Wind Power is concerned, an Extraordinary General Shareholders’ Meeting was held in the fourth quarter, which resolved to approve the agreement with 99.75% of the share capital in attendance voting in favor. As regards the nine-month results, Gamesa ended the first nine months of the year with an annual growth rate of 32% and improved recurrent operating profit by 2.0 percentage points to reach an operating margin of 10.2%. Lastly, concerning the company’s sales strength, Gamesa ended the third quarter with an order placement figure of 1,090 MW, 8% more than the orders placed in the third quarter of 2015. The placement of orders during the last twelve months rose to reach 4,343 MW. The sales area’s robustness and the company’s performance during the first nine months of the year forced Gamesa to raise its guidelines once again. The sales volume forecast was increased by 35% and the EBIT margin target was raised to 10%, equivalent to a 56% EBIT growth rate in absolute terms. The company’s strength in sales will allow Gamesa to be ranked fourth for the second time among the world’s turbine manufacturers in 2016 by increasing its market share by two percentage points to reach 7%.

We can therefore conclude that the share price’s evolution in 2016, which rose by 21.8% in an environment where turbine manufacturers lost value, is a reflection of the outstanding results seen in 2016, the fact that the company’s profitable growth targets for the year were raised twice, the sales area’s robustness, Gamesa’s competitive positioning and, above all, the merger agreement with Siemens Wind Power, which will allow one of the sectors leading companies to be created.

Fig 24.- Comparative listing - Gamesa vs. IBEX35

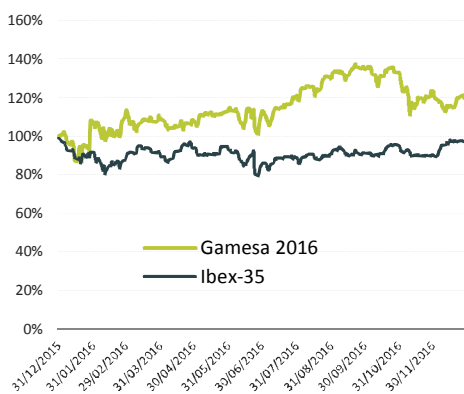


Fig 25.- Evolution of Gamesa’s listing 2016

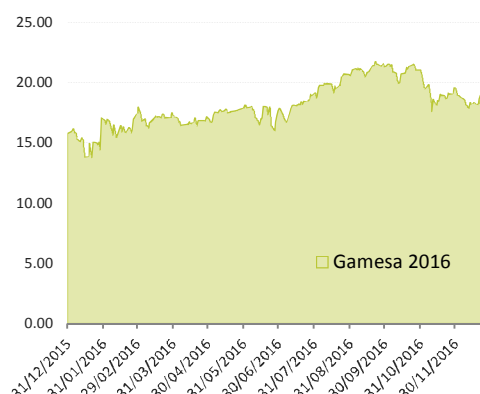


Table 50.- Key stock market indicators

	2016	2015	2014	2013	2012
Share capital (€)	47,475,694	47,475,694	47,475,694	43,159,722	43,159,722
No. of shares	279,268,787	279,268,787	279,268,787	253,880,717	253,880,717
Stock market capitalization (€)	5,381,509,525	4,418,032,210	2,110,992,761	1,924,415,835	421,441,990
Free float (%)	74.00	75.04	71.40	69.04	72.33
Highest listing (€)	21.77	16.63	9.88	7.59	3.24
Lowest listing (€)	13.78	7.42	6.79	1.62	1.01
Average listing (€)	18.21	13.00	8.34	4.53	1.91
Listing at 12/31 (€)	19.27	15.82	7.56	7.58	1.66
Total no. of shares traded	632,734,560	736,176,947	936,326,608	595,771,545	828,363,068
Average no. of shares traded daily	2,462,002	2,875,691	3,671,869	2,336,359	3,235,793
Earnings (Loss) per share (€)	1.0887	0.6164	0.3550	0.1796	(2.63)

### Investing in Innovation

Gamesa views R&D and innovation as key elements for its future development and its international positioning in the industry. The main aim of the group's R&D and innovation activities is to reduce wind energy generating costs in order to improve its competitiveness against other generation sources, since it is essential to optimize the electricity system's overall costs.

In order to achieve this goal, the group has three R&D centers located in Pamplona, Madrid and Zamudio in Spain, as well as engineering teams based on in India, China, Asia Pacific, North America, Latam and Brazil, while investing a total of 905,000 technology personnel man-hours, which is equivalent to 555 people.

Innovation is one of Gamesa's strategic driving forces and a key element in its business model, since it provides a competitive edge. It is also a pillar of its development and positioning in the wind energy industry. Gamesa views innovation as a cross-cutting element affecting the entire organization and applies it not only to its products and services, but also to its processes by integrating it across the entire value chain, including: design, logistics, assembly, construction and wind turbine operations and maintenance. This is done to reduce wind energy generating costs in order to improve its competitiveness against other energy sources.

The company's main innovation efforts are made through the products it designs. To achieve this, it has a medium-term technology strategy in place which includes the key innovations on which its technology development efforts are focused. These are then materialized and deployed through annual management plans on a set of R&D and innovation projects. These plans' development ranges from the research stage right up to the product's development, industrialization, continuous improvement and maintenance.

The Strategic Technology Plan 2015-2017 accompanies the company's Business Plan for the same period and sets the main lines of Gamesa's three main areas of innovation:

- Development of wind new turbines;
- Continuous improvement projects on already existing products; and
- Products and services for the operations and maintenance stage.

With this aim in mind, Gamesa allocated investments totaling almost €211 million in the last three years, amounting to an average of 1.9% of total sales.

### Technological product innovation

The body holding responsibility for innovation at Gamesa is the Executive Product Strategy Committee, which determines innovation, new products and related innovations that will be developed by the company. This committee is made up of the managers of the company's main business areas (Technology, Sales, Industrial, Procurement and Services Areas), the Executive General Manager and the regions' CEOs, who make an effort to give a strategic response to each market's needs in the form of products and determine the industrial resources needed. In the 2015-2017 Plan envisages the launch of a new 3.3 MW platform and the adaptation 2.5 MW turbines to the Indian and Brazilian markets.

Once the new launches have been determined, another committee called the Product Strategy Committee is in charge of deciding on the future product's configuration or configurations based on the various technologies with which each new wind turbine or variant can be equipped.

### Pure innovation

This plan also determined the applied innovations which can provide the company with advantages by creating a highly consistent competitive edge. This kind of R&D is established through an internal methodology known as TRSelect (Technology Research Selection Process), which seeks to achieve an open innovation system in which patenting activities are crucial.

Gamesa stands out for having a patent portfolio amounting to 816 patent applications throughout the world covering 166 patent or invention families, of which 518 have been recognized as patents with patent rights by patent and trademark offices in several countries.

The independent firm Totaro & Associates submitted a report informing about the joint Gamesa-Siemens company for the first time at the end of 2016. Both companies together are ranked second in the world, behind General Electric and above Vestas Wind Systems, which is ranked third.

Some of the significant R&D and innovation projects in which Gamesa took part in 2016 included:

- **Windtrust**, which aims to demonstrate on a real-scale onshore prototype (2 MW) a set of technologies that would allow the reliability of wind turbines to be increased in a sustainable way. It is the natural continuation of the Realiawind project (aimed at delving deeper into the concepts of wind turbine design and operating and maintenance reliability to achieve greater availability and lower maintenance costs). Several technologies have been successfully implemented on the rotor, wind turbine control and power electronics. More specifically, these include the application of the gear technology developed jointly with LM Windpower to blades which allows noise emissions to be reduced by 2 db.
- **Demowind**, which is focused on developing new control functionalities that seek to increase the energy generated under certain of the turbine's operating and wind speed conditions, including, for instance, the self-correction of undesired yaw and pitch misalignments, etc.

Table 51.- Research and development (R&D) expenditure

(€ million)	2016	2015	2014	2013	2012
Capitalized R&D expenditure	55	45	50	49	75
Non-capitalized R&D expenditure	11	24	26	33	38
<b>Total</b>	<b>66</b>	<b>69</b>	<b>76</b>	<b>82</b>	<b>113</b>

Table 52.- R&D Ranking according to EU Industrial R&D Investment Scorecard<sup>51</sup>

(year's data on previous year)	2016	2015	2014	2013	2012
Ranking in Europe (EU Top 1000 companies)	312	279	234	195	198
Ranking in Spain (EU Top 1000 companies)	12	12	11	9	8
Ranking in sector (industrial engineering)	32	29	22	20	19
R&D investment growth in one year (%)	(10)	(16)	(19)	10.1	152.9
R&D investment growth in three years CAGR-3y (%)	(15)	(9.5)	31	39	47
R&D investment intensity (%)	1.9	2.7	3.9	4.2	3.4

<sup>51</sup> See: <http://iri.jrc.ec.europa.eu/home>



**G4-EC1 Direct economic value generated and distributed**

Table 53.- Direct economic value generated and distributed<sup>52</sup>

(in € thousand)	2016	2015	2014	2013	2012
<b>Direct economic value generated</b>	<b>4,646,023</b>	<b>3,528,767</b>	<b>2,902,222</b>	<b>2,351,688</b>	<b>2,870,928</b>
<b>Economic value distributed</b>	<b>4,398,998</b>	<b>3,384,629</b>	<b>2,731,099</b>	<b>2,111,422</b>	<b>2,569,595</b>
Operating costs	3,692,105	2,859,945	2,284,569	1,717,551	2,078,579
Employee wages- personnel expenses	407,925	341,050	302,924	309,625	371,674
Capital payments to suppliers of capital- dividends <sup>53</sup>	75,321	42,561	23,040	0	0
Financial expenses	49,305	47,125	54,355	55,040	81,321
Payments to public administrations	168,963	90,180	63,232	26,270	35,043
Investments to benefit the community <sup>54</sup>	5,379	3,768	2,979	2,936	2,978
<b>Retained economic value</b>	<b>247,025</b>	<b>144,138</b>	<b>171,123</b>	<b>240,266</b>	<b>301,333</b>

**G4-EC2 Financial implications and other risks and opportunities for the organization’s activities due to climate change**

The growing number of countries committed to renewable energies as a mechanism to contain climate change and the growing competitiveness of renewable sources of energy stand out. These include wind energy, which therefore sets the bases for a solid demand outlook in the short, medium and long-term.

The demand outlook in the short and medium-term is therefore good.

The growing support for renewable energies is clearly reflected in the speed with which the Paris Agreement – signed on December 12, 2015 by 195 countries – entered into effect (November 4, 2016), while the growing competitiveness of wind energy was reflected in the outcomes of the numerous energy auctions that took place in both emerging and mature countries over the course of 2016. These auctions reveal that wind energy is competitive when compared to traditional sources of energy in a large number of regions.

In terms of competitiveness, it is also estimated that new wind power facilities – which are already competitive in many countries – will be much cheaper than carbon or gas facilities in practically all geographic areas by 2027, particularly due to the price of CO<sub>2</sub> emissions, while the cost of onshore wind power will have been reduced by 41% by 2040 as a result of a series of factors, including: a reduction in equipment and development costs, low financing costs and mainly an increase in wind turbine capacity factors.

Within this environment of greater government support and more competitive wind power, it is estimated that “clean” energy sources (zero greenhouse gas emissions) will account for 60% of total installed capacity by 2040, a rise of 31% compared to 2015. Developing (non-OECD) countries, led by China and India, will concentrate most of the new installed capacity. Economic growth and electrification in these countries are the main driving forces for the growth in energy demand and investment in new generating capacity. It is estimated that 1.825 GW of solar power will be installed during the period 2016E-2040E and attract investments totaling USD 3 trillion<sup>55</sup>.

<sup>52</sup> Direct economic value generated and distributed, including revenues, operating costs, employee wages, donations and other community investments, undistributed benefits and payments to suppliers of capital and governments.

<sup>53</sup> Gamesa has signed a merger agreement with Siemens. The General Shareholders' Meeting held on October 25, 2016 approved the merger. It likewise agreed to change the Board of Directors' composition and an increase of capital to cover the swap with 401,874,595 newly issued shares, subject to the merger's effective completion. Should the merger's effective completion take place prior to the 2017 Annual General Shareholders' Meeting, the current Board of Directors shall be empowered to propose to the General Shareholder's Meeting the relevant resolution on the dividend distribution on all of the shares after the aforementioned Increase of capital.

<sup>54</sup> Includes expenditure in associations, sponsorships and patronage.

<sup>55</sup> See Activity Report 2016: <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/informacion-financiera/resultados-trimestrales/2016/informe-de-actividad-2016.pdf>

**G4-EC3 Coverage of the organization’s defined benefit plan obligations**

Social benefits are made up of a series of social complements which complete the compensation package and provide employees, and at times their families, with short and long-term protection.

The identification and overall management of the social benefits provided in each country is done according to each country’s legislation, uses and customs. Said identification and management is performed by the corporate Compensation and Benefits Area in conjunction with the regional human resources departments with a dynamic overview and through processes intended to delimit, control and mitigate any risks associated to the social benefits, which have to be materialized through an insurance policy.

It should likewise be mentioned that the different countries where Grupo Gamesa operates have different cultures and different social benefit schemes. This fact is reflected in the financial statements, making it necessary to suitably adapt said benefits to each country’s prevailing legislation.

Gamesa currently provides complementary benefits in the United States, the United Kingdom, Finland, Germany, Sweden, Ireland and Morocco in accordance with their specific legislation.

**G4-EC4 Financial assistance received from governments**

Gamesa’s investment strategy is viewed in a positive light by several administrations. New R&D investment subsidies granted to Gamesa in 2016 amounted to €2.79 million (€1.6 million in 2015). This assistance was granted by national and regional administrations, such as the Center for Industrial Technological Development (CDTI), the European Commission under the H2020 program, the Basque Government, the Government of Galicia, the Government of Cantabria and the Ministry of the Economy and Competitiveness.

In addition, Gamesa took out low-interest loans for R&D and productive investments totaling €3.46 million in 2016 (€2.31 million in 2015) from the Center for Industrial Technological Development and the Ministry of the Economy and Competitiveness.

Table 54.- Significant financial assistance received

(€ million)	2016	2015	2014	2013	2012
New subsidies for R&D and productive investments	2.79	1.60	3.25	2.5	6.3
New low-interest loans for R&D and productive investments	3.46	2.31	4.25	10.5	18
<b>Total</b>	<b>6.25</b>	<b>3.91</b>	<b>7.50</b>	<b>13.00</b>	<b>24.30</b>

There is no record of any public administrations holding an interest in the companies belonging to Grupo Gamesa.

**Market Presence**

**G4-DMA Management approach**

Grupo Gamesa is equipped with personnel recruitment procedures which comply with the principles of non-discrimination and equal opportunities. Its recruitment processes are based on the candidates’ merits and ensure their participation in them under the above-mentioned principles. The management approaches set out in the chapter entitled “Labor Practices and Decent Work” of this report apply to its professionals’ remuneration and recruitment.

**G4-EC5 Ratio of standard entry level wage to local minimum wage**

At Gamesa, each professional is associated to a salary band to which a salary range is assigned. This range reflects Gamesa’s competitive positioning in the labor market (average).

An employee’s wage level is specifically set by taking into account responsibilities / demands of the specific work post, the experience and know-how which the person provides to the work post, the benchmark market salary and the salaries of other employees in the same band.

Only in Spain and Brazil are there specific groups whose remuneration is set by the collective agreements which apply to them.

**G4-EC6 Senior management hired from the local community**

The principles of non-discrimination and equal opportunities which apply to Gamesa are set out in the Ethical Code, the different collective agreements and the policies and procedures which have been approved and implemented, such as the:

- The Diversity and Inclusion Policy
- The Equality Plan

The application of these principles ensures merit-based recruitment processes.

Gamesa adopts the criterion of promoting and favoring the hiring of people locally in the geographic areas where it performs its activities. It also endeavors to ensure that such people can reach management positions in the relevant companies.

Furthermore, Gamesa understands that it needs committed and professional personnel who continuously foster international growth to position itself as a world-leading firm in the industry. International assignments are fundamentals for Gamesa in this context. They allow the business to have people with the right skills and knowledge at the right place at all times. Through its global mobility program, Gamesa broadens its professional culture by giving talented employees the opportunity to live in and travel to different countries, broaden their experience, learn new skills and establish a global personnel network. For their part, employees with international experience provide more thorough knowledge and are an essential asset for customers and the attainment of local goals.

In 2016, 83.5 % of executives were hired locally. An executive is construed as a person having management responsibilities in the company.

Table 62.- Workforce: Locally hired executives<sup>56</sup>

	2016	2015	2014	2013	2012
SPAIN	97.8%	93%	93%	93%	94%
EMEA (excluding Spain)	-	100%	40%	100%	100%
USA	55.6%	33%	50%	50%	66.7%
APAC	50%	67%	83%	83%	56%
INDIA	76.9%	100%	100%	100%	100%
BRAZIL	71.4%	67%	100%	100%	100%
LATAM	22.2%	50%	-	-	-

<sup>56</sup> Note: For the purposes of this indicator, people forming part of groups in charge of setting general strategies and policies, advising on strategic issues, setting business targets and whose work focuses on the long term with responsibility for Gamesa’s critical processes, such as the profit and loss account, are considered as executives.

This also applies for those who design and oversee the implementation of any general strategies set with responsibility for developing specific strategies, policies, rules and procedures for their own business unit or division.

## Indirect economic impacts

### G4-DMA Management approach

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Along with the direct economic impacts the company causes as a result of the monetary flows it generates, it also causes other additional or indirect impacts, like the one described in this section.

### G4-EC7 Development and impact of infrastructure investments and services provided G4-EC8 Significant indirect economic impacts

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The expansion of electricity supplies obtained from wind energy has a significant indirect economic impact, since it boosts local and regional economies by creating new job opportunities, strengthens the economic and industrial fabric in the area where it has been implemented and promotes social and economic progress.

This is due to the fact that wind power generation facilities, equipment and services are located in dispersed geographic areas depending on the available wind energy resources and the consequent creation of economic activity in mainly rural areas. Proof of this can be seen in the high invoicing levels of suppliers throughout the world set out in section G4-12 (p. 34) of this report.

These same facilities create a significant number of indirect jobs in the region's local contracting firms, which in turn generate addition demand for catering, security, health, specialized professional and transport services.

The activity also promotes the training of professionals and qualified jobs in local communities, such as, for instance, wind farm maintenance services. In general terms, it should be mentioned that local communities are supported through the sponsorship of initiatives by institutions and local and environmental organizations as an additional indirect economic effect.

Furthermore, wind energy electricity generation leads to the local, regional and national collection of levies, duties and taxes.

The facilities' negative impact on the landscape and their possible negative effects on traditional activities (during their construction and operation stages), particularly on rural activities like stock breeding, hunting or fishing, are among the negative aspects linked to wind energy. Other environmental risks which could potentially lead to unwanted consequences on the environment, like effluents, inappropriate emissions or waste, are minimized through the waste management models described in section II.10 of this report.

## Procurement practices

### G4-DMA Management approach

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One of the objectives of Gamesa and the companies which comprise Grupo Gamesa is to create relationships with suppliers, contractors and collaborators which are based on trust, reporting transparency and shared knowledge, experience and capabilities. The management approach to procurement practices is described in greater detail under indicator G4-12 (p. 34) of this report.

### G4-EC9 Proportion of spending on local suppliers

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Gamesa is continuing to build up local capacity through the supply chain's localization in the different regions. Thus, the company has managed to globalize its supply profile, which includes: global suppliers with a local presence, new locally-based suppliers and globalization of current suppliers.

The degree of localization (local procurement) can be seen in greater detail under indicator G4-12 (p. 34) of this report.

## II.10.- ENVIRONMENTAL DIMENSION

### Environmental performance

#### G4-DMA Management approach

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Continuous improvement and collaboration in the attainment of sustainable development are among Gamesa's commitments. From a prevention standpoint, it manages and applies good practices geared at environmental protection and encourages information and training on this culture.

#### Environmental principles in the Code of Conduct

Gamesa's general standards of professional conduct also state that preserving the environment is one of the company's guiding principles, which is ensured through the approval of an appropriate environmental policy and the implementation of an environmental management system.

Everyone who works at Gamesa should know about and assume said policy in the area in which they operate and should always act in accordance with the criteria of respect and sustainability, adopt environmental best practice habits and behavior and contribute positively and effectively to achieving the objectives which have been set. They should make every effort to minimize the environmental impact arising from their activities and from the use of the facilities, equipment and work resources placed at their disposal, endeavoring to make efficient use of them.

#### Integrated Excellence Policy<sup>57</sup>

Through its Integrated Occupational Health and Safety, Environmental and Quality Policy, Gamesa has set the full satisfaction of internal and external customers as a target for all its processes. In order to achieve this, it has established a safe work environment, ensures maximum respect for the environment throughout the life cycle of its products and adheres to an advanced quality system.

#### Policy Against Climate Change<sup>58</sup>

Gamesa is aware that climate change is a fundamental threat the markets and sustainable development face. It has therefore drawn up a Policy Against Climate Change, which applies across the company and its group, through which it 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 impact.

This statement was drawn up to fulfill the Overall Corporate Social Responsibility Policy, by means of which Grupo Gamesa fosters the sustainable use of resources, the culture of respect for the natural environment and the fight against climate change by reducing the environmental impact of the company's activities, defending biodiversity and encouraging information and training on said culture.

The company has made undertakings to several business initiatives aimed at reducing greenhouse gas emissions, such as the American Business Act on Climate Pledge<sup>59</sup> or the Paris Pledge for Action<sup>60</sup>.

Thus, Gamesa has incorporated the precautionary principle with regard to environmental protection in accordance with the provisions of Article 15 of the Rio Principles. This principle has been widely accepted in laws and regulations aimed at protecting the environment.

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<sup>57</sup> See: <http://www.gamesacorp.com/recursos/doc/rsc/compromisos/clientes/certificaciones-ohsas-y-i/politica-excelencia-gamesa.pdf>

<sup>58</sup> See: <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/gobierno-corporativo/politicas-corporativas/politicas-resp-social/politica-contra-el-cambio-climatico.pdf>

<sup>59</sup> See: <https://obamawhitehouse.archives.gov/the-press-office/2015/12/01/white-house-announces-additional-commitments-american-business-act>

<sup>60</sup> See: <http://www.parispledgeforaction.org/whos-joined/>

**Environmental performance and targets**

As far as its performance in 2016 is concerned, the main achievements reached by Gamesa are set out below:

- Substantial improvement in the final destination of waste, the percentage of which destined to recycling, recovery and/or reuse rose by 3.7% on the previous year.
- Verification of greenhouse gas emissions according to the ISO 14064 standard for the sixth year in a row.
- Ecodesign certification for the G128-5.0 MW (tower of 140 m) and G132-5.0 MW (tower of 95 m) wind turbines, whose environmental product declarations (EPD) were published by Environdec.
- Collaboration with Iberdrola and Scottish Power to obtain the Kilgallioch wind farm's EPD.

**Consolidated environmental management system**

The integrated management system (IMS) includes environmental management in accordance with ISO14001 standard, quality management in accordance with the ISO 9001 standard and health and safety management in accordance with the OHSAS 18001 standard. Systems are therefore in place to identify the environmental and energy-related aspects of the activities, products and services the company monitors and can influence within the scope defined for its integrated management system, taking into account new or planned developments, as well as new or modified activities, products and services. Along these lines, it is equipped with a multi-site system, which is maintained according to the ISO 14001:2015 standard of reference.

Practically all of Gamesa's production capacity around the world is certified by these standards.

Operating responsibility for this activity rests with the HSEQ Department, which reports directly to the Industrial Department in organizational terms. This unit's mission is to promote, strengthen and oversee occupational health and safety, as well as environmental and quality issues through each area's management.

Table 55.- Status of the management systems' certifications

Region	Country	Location	Division	ISO 9001	ISO 14001	OHSAS 18001
EMEA	Spain	Ágreda, Soria	Nacelles	2005	2005	2009
EMEA	Spain	Sigüeiro, A Coruña	Nacelles	2001	2005	2009
EMEA	Spain	Lerma, Burgos	Gearboxes	2005	2006	2009
EMEA	Spain	Asteasu, Gipúzcoa	Gearboxes	2004	2005	2009
EMEA	Spain	Mungia, Vizcaya	Gearboxes	2006	2008	2009
EMEA	Spain	Burgos	Gearboxes	2005	2009	2007
EMEA	Spain	Aoiz, Navarre	Blades	2010	2010	2010
EMEA	Spain	Somozas, A Coruña	Blades	2001	2005	2009
EMEA	Spain	Miranda, Burgos	Blades	2001	2005	2009
EMEA	Spain	Cuenca	Blades	2001	2005	2009
EMEA	Spain	Benissanó, Valencia	Generators	2006	2007	2009
EMEA	Spain	Coslada, Madrid	Generators	2005	2005	2009
EMEA	Spain	Reinosa, Cantabria	Generators	2003	2005	2009
EMEA	Spain	Madrid	W. Farm D&S	-	2011	-
APAC	China	Tianjin	Generators	2008	2008	2009
APAC	China	Tianjin	Gearboxes	2008	2008	2009
APAC	China	Tianjin	Nacelles	2008	2008	2009
INDIA	India	Marmandur	Nacelles	2009	2010	2010
INDIA	India	Gujarat	Blades	2012	2012	2012
BRAZIL	Brazil	Camaçari	Nacelles	-	2015	2015

**Materials**

**G4-DMA Management approach**

Through its excellence policy, Gamesa undertakes to: "Prevent pollution through the rational and optimized use of resources by minimizing waste, emissions and effluents over the entire life cycle."

**G4-EN1 Materials used by weight and volume**

The company's consumption of raw materials in 2016 stood at **257,206 tons**, of which 32.041 tons were steel, sheet and casting materials and 69,921 ones were foundation materials. Consumption in the year rose by 71% when compared to the preceding year, mainly due to the consumption of materials used in wind farm civil works, which accounted for 46% to the total increase.

In spite of this rise, Gamesa continued to invest in ecodesign and in minimizing the materials consumed by its products. A good example of this is Gamesa G10x-4.5 MW turbine, whose consumption is much lower than that of a 2 MW wind turbine: 31,590 liters of lubricating oil less and 2,140 liters of hydraulic oil less (23.3% less), which is equivalent to 60 air filter units less.

The ratio of materials used increased to 27 tons per employee per year in 2016.

Table 56.- Materials used by weight or volume

<i>(expressed in tons-t)</i>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
EMEA	174,095	82,736	64,212	76,904	82,274
USA	0	0	0	0	3,319
APAC	17,358	13,952	13,820	7,568	3,378
INDIA	59,193	34,832	26,746	15,929	15,745
BRAZIL	2,825	18,034	7,266	3,107	9,571
LATAM	3,735	-	-	-	-
<b>Total</b>	<b>257,206</b>	<b>149,554</b>	<b>112,044</b>	<b>103,507</b>	<b>119,687</b>

Table 57.- Consumption of the most significant raw materials

<i>(expressed in tons-t)</i>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Oils	1,165	2,632	934	652	370
Solvents	45	568	29	42	169
Paints	278	1,230	372	185	147
Steel and sheeting	11,663	8,208	0	1,738	4,960
Scrap	7,105	7,786	9,801	6,527	5,073
Casting	13,273	10,170	6,037	12,949	10,587
Prepreg	2,477	2,069	1,284	5,310	14,109
Coatings	107	4,867	48	168	234
Adhesives	1,023	6,861	179	505	432
Foundation materials	69,921	-	-	-	-
Total of most significant raw materials:	107,057	44,391	18,648	28,077	36,081
<b>% total consumption</b>	<b>42%</b>	<b>31%</b>	<b>17%</b>	<b>27%</b>	<b>30%</b>

Table 58.- Raw material consumption by semi-finished product line

<i>(expressed in tons-t)</i>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Gearboxes	29,937	19,201	19,890	13,680	18,959
Frames	29,862	13,953	17,575	12,248	11,230
Generators	12,245	8,121	8,141	5,890	5,154
Axels	4,567	2,090	3,715	3,408	7,532
Transformers	9,453	9,756	3,798	3,086	4,071
Electricity panels	4,592	2,258	701	1,258	745
Total semi-finished products:	90,656	55,379	53,820	39,569	47,691
<b>% total consumption:</b>	<b>35%</b>	<b>39%</b>	<b>48%</b>	<b>38%</b>	<b>40%</b>

Table 59.- Ecoefficiency in raw material consumption

	2016	2015	2014	2013	2012
(t/employee)	27	20	17	17	18
(t/€ mill. of invoicing)	56	42	39	44	42

**G4-EN2 Percentage of materials used that are recycled input materials**

Although no recycled input materials exist on the market for most of the main materials used by Gamesa, it should be indicated that 12,096 tons of scrap metal were recycled as part of the casting process at Gamesa Burgos.

**Energy**

**G4-DMA Management approach**

Total internal energy consumption amounted to **520,540 gigajoules** in the year. In absolute terms, this accounted for a 12% year-on-year rise with regard to 2015. Hence, the figure for energy consumption per employee per year amounted to 56 gigajoules.

**G4-EN3 Energy consumption within the organization**

Energy consumption within the organization, which includes all facilities, buildings and offices belonging to Grupo Gamesa, is calculated by adding up the following items:

- Direct energy consumption of fuels for the production of products and services.
- Indirect energy consumption of electricity bought from third parties for buildings/offices.

Table 60.- Non-renewable fuel consumption

(expressed in gigajoules-GJ)	2016	2015	2014	2013	2012
<b>Natural gas (GJ)</b>					
EMEA	68,735	61,260	48,375	95,825	114,661
USA	25,999	8,590	584	23,716	28,715
APAC	-	-	-	185	10,711
INDIA	-	-	-	-	-
BRAZIL+LATAM	0.8	8	-	-	-
	<b>94,735</b>	<b>69,860</b>	<b>48,959</b>	<b>119,727</b>	<b>154,087</b>
<b>Propane (GJ)</b>					
EMEA	8,613	7,577	6,550	7,504	6,845
USA	-	-	-	93	832
APAC	-	-	-	-	1
INDIA	-	-	-	-	-
BRAZIL+LATAM	141	33	487	72	32
	<b>8,753</b>	<b>7,610</b>	<b>7,037</b>	<b>7,669</b>	<b>7,710</b>
<b>Diesel (GJ)</b>					
EMEA	85,487	65,562	28,535	81,711	41,602
USA	841	-	-	1,125	11,601
APAC	1,614	1,587	1,423	843	1,040
INDIA	2,721	3,794	3,830	4,112	10,319
BRAZIL+LATAM	337	266	108	42	58
	<b>91,000</b>	<b>71,210</b>	<b>33,897</b>	<b>87,834</b>	<b>64,621</b>
<b>Gasoline (GJ)</b>					
EMEA	-	-	-	-	-
USA	30,488	21,750	1,595	7,096	141
APAC	-	-	-	-	-
INDIA	-	-	-	-	-
BRAZIL+LATAM	3,114	10,307	1,378	44	-
	<b>33,602</b>	<b>32,057</b>	<b>2,973</b>	<b>7,140</b>	<b>141</b>
<b>Total non-renewable fuel consumption (GJ)</b>	<b>228,091</b>	<b>180,737</b>	<b>92,867</b>	<b>222,369</b>	<b>226,797</b>



Table 61.- Total energy consumption within the organization  
(expressed in gigajoules-GJ)

	2016	2015	2014	2013	2012
<b>Non-renewable fuels</b>	<b>228,091</b>	<b>180,737</b>	<b>92,867</b>	<b>222,369</b>	<b>226,559</b>
EMEA	162,835	134,400	83,460	185,040	163,108
USA	57,328	30,340	2,179	24,934	41,148
APAC	1,614	1,586	1,423	1,028	11,752
INDIA	2,721	3,794	3,830	4,112	10,319
BRAZIL+LATAM	3,593	10,615	1,973	158	90
<b>Electricity consumed from the grid</b>	<b>292,450</b>	<b>271,812</b>	<b>215,427</b>	<b>284,483</b>	<b>347,990</b>
EMEA	216,099	217,518	164,797	225,021	263,930
USA	7,307	7,324	9,079	24,138	38,628
APAC	20,881	16,792	19,378	17,006	24,894
INDIA	44,565	24,183	21,182	17,823	20,026
BRAZIL+LATAM	3,599	5,995	993	493	511
<b>Total energy consumption (GJ) within the organization</b>	<b>520,540</b>	<b>452,549</b>	<b>308,294</b>	<b>506,852</b>	<b>574,549</b>

Total energy consumption within the organization = (Non-renewable fuel consumption) + (Grid electricity consumed)

Fig 26.- Energy consumption evolution - Total (GJ)

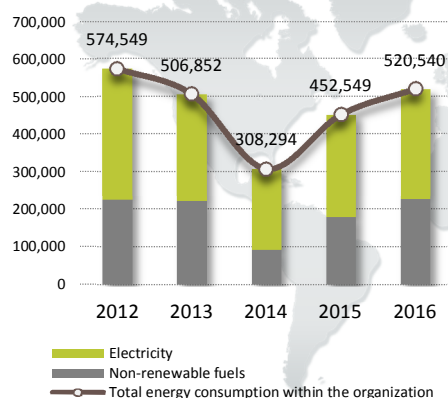


Fig 27.- Energy consumption evolution - Total by areas (GJ)

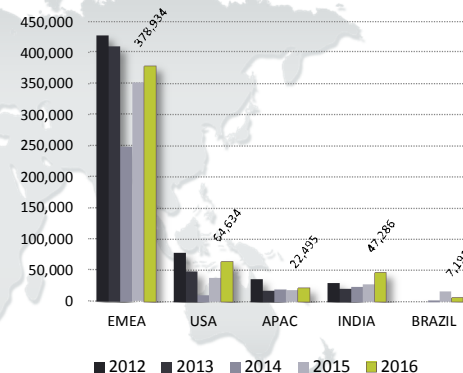


Fig 28.- Energy Consumption (GJ) per MW installed

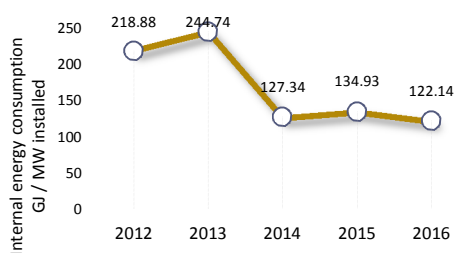
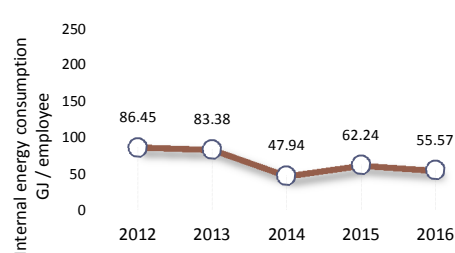


Fig 29.- Energy Consumption (GJ) per employee



In addition, Gamesa has wind farms dedicated to prototype research and development activities and wind farms whose sale has not yet been closed, which together have a total power output of 136 MW. These parks generate renewable (wind) energy, which is sold and transmitted directly to the electricity grid without being consumed by the group. More specifically, this report provides information on the electric power produced by the wind farms in La Plana, Cabezo Negro, La Cámara, Jaulín, Dos Picos and Alaiz in Spain, and in Lingbo, Sweden and Pocahontas, USA.

This energy generating capacity is not included in the internal energy consumption balances above, since it is not a recurring activity of the group. Moreover, its inclusion in the balances would give rise to negative energy consumption balances for the group (energy surplus).

Table 62.- Renewable energy generation (GJ)

(expressed in gigajoules-GJ)	2016	2015	2014	2013	2012
EMEA	538,167	499,614	476,732	513,939	231,410
USA	969,447	953,280	892,735	892,735	446,367
<b>Wind energy generation</b>	<b>1,507,614</b>	<b>1,452,894</b>	<b>1,369,701</b>	<b>1,406,674</b>	<b>677,777</b>

**G4-EN4 Energy consumption outside the organization**

The most relevant energy consumption outside the organization is connected to suppliers shipping products and employee transport for both business reasons as well as employees commuting between their homes and their workplace. Work is currently being done to obtain information on the scope of this kind of consumption from the most relevant suppliers.

**G4-EN5 Energy intensity**

The following table shows the evolution of the energy consumption within the organization in relation to the total number of employees and invoicing expressed in millions of euros.

Table 63.- Ecoefficiency in energy consumption

	2016	2015	2014	2013	2012
(GJ/employee)	55.57	62.24	47.94	83.38	86.45
(GJ/€ mill. of invoicing)	112.86	134.93	127.34	244.74	218.88

**G4-EN6 Reduction of energy consumption**

Gamesa carried out actions aimed at reducing energy consumption and improving energy efficiency in 2016, which led to a reduction amounting to 330,051 kWh. These actions are described in detail under indicator G4-EN19 (Page 109).

**G4-EN7 Reductions in energy requirements of products and services**

The products Gamesa markets are designed to consolidate environmental leadership and energy efficiency at a global scale.

The certification in ecodesign (ISO14006:2011) of the Gamesa 4.5 MW<sup>61</sup> and Gamesa G114-2 MW<sup>62</sup> ensures minimal environmental impact, greater energy efficiency and lower costs of energy throughout all the stages of the wind turbine life cycle, including: design, raw materials and components procurement, manufacturing, delivery, installation, operation, maintenance and dismantling.

As a result, Gamesa wind turbines record better efficiency figures for all indicators, including: size, weight, visual impact, reduction of materials and selection of those with low environmental impact, optimization of production, reusable packaging, less civil and installation works, noise minimization, optimization of waste generation during maintenance and a modular design to facilitate dismantling.

<sup>61</sup> <http://www.gamesacorp.com/recursos/doc/rsc/compromisos/clientes/certificaciones-ohsas-y-i/documentacion-declaracion-ambiental-g90.pdf>  
<sup>62</sup> <http://www.gamesacorp.com/recursos/doc/productos-servicios/aerogeneradores/environmental-product-declaration-g114-20-mw.pdf>

## Water

### G4-DMA Management approach

Water consumption at Gamesa is mainly at production centers, where the best practices available are used to reduce water withdrawal and consumption and to include reused water in production processes. Work is also being done on lowering environment impact by avoiding water withdrawal in water-stressed areas.

Moreover, the company is focusing on making efficient and responsible use of sanitary water at offices and control buildings, for which awareness raising campaigns are being conducted and water consumption reduction systems are being installed, like automated taps for instance.

### G4-EN8 Total water withdrawal by source

Water is mainly withdrawn from the public supply network at Gamesa. However, groundwater is also withdrawn in EMEA and India. Total water withdrawal amounted to 159,598 m<sup>3</sup> in 2016, which translates to a figure of 17 m<sup>3</sup> per employee per year.

Table 64.- Total water consumption  
(expressed in m<sup>3</sup>)

	2016	2015	2014	2013	2012
EMEA	64,638	35,990	25,692	27,027	30,241
Water supply networks	63,005	33,716	24,241	24,020	24,384
Groundwater	1,633	2,274	1,451	3,007	5,857
USA <sup>63</sup>	-	-	-	1,985	3,520
APAC	30,386	27,993	39,891	29,298	47,512
INDIA	57,785	28,753	31,757	21,738	13,987
Water supply networks	38,306	13,970	-	-	-
Groundwater	19,479	14,783	-	-	-
BRAZIL	6,774	33,622	-	-	-
LATAM	14	-	-	-	-
<b>Total water consumption</b>	<b>159,598</b>	<b>126,358</b>	<b>97,341</b>	<b>80,048</b>	<b>95,261</b>

Table 65.- Eco-efficiency in water consumption

	2016	2015	2014	2013	2012
(m <sup>3</sup> /employee)	17	17	15	13	14
(m <sup>3</sup> /€ mill. of invoicing)	35	36	34	34	33

### G4-EN9 Water sources significantly affected by withdrawal of water

There is no record of any water sources being significantly affected by water withdrawals made by Gamesa in 2016. In other words, no water sources were recorded in to have been significantly affected by withdrawals which amounted to more than 5% of the total annual average of any water mass or withdrawals from water masses recognized by experts as being especially sensitive due to their relative size, function or unique nature, or because they are a threatened or endangered system (or because they shelter protected plants or animals), or from Ramsar wetlands or from any other local or international protected area.

All withdrawals of water are strictly regulated by public administrations, which grant permits and set the maximum withdrawal volumes allowed to ensure no significant impacts take place.

<sup>63</sup> Note: There were no production plants in operation in the United States in 2014, just offices, whose total water consumption was deemed negligible.

**G4-EN10**      **Percentage and total volume of water recycled and reused**

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All sanitary water effluents from the Mamandur and Halol plants in India are treated at a reverse osmosis purification plant and reused to water the facility's own green areas. These plants are also equipped with solar panels, which reduces their greenhouse gas emissions to zero.

**Biodiversity**

**G4-DMA**      **Management approach**

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Gamesa uses certain natural resources (water, fossil fuels and wind) to perform its activities, thereby producing interactions with several ecosystems, landscapes and species. This mainly happens in two stages:

- During the construction stage, for example, by using vehicles and machinery, opening up paths, removing vegetation, prolonged human presence (which temporarily affects the behavior of species of fauna in a generally reversible way) and changes made to the landscape.
- During the operating stage, for example, by generating emissions, animal mortality due to collisions and electrocution, making changes to the vegetation to maintain electric power lines, etc.

The aim is to perform the company's activities and set up new projects in a sustainable way that would allow for a balanced coexistence, thus conserving and protecting natural assets. This respect for biodiversity and ecosystems plays a leading role in the company's business strategy. There are different regulatory and voluntary instruments for this, whose aim is to achieve a positive net balance in relation to the environment, including:

- The Excellence Policy
- Compliance with any permits granted by environmental regulatory authorities for each region's facilities, which set out constraints and obligations to ensure the local environment's protection.
- Setting environmental and control plans and implementing management systems, the majority of which have been certified according to the ISO 14001 standard to prevent and control environmental risks.
- For new infrastructure projects, fulfilling legislation which applies to the processing of projects and conducting environmental impact studies before their construction, which include analysis and prevention mechanisms that take into account different alternatives and lay down corrective measures to avoid, mitigate or offset any possible damage.

**G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**

Gamesa had the operating facilities set out below located in protected and unprotected areas having high biodiversity value in 2016. Facilities adjacent to such areas have also been included.

Project status	Surface area occupied	Protected area affected	Distance to area	Biodiversity value	Type of protection
Project: Cabezo Negro R&D Wind Farm (Spain)					
Operational	0.008 km <sup>2</sup>	Rio Huerva y las Planas	Included	Protected area Natura Network 2000	Special Bird Protection Area (SBPA)
Project: Jaulín R&D Wind Farm (Spain)					
Operational	0.008 km <sup>2</sup>	Rio Huerva y las Planas	Included	Protected area Natura Network 2000	Special Bird Protection Area (SBPA)
Project: Boyal I and II Wind Farm (Spain)					
Operational	0.0234 km <sup>2</sup>	Peñadil, Montecillo and Monterrey	0.8 km	Protected area Natura Network 2000	Site of Community Interest (SCI) / Special Conservation Area
Project: La Cámara Wind Farm (Spain)					
Operational	0.035 km <sup>2</sup>	Intercontinental del Mediterráneo Andalucía (Spain) - Morocco	2.5 km	International protected area	Biosphere reserve
		Desfiladero de los Gaitanes	4.9 km	Protected area Natura Network 2000	RENPA Natural Landscape. / (SCI) / (SBPA)
		Sierras de Abdalajís and La Encantada Sur	4.7 km	Protected area Natura Network 2000	Site of Community Interest (SCI)
Project: Llynfi Wind Farm (United Kingdom)					
Construction	0.109 km <sup>2</sup>	Mynydd Ty-isaf	350 m	National protected area	SSSI
		Craig-y-liyn	Adjacent	National protected area	SSSI
		CWM Gwrelych and Nant Llyn Fach Streams	Crossing	Protected area National	SSSI (Geology)
Project: SET electricity facility, Les Forques Wind Farm (Spain)					
Operational	0.006 km <sup>2</sup>	Obagues del Riu Corb	3.5 km	Protected area Natura Network 2000	Special Protection Area (SPA) Site of Community Interest (SCI)
Project: SET electricity facility, Cortes (Spain)					
Operational	0.002 km <sup>2</sup>	Peñadil, Montecillo and Monterrey	3.3 km	Protected area Natura Network 2000	Special Protection Area (SPA) Site of Community Interest (SCI)
		River Ebro	4.6 km	Protected area Natura Network 2000	Nature reserve Site of Community Interest (SCI)

Project status	Surface area occupied	Protected area affected	Distance to area	Biodiversity value	Type of protection
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Project: High Voltage Line (H.V.L.) Montargüll-Les Forques (Spain)

Operational	0.116 km <sup>2</sup>	Obagues del Riu Corb	0.95 km	Protected area Natura Network 2000	Special Protection Area (SPA) Site of Community Interest (SCI)
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Project: High Voltage Line (H.V.L.) Les Forques-L'Espluga and SET Les Forques-Support 27 Les Forques-Les Comes (Spain)

Operational	0.096 km <sup>2</sup>	Muntanyes de Prades	2.12 km	Several extreme climate habitats	Special Protection Area (SPA) Site of Community Interest (SCI)
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Project: High Voltage Line (H.V.L.) Jaulín-Cabezo Negro (Spain)

Operational	Air: 0.01352 km <sup>2</sup> Underground: 0.0085 km <sup>2</sup>	Río Huerva and las Planas	Included	Protected area Natura Network 2000	Special Bird Protection Area (SBPA), Natura Network 2000
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Project: High Voltage Line (H.V.L.) Valdeconejos-La Escucha (Spain)

Operational	Air: 0.1006 km <sup>2</sup> Underground: 0.00013 km <sup>2</sup>	Desfiladeros del Río Martín	Included	Protected area Natura Network 2000	Special Bird Protection Area (SBPA), Natura Network 2000
		Río Martín Cultural Park	1.7 km	Protected area Natura Network 2000	Site of Community Interest (SCI) Natura Network 2000

Project: High Voltage Line (H.V.L.) Ameixeiras-Masgalán (Spain)

Operational	0.18 km <sup>2</sup>	Serra do Candán	Included	Protected area Natura Network 2000	Site of Community Interest (SCI) ZEPVN of the Galician Protected Regional protected area Space Network
	0.23 km <sup>2</sup>	Serra do Xistral	Included	Protected area Natura Network 2000	Site of Community Interest (SCI)

High Voltage Line (H.V.L.) Albarellos-Cando (Spain)

Operational	0.65 km <sup>2</sup>	Serra do Cando	Included	Protected area Natura Network 2000	Site of Community Interest (SCI) ZEPVN of the Galician Protected Regional protected area Space Network
		Pena Corneira	2.4 km	Regional protected area	Natural monument of the Galician Protected Space Network
		Serra do Candán	4.9 km	Protected area Natura Network 2000	Site of Community Interest (SCI) ZEPVN of the Galician Protected Regional protected area Space Network

Project: High Voltage Line (H.V.L.) Ameixeiras-Cando (Spain)

Operational	0.41 km <sup>2</sup>	Serra do Candán	Included	Protected area Natura Network 2000	Site of Community Interest (SCI) ZEPVN of the Galician Protected Regional protected area Space Network
		Serra do Cando	2.71 km	Protected area Natura Network 2000	Site of Community Interest (SCI) ZEPVN of the Galician Protected Regional protected area Space Network

Project status	Surface area occupied	Protected area affected	Distance to area	Biodiversity value	Type of protection
Project: High Voltage Line (H.V.L.) Montecastelo-Portodemouros (Spain)					
Operational	0.41 km <sup>2</sup>	Sobreirais do Río Arnego	4.9 km	Protected area Natura Network 2000 Regional protected area	Site of Community Interest (SCI) ZEPVN of the Galician Protected Space Network
		Ulla-Deza River System	5 km	Protected area Natura Network 2000 Regional protected area	Site of Community Interest (SCI) ZEPVN of the Galician Protected Space Network
Project: High Voltage Line (H.V.L.) Muras I (Spain)					
Operational	0.09 km <sup>2</sup>	Serra do Xistral	3 km	Protected area Natura Network 2000	Site of Community Interest (SCI)
Project: High Voltage Line (H.V.L.) Serra da Loba (Spain)					
Operational	0.32 km <sup>2</sup>	Betanzos-Mandeo	4.2 km	Protected area Natura Network 2000 Regional protected area	Site of Community Interest (SCI) ZEPVN of the Galician Protected Space Network
		Fragas do Eume	4.9 km	Protected area Natura Network 2000 Regional protected area	Site of Community Interest (SCI) ZEPVN of the Galician Protected Space Network
Project: High Voltage Line (H.V.L.) Serra of Meira (Spain)					
Operational	0.13 km <sup>2</sup>	River Eo	3.3 km	Protected area Natura Network 2000 Regional protected area	Site of Community Interest (SCI) ZEPVN of the Galician Protected Space Network

**G4-EN12 Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas**

As a general rule, protected areas and areas of high biodiversity value without protection are avoided during the design stage of new infrastructures.

Any possible environmental impacts are analyzed before the facilities are built by conducting a forecast and an assessment beforehand. Where an impact is significant, the project is changed as much as possible and the available technical improvements are made and the necessary measures to correct and minimize the impact are taken. If it cannot be completely mitigated, offsetting measures are taken.

Table 66.- Biodiversity Studies

	2016	2015	2014	2013	2012
<b>Development stage</b>					
Preliminary EIA	1	3	3	-	1
Archeology	-	-	-	3	-
Environmental impact studies (EIA)	2	2	7	12	12
Bird fauna and bats	2	-	1	39	15
Noise	2	2	3	15	1
Specific studies	2	-	3	38	9
<b>Total development stage</b>	<b>9</b>	<b>7</b>	<b>17</b>	<b>107</b>	<b>38</b>
<b>Construction stage</b>					
Environmental monitoring	3	2	-	10	5
Archeological monitoring	-	-	-	-	-
Others	3	1	-	1	-
<b>Total construction stage</b>	<b>6</b>	<b>3</b>	<b>-</b>	<b>11</b>	<b>5</b>
<b>Operating stage</b>					
Environmental monitoring	4	1	7	5	7
Others	3	1	2	7	-
<b>Total operating stage</b>	<b>7</b>	<b>2</b>	<b>9</b>	<b>12</b>	<b>7</b>
<b>Total Biodiversity Studies</b>	<b>22</b>	<b>12</b>	<b>26</b>	<b>130</b>	<b>50</b>

**G4-EN13 Habitats protected or restored**

No kind of incidents took place in protected habitats in 2016.

**G4-EN14 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk**

The group has activities in some areas where threatened species included in the IUCN Red List<sup>64</sup> and in other national conservation lists live or could be present. This, however, does not mean that they are affected or threatened by such activities.

Hence, the identification of species on the IUCN Red List and other species included in national conservation lists which could be affected by Gamesa's activities is vital to take the necessary measures to avoid endangering them. Gamesa's control on matters having to do with biodiversity have identified the following species that are present in wind farms or high voltage lines, which have been classified by their risk of extinction:

<sup>64</sup> Link to: <http://www.iucnredlist.org>



Table 67.- Species in areas affected by operations

Species	IUCN category	Affected by wind farm	Affected by high voltage line
Tetrax tetrax	NT	6	0
Neophron percnopterus	EN	5	1
Milvus milvus	NT	6	1
Marmoronetta angustirostris	VU	1	0
Sylvia undata	NT	5	4
Streptopelia turtur	VU	1	0
Chalcides bedriagai	NT	2	1
Vipera latastei	VU	2	3
Eliomys quercinus	NT	2	8
Numenius arquata	NT	0	1
Lutra lutra	NT	0	5
Oryctolagus cuniculus	NT	2	8
Timon lepidus	NT	2	5
Galemys pyrenaicus	VU	0	4
Arvicola sapidus	VU	0	8
Chioglossa lusitanica	VU	0	3
Iberian frog	NT	0	6
Lacerta schreiberi	NT	0	5
Achondrostoma arcasii	VU	0	2
Cyprinus carpio	VU	0	2
Anguilla anguilla	CE	0	5
Coracias garrulus	NT	0	2
Pelobates culprites	NT	2	0
Bombina pachypus	EN	1	0
Zamenis lineatus	DD	1	0
Elaphe quatuorlineata	NT	1	0

Legend: LC = Least concerned; NT = Near threatened; VU = Vulnerable; EN = Endangered; CE = Critically Endangered; EW = Extinct in the Wild; EX = Extinct; (\*): Under special protection (national)

## Emissions

### G4-DMA Management approach

#### 2025 emission target. Carbon-neutral.

Gamesa has taken up the challenge of reaching carbon neutrality in 2025.

Becoming carbon neutral is one of the most ambitious climate targets any organization could set, since involves a process of (i) calculation; (ii) reduction; and (iii) emission offsetting according to the main existing methodologies to determine neutrality.

Carbon neutrality thus construed includes Gamesa's individual undertakings on the measurement, reduction and/or offsetting of the CO<sub>2</sub> generated directly or indirectly by the group over the next ten years (2015-2025). The global roadmap aimed at meeting this commitment includes a combination of adaptation and mitigation actions, such as:

- Energy efficiency measures to reduce logistics area emissions by at least 10% and operations area emissions by 15% (measured in tCO<sub>2</sub>eq/MW installed) by 2025.
- Measures to purchase clean electric power for plants and offices in 2025.
- Adaptation measures, such as fostering the use of electric vehicles, mobility plans which are more respectful to the environment and projects to achieve the complete recycling of wind turbine materials at the end of their life cycle.
- CO<sub>2</sub> emission offsetting measures, which will be materialized through an exchange of emission rights depending on different scenarios.

### CO<sub>2</sub> emission offsetting measures to be implemented

Gamesa will offset CO<sub>2</sub> emissions by reducing the emissions generated by the projects carried out by the company in countries which are a party of the Kyoto Protocol but which do not belong to Annex I and which need help to reduce greenhouse gas emissions in order to contribute to the objective set out in the last Framework Convention on Climate Change; namely stabilizing greenhouse gas emissions.

These projects have been registered under the Clean Development Mechanism (CDM) and therefore generate Certified Emission Certificates (CER).

A decision will be taken on the different deadlines and scenarios for the exchange of the emission reduction credits available for the next ten years, which will subsequently be deleted from the register.

Gamesa's undertaking to reach carbon neutrality (along with the rest of its actions in environmental and climate issues) is expected to position it as a leading international point of reference.

### Adaptation to climate change

Gamesa has conducted a preliminary strategic analysis on what climate change could mean for the company. The following tasks have been carried out in order to do so:

- Key countries where the company has activities have been selected.
- Climate forecasts have been made for said countries and their main planning for climate change adaptation has been drawn up.
- A preliminary analysis on the consequences climate financing could have on an organization like Gamesa.
- Initiatives other companies in the industry have taken on the issue have been identified from publicly available information.
- With all of the above, a diagnostic analysis had been conducted, which has identified the following:
  - Principally physical risks;
  - Business opportunities connected with changes in the energy matrix, increase in the electricity demand and the climate financing;
  - Reputation-related opportunities having to do with the inclusion of adaptation to climate change in the company's CSR strategy.

### Emission measurements

Gamesa measures its direct and indirect emissions on an annual basis (measurement of the carbon footprint) with its operating constraints and according to the requirements set forth in the ISO 14064-1 standard. Said measurements are assured by an agency accredited according to the ISO 14064-1 standard. In order to draw up the emissions inventory, the following GHG are taken into consideration in accordance with ISO 14064-1: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, PFCs and HFCs.

### Scope 1 (direct) emissions

Direct or Scope 1 emissions are considered as any emissions generated by the combustion of materials to generate heat.

In addition, chlorofluorocarbon substances (CFCs) and halons, traditionally used as coolants and propellants, affect the ozone layer if they are released into the atmosphere. The presence of these substances at Gamesa is marginal and found mainly in fire extinguishing equipment and cooling systems. Maintenance of this equipment, which works in closed circuits, is done in accordance with prevailing legislation.

**Scope 1 emissions amounted to 14,996 tCO<sub>2</sub>-eq in 2016.**

### Scope 2 (indirect) emissions

Scope 2 indirect emissions are considered as any emissions generated from the purchase of electric power to operate the company's own resources and services. In order to calculate the indirect emissions produced by consuming electricity, the International Energy Agency's (IEA) data for 2015 have been taken into account, which include different conversion factors based on the electric energy's country of origin.

**Scope 2 emissions amounted to 15,160 tCO<sub>2</sub>-eq in 2016.**

### Total Emissions (Scope 1+Scope 2)

The company's total emissions amounted to 30,156 tons CO<sub>2</sub>-eq in 2016, taking into account direct Scope 1 emissions generated by the combustion of materials for the generation of heat and indirect Scope 2 emissions generated by purchase of electricity to operate the company's own resources and services.

Total emissions decreased by 20% on the previous year, including a reduction of 14.800 tCO<sub>2</sub>-eq in Spain resulting from the purchase of renewable energy having zero emissions.

Table 68.- Total greenhouse gas emissions (Scope 1 + Scope 2)  
(expressed in tCO<sub>2</sub>-eq)

	2016	2015	2014	2013	2012
EMEA	10,936	23,837	20,377	26,050	27,355
USA	4,474	3,015	1,411	5,162	7,816
APAC	4,070	3,437	4,223	3,684	5,958
INDIA	10,266	5,591	5,341	4,539	6,528
LATAM (including Brazil)	409	974	144	20	-
<b>Total CO<sub>2</sub> emissions</b>	<b>30,156</b>	<b>36,855</b>	<b>31,496</b>	<b>39,456</b>	<b>47,656</b>

Fig 30.- Evolution of CO<sub>2</sub> emissions (tCO<sub>2</sub> eq)

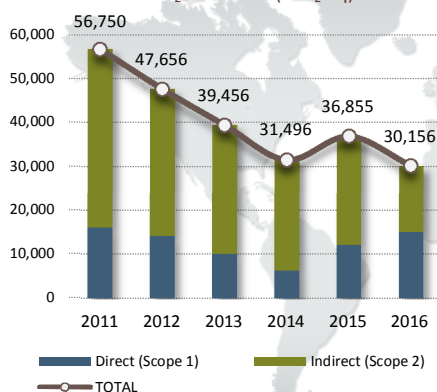
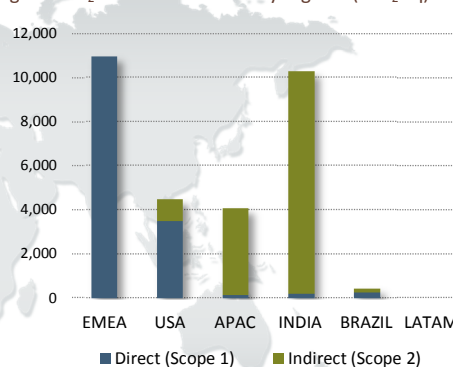


Fig 31.- CO<sub>2</sub> emissions in 2016 by regions (tCO<sub>2</sub> eq)



### Scope 3 (indirect) emissions

In 2016, Gamesa once more measured the most significant emissions produced by services outside the organization's main activity (Scope 3), such as logistical transport by land and sea. This figure amounted to 485,413 tCO<sub>2</sub>-eq in the year.

### Emission reduction measures

As a result of the placing more than 38.8 GW of installed output capacity on the market, Gamesa prevents the emission into the atmosphere of 58 million tons of CO<sub>2</sub> a year by placing clean renewable energy on the market. The balance of this contribution indicates that the new products Gamesa installed in 2016 (4,262 MW) have prevented greenhouse gas emissions amounting to 211 times the emissions generated by its activities.

Moreover, a variety of actions aimed at reducing energy consumption and increasing energy efficiency were implemented and carried out throughout 2016 in several of the organization's areas. Optimizing energy management is included among these actions, which led to consumption savings of almost 330,051 kWh, which amount to 81.51 equivalent tons of CO<sub>2</sub> (tCO<sub>2</sub>-e). Gamesa has prevented air emissions of another 14,827 tCO<sub>2</sub>-e by purchasing renewable energy.

**G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)**

Table 69.- Direct greenhouse gas (GHG) emissions (Scope 1, by origin)

<i>(expressed in tCO<sub>2</sub>-eq)</i>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Combustion</b>					
Natural gas	4,793	3,917	2,651	6,115	7,784
Propane	558	484	448	483	490
Gas oil	5,982	839	716	616	987
Dry ice	151	139	125	73	64
<b>Vehicles</b>					
Gas oil A	784	4,375	1,894	2,017	2,728
Gasoline	2,325	2,267	210	502	589
<b>Refrigerant gases</b>					
R404A	4.7	-	-	-	97.50
R22	-	-	-	-	86
R407C	144	58	252	220	314
R410A	217.4	-	-	-	122
R417A	-	-	-	-	-
R422D	-	-	-	-	-
R134A	35.8	-	-	-	938
R401A	-	-	-	-	-
<b>Dielectric</b>					
SF <sub>6</sub>	-	-	-	-	-
<b>Total direct CO<sub>2</sub> emissions (Scope 1)</b>	<b>14,996</b>	<b>12,079</b>	<b>6,297</b>	<b>10,038</b>	<b>14,202</b>

Table 70.- Direct greenhouse gas (GHG) emissions (Scope 1, by geographic area)

<i>(expressed in tCO<sub>2</sub>-eq)</i>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
EMEA	10,936	8,914	5,602	7,861	9,872
USA	3,488	2,020	142	1,790	2,215
APAC	120	116	111	75	661
INDIA	202	277	304	301	1,454
BRAZIL+LATAM	250	751	137	11	-
<b>Total direct CO<sub>2</sub> emissions (Scope 1)</b>	<b>14,996</b>	<b>12,079</b>	<b>6,297</b>	<b>10,038</b>	<b>14,202</b>

**G4-EN16 Indirect greenhouse gas (GHG) emissions (Scope 2)**

Table 71.- Indirect greenhouse gas (GHG) emissions (Scope 2, by geographic area)

<i>(expressed in tCO<sub>2</sub>-eq)</i>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
EMEA	0	14,924	14,775	18,189	17,483
USA <sup>65</sup>	986	995	1,269	3,372	5,601
APAC	3,950	3,321	4,112	3,609	5,297
INDIA	10,064	5,313	5,037	4,238	5,074
BRAZIL+LATAM	160	223	7	9	-
<b>Total indirect CO<sub>2</sub> emissions (Scope 2)</b>	<b>15,160</b>	<b>24,776</b>	<b>25,199</b>	<b>29,418</b>	<b>33,454</b>

<sup>65</sup> Indirect emissions fell in the United States compared to preceding years due to the energy reduction campaigns conducted by the company, which resulted in a drop in electricity consumption and a reduction in emissions in the US electricity mix.

**G4-EN17 Other indirect greenhouse gas (GHG) emissions (Scope 3)**

Table 72.- Other indirect greenhouse gas emissions

(expressed in tCO <sub>2</sub> -eq)	2016	2015	2014	2013	2012
Rental car transport	472	N.A.	N.A.	N.A.	N.A.
Employee vehicle transport	348	N.A.	N.A.	N.A.	N.A.
Land transport	2,184	4,384	2,428	1,642	4,023
Sea transport	482,408	241,343	240,203	179,706	259,394
<b>Total direct CO<sub>2</sub> emissions (Scope 3)</b>	<b>485,413</b>	<b>245,727</b>	<b>242,631</b>	<b>181,348</b>	<b>263,416</b>

**G4-EN18 Greenhouse gas (GHG) emissions intensity**

Direct greenhouse gas emissions (Scope 1) and indirect greenhouse gas emissions from energy generation (Scope 2) have been included to calculate intensity.

Table 73.- Greenhouse gas (GHG) emissions intensity

	2016	2015	2014	2013	2012
(tons CO <sub>2</sub> /employee)	3.2	5.1	4.6	6.5	7.2
(tons CO <sub>2</sub> /€ mill. of invoicing)	6.5	10.5	11.0	16.9	16.7

**G4-EN19 Reduction of greenhouse gas (GHG) emissions**

A variety of actions aimed at reducing energy consumption were implemented and carried out throughout 2016 in several of organization's areas.

Table 74.- Reduction of greenhouse gases. Managed actions

Plant	Name of initiative	kWh prevented	tCO <sub>2</sub> -e prevented	Status
Spain	<b>Purchase of green/clean energy:</b>  According to European Directive 2001/77/EC, green energy comes from sources which are fully renewable and prevent the emission of greenhouse gases into the air. The amount of clean energy consumed by the group in Spain in 2016 totaled 60,027,473.4 kwh, which resulted in zero air emissions.		14,827	Completed
Gamesa	LED Lighting – 61,259.73	193,018.9	47.67	Completed
Guipuzkoa (Asteasu I)	Air conditioning – 131,759.17 (Not accountable as emission, only as efficiency)			
Gamesa	LED Lighting – 24,563.66	137,031.99	33.84	Completed
Guipuzkoa (Asteasu I)	Air conditioning – 112,468.33 (Not accountable as emission, only as efficiency)			
<b>Total tCO<sub>2</sub>-e prevented</b>		<b>330,051</b>	<b>14,908</b>	

**G4-EN20 Emissions of ozone-depleting substances (ODS)**

Pursuant to prevailing legislation, Gamesa does not currently have any cooling equipment which emits gases containing ozone-depleting substances.

**G4-EN21 NO<sub>x</sub>, SO<sub>x</sub> and other significant air emissions**

The sum of each of the parameters' emission values are shown below. In order to do so, quantitative measurements were conducted at each source by an Authorized Control Entity and the total emission factor was applied by considering each source's throughput and hours of operation. This table excludes emissions from Gamesa's factories in China, as the emission parameters subject to control at these plants are different according to prevailing Chinese regulations.

Table 75.- Other significant air emissions

(expressed in tons-t)	2016	2015	2014	2013	2012
CO (t)	2.79	2.97	3.41	1.0	1.9
NO <sub>x</sub> (t)	5.93	2.53	3.25	1.8	2.6
SO <sub>x</sub> (t)	3.08	1.96	2.27	0.1	0.1
VOC (t)	1.68	1.44	9.20	13.4	4.0
Particules (t)	0.90	0.36	1.54	1.8	1.0
HC <sub>x</sub> (t)	0.00	0.00	0.00	0	0
Total organic carbon (TOC)	1.67	4.76	4.98	2.2	14.7

**Effluents and waste**

**G4-DMA Management approach**

The water effluents produced by Gamesa come from the use and consumption of sanitary water. Total effluent volumes are calculated indirectly by taking into account overall water consumption at each facility and subtracting water for industrial use, which in most cases is evaporated through cooling towers. A factor of 80% is applied.

As regards pollutants in effluents, the method of calculation contemplates values for the different parameters measured by an Authorized Control Entity in Spain and the corresponding organizations in China and India and the flows discharged at each center. The value shown is obtained from the statistical average of all the measurements.

**G4-EN22 Total water discharge by quality and destination**

The volume discharged in the year amounted to **127,678 m<sup>3</sup>**, a 26% increase on the previous year's figure.

Table 76.- Volume discharged<sup>66</sup>

(expressed in m <sup>3</sup> )	2016	2015	2014	2013	2012
EMEA	51,711	28,792	20,554	21,622	13,955
USA	-	-	-	1,588	2,816
APAC	24,309	22,395	31,913	23,438	32,750
INDIA	46,228	23,002	25,406	15,708	9,811
BRAZIL	5,419	26,898	-	-	-
LATAM	11	-	-	-	-
<b>Total discharges</b>	<b>127,678</b>	<b>101,087</b>	<b>77,872</b>	<b>62,356</b>	<b>59,332</b>

Table 77.- Ecoefficiency of discharge

	2016	2015	2014	2013	2012
(m <sup>3</sup> /employee)	13.63	13.90	12.10	10.25	8.92
(m <sup>3</sup> /€ mill. of invoicing)	27.68	28.84	27.36	26.69	20.86

<sup>66</sup> The only effluents discharged by Gamesa are linked to the use and consumption of sanitary water. Effluent values are calculated by taking into account overall water consumption at each facility and subtracting water for industrial use, which in most cases is evaporated through cooling towers. A factor of 80% is applied.

Table 78.- Quality of the water of discharged

	2016	2015	2014	2013	2012
pH	7.6	7.6	7.6	7.6	7.6
Suspended solids (mg/l)	67.5	44.4	58.0	56.0	58.5
Chemical Oxygen Demand (COD)	186.0	130.2	124.8	146.1	90.6
Biological Oxygen Demand (BOD5)	69.0	40.9	38.9	52.8	36.8
Oils and fats	2.8	2.3	3.6	4.6	9.4
Total phosphorus	4.1	2.7	3.3	3.7	3.6
Total nitrogen	25.5	28.2	26.1	25.3	24.4
Total chromium	0.8	1.4	1.0	0.0	0.3

**G4-EN23 Total weight of waste by type and disposal method**

The volume of waste amounted to **19,394 tons** in 2016, 68% 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 by 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.

Table 79.- Waste generation by type

<i>(expressed in tons-t)</i>	2016	2015	2014	2013	2012
<b>Hazardous waste</b>					
EMEA	1,443	1,146	959	1,495	1,800
USA	-	-	-	-	0.875
APAC	39	32	30	21	65
INDIA	865	138	1	14	266
BRAZIL	16	-	-	-	3.6
LATAM	0.1	-	-	-	-
<b>Total hazardous waste</b>	<b>2,363</b>	<b>1,316</b>	<b>991</b>	<b>1,530</b>	<b>1,896</b>
<b>Non-hazardous waste</b>					
EMEA	12,024	8,452	8,199	7,722	7,722
USA	-	-	-	121	121
APAC	152	305	215	163	163
INDIA	4,711	1,311	1,414	810	810
BRAZIL	137	169	23	0	0
LATAM	6	-	-	-	-
<b>Total non-hazardous waste</b>	<b>17,031</b>	<b>10,236</b>	<b>9,851</b>	<b>8,817</b>	<b>8,817</b>
<b>Total waste (hazardous and non-hazardous)</b>	<b>19,394</b>	<b>11,552</b>	<b>10,841</b>	<b>10,346</b>	<b>11,191</b>

Table 80.- Ecoefficiency in waste management

	2016	2015	2014	2013	2012
(t/employee)	2.07	1.58	1.68	1.70	1.68
(t/€ mill. of invoicing)	4.20	3.29	3.80	4.42	3.93

Table 81.- Destination of waste by treatment method

	2016	2015	2014	2013	2012
<b>Hazardous waste</b>					
Recovery	1.55%	3.30%	3.07%	2.31%	3.34%
Disposal	45.96%	61.95%	69.99%	78.36%	82.26%
Reuse	37.10%	10.23%	1.61%	1.92%	1.87%
Recycling	15.39%	24.52%	25.33%	17.41%	12.53%
<b>Non-hazardous waste</b>					
Recovery	38.02%	45.57%	49.13%	0.27%	0.12%
Disposal	17.83%	16.65%	16.77%	64.10%	55.73%
Reuse	9.18%	5.67%	6.34%	2.13%	1.86%
Recycling	34.98%	32.11%	27.76%	33.50%	42.29%

Table 82.- Most common waste

(expressed in tons-t)	2016	2015	2014	2013	2012
<b>Hazardous waste</b>					
Prepreg	232	192	232	473	818
Catalyzed	70	39	41	77	115
Contaminated metal containers	92	59	31	36	63
Contaminated materials	1,008	227	149	287	181
Semi-solid resins	108	57	44	66	61
Used oil	73	81	84	88	92
Contaminated plastic containers	39	40	28	54	54
<b>Non-hazardous waste</b>					
General garbage	3,841	1,646	1,445	1,498	1,860
Paper and cardboard	710	393	281	353	336
Wood	2,664	1,308	1,117	921	685
Casting sand	5,232	4,015	4,825	3,009	2,689
Scrap	2,428	1,774	1,637	1,536	2,868
Polyethylene	723	430	150	372	426

**G4-EN24 Total number and volume of significant spills**

The environmental management system currently in place at Gamesa prevents accidental spills through technical control elements (spill trays, loading and unloading areas, storage of chemical products, protection of the rainwater network, etc.), along with management mechanisms. Should spills happen, Gamesa is equipped with environmental anomaly detection, reporting and correction methods which are aimed at preventing this kind of episodes from being repeated.

There were no significant spills in 2016. Significant spills are construed as spills that cause damage to the facility's external surroundings and require giving notice to the appropriate public administration. However, a total of two hundred thirty-eight (238) small spills of hydraulic and lubricating oil having a total volume of 2.8 m<sup>3</sup> (2,848 liters) were recorded. All of these were recorded, notified and corrected in accordance with internal management processes. It was not necessary to adopt any exceptional corrective measures.

**G4-EN25 Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally**

No waste was transferred across borders in 2016.

**G4-EN26 Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff**

No spills or run-offs into aquatic habitats that could have a significant impact on water resource availability were recorded in 2016.



## Products and services

### G4-DMA Management approach

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Gamesa has defined ecodesign and the quality of its products and services as an essential pillar of its Excellence Policy. That is why it has undertaken a “Commitment to improve products and services from the design to development stages on the basis of any environmental impacts detected throughout their life cycle, thereby avoiding the transfer of environmental impacts from one stage to another or from one category to another”.

For Gamesa, ecodesign is a tool that improves a product, both in terms of its environmental impact as well as in efficiency and costs. It facilitates processes and provides greater possibilities when taking design decisions.

The company has pioneered ecodesign certification of its products according to the ISO 14006:2011 standard. The G10X-4.5 MW, G114-2 MW and G128-5 MW platforms are included in Gamesa’s ecodesign certification, electric vehicle recharging point. This achievement allows the environmental impact caused by wind turbines to be minimized throughout their life cycle: ranging from the design stage of all its components – a stage at which 80% of the impacts generated by a product, process or service are defined – to the materials selection, industrialization, packaging and delivery, installation, operating, maintenance and dismantling stages.

### G4-EN27 Extent of impact mitigation of environmental impacts of products and services

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Gamesa aligns the development of new products with market needs, so they keep the cost of energy (CoE) competitive and need R&D investments which are in keeping with the business’s size. In this regard, future product development whose time to launch does not exceed 18 months from prototype assembly will be focused on the evolution of the two current platforms, the 2 MW platform which has evolved to 2.5 MW and the multimewatt platform that is evolving from 4.5 MW to 5.5 MW. This evolution will ensure the Gamesa product portfolio remains one of the most competitive portfolios in the market (AEP/THM)<sup>67</sup>.

The Gamesa 5.5 MW turbine segment offers clear advantages to developers by optimizing the use of common infrastructures, reducing the cost of civil works (by between 10% and 45% per MW) and environmental impacts, while making it possible to concentrate power at the best energy-producing sites (minimizing wake losses by 10% depending on the site).

### G4-EN28 Percentage of products sold and their packaging materials that are reclaimed at the end of their useful lives by category

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Gamesa has developed a process known as Life Cycle Assessment (LCA), which aims to assess the environmental loads associated to a product, process or activity, taking into account its entire life cycle. In 2013, it concluded a project known as “Ecowind: Life cycle assessment of 1 kWh generated by an onshore Gamesa G90 wind farm”. This project’s main aim was to calculate the environmental impact associated to electric wind energy generation in Europe and was carried out on a typical wind farm equipped with Gamesa G90-2.0 MW turbines throughout its life cycle; in other words, from its creation to its final dismantling.

The report is in accordance with the UNE-EN-ISO 14040 and 14044 standards of 2006 and analyzes the entire life cycle of the product and the processes associated to each stage. It defines the environmental impacts related to each phase, stage or unitary process, assessing which are more or less harmful, and serves as a reference model for drawing up future designs and redesigns<sup>68</sup>.

This process allowed the environmental product declaration or EPD (Type III Ecolabel) for the G128-5.0 MW<sup>69</sup> and G132-5.0 MW<sup>70</sup> turbines to be obtained in 2015).

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<sup>67</sup> AEP/THM: Annual Energy Production/Top Head Mass as a product competitiveness parameter

<sup>68</sup> [www.gamesacorp.com/recursos/doc/rsc/compromisos/clientes/certificaciones-ohsas-y-i/informe-analisis-ciclo-de-vida-g90.pdf](http://www.gamesacorp.com/recursos/doc/rsc/compromisos/clientes/certificaciones-ohsas-y-i/informe-analisis-ciclo-de-vida-g90.pdf)

<sup>69</sup> Environdec: <http://environdec.com/en/Detail/epd705>

<sup>70</sup> Environdec: <http://environdec.com/en/Detail/epd706>

Table 83.- Eco-profile of Gamesa wind turbines

Potential environmental impacts of 1kwh throughout the life cycle		G90 Tower (78 m)	G114 Tower (80 m)	G114 Tower (93 m)	G128 (140 m hybrid)	G132 Tower (95 m)
Acidification potential (AP)	(g SO <sub>2</sub> eq)	3.77 E-02	7.43 E-02	7.74 E-02	7.06 E-02	6.57 E-02
Eutrophication potential (EP)	(g PO <sub>4</sub> <sup>=</sup> eq)	2.00 E-02	5.87 E-02	6.04 E-02	2.66 E-02	2.60 E-02
Global warming potential (GWP-100y)	(g CO <sub>2</sub> eq)	8.17 E-00	9.27 E-00	1.00 E-01	1.07 E-01	9.61 E-00
Ozone depletion potential (ODP-20y))	(g CFC-11 eq)	1.16 E-06	7.33 E-07	7.80 E-07	1.02 E-06	8.69 E-07
Ozone formation at ground level	(g C2H4eq)	2.97 E-03	4.13 E-03	4.49 E-03	4.39 E-03	4.24 E-03

Fig 32.- Global warming potential (GWP-100y) during the life cycle of Gamesa wind turbines

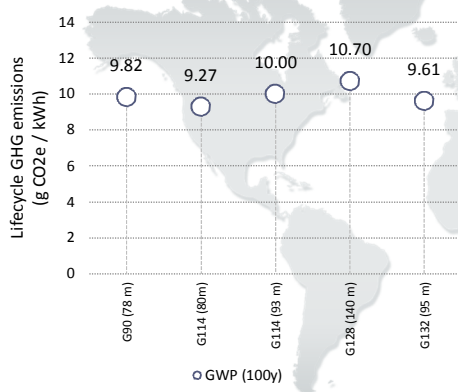


Fig 33.- LCA GHG emissions of energy systems (GWP expressed in gCO<sub>2</sub>eq/kWh)<sup>71</sup>

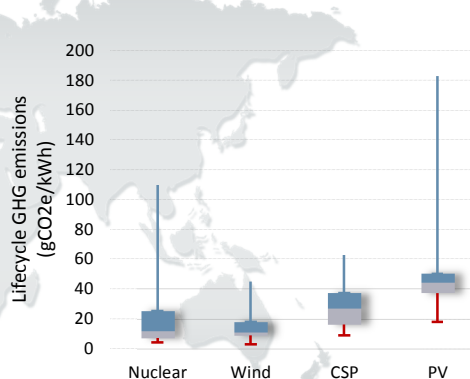


Table 84.- Environmental impact selection

Use of resources of 1kwh throughout the life cycle		G90 Tower (78 m)	G114 Tower (80 m)	G114 Tower (93 m)	G128 (140 m hybrid)	G132 Tower (95 m)
Freshwater	(m <sup>3</sup> )	4.50 E-05	4.17 E-05	4.40 E-05	2.79 E-05	2.55 E-05
Saltwater	(m <sup>3</sup> )	3.64 E-06	3.03 E-06	3.27 E-06	3.27 E-06	2.69 E-06
Wood	(g)	2.89 E-01	2.33 E-01	2.38 E-01	2.94 E-01	2.91 E-01
Energy: nuclear	(MJ)	2.21 E-02	2.00 E-02	2.15 E-02	2.85 E-02	6.19 E-05
Energy: Crude oil	(MJ)	4.78 E-02	4.53 E-02	4.74 E-02	1.14 E-00	9.42 E-01
Energy: Lignite	(MJ)	7.34 E-03	6.01 E-02	6.57 E-02	2.31 E-01	2.07 E-01
Energy: Hard coal	(MJ)	4.89 E-02	3.82 E-02	4.37 E-02	2.20 E-00	2.16 E-00
Energy: Natural gas	(MJ)	3.41 E-02	3.61 E-02	3.84 E-02	5.04 E-02	4.68 E-02
Hazardous waste (non-radioactive)	(g)	5.98 E-02	5.41 E-02	5.41 E-02	8.01 E-02	5.34 E-02
Non-hazardous waste (landfill)	(g)	8.57 E-00	6.47 E-00	7.20 E-00	1.15 E-01	7.69 E-00
Non-hazardous waste (incineration)	(g)	1.68 E-01	2.17 E-01	2.17 E-01	1.03 E-02	1.05 E-02
Non-hazardous waste (recycling)	(g)	2.60 E-00	2.09 E-00	2.42 E-00	1.45 E-00	1.77 E-00

<sup>71</sup> Source: 2011: Renewable Energy in the Context of Sustainable Development. In IPCC Special Report on Renewable Energy Sources and Climate Change Mitigation.

## Compliance

### G4-DMA Management approach

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Gamesa defined regulatory compliance as one of its fundamental pillars in its Excellence Policy. The company has therefore made an undertaking to comply with any legal requirements which are in force concerning occupational health and safety, environmental, energy efficiency and ecodesign matters, as well with any product regulations which apply.

The certified environmental management systems the group is equipped with allows it to identify the legal requirements which apply to its activities and assess its compliance thereof. Compliance reports are drawn up in cases where the management system has not yet been fully implemented.

### G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

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Gamesa did not receive any kind of sanction in 2016 for having failed to comply with environmental laws and regulations.

## Transport

### G4-DMA Management approach

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Gamesa is equipped with procedures which set out the systematic processes to exercise appropriate control over loading, unloading and transport operations of hazardous goods by land, sea and air carried out at the group's centers with the organization's own resources or those of subcontracted companies in order to ensure suitable protection for people, goods and the environment, as well as to fulfill prevailing legislation.

### G4-EN30 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.

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The most significant impacts of the company's activities are connected with greenhouse gas emissions, which are described in the emissions indicator G4-EN 6 (p. 98) of this report.

## General: Expenditures and investments

### G4-DMA Management approach

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Gamesa is equipped with a management procedure for investments and expenditures, which are defined in keeping with the criteria of Gamesa's Management Control Department.

**G4-EN31 Total environmental protection expenditures and investments by type**

Table 85.- Environmental expenditures by type of expense

(€)	2016	2015	2014	2013	2012
Facility refurbishment	3,312	51,015	7,834	47,168	3,208
Analysis	3,409	5,909	7,871	137,207	3,721
Safety Consultant <sup>72</sup>	1,726	2,135	0	8,260	5,249
Consultancy /Counseling	229,086	475	22,080	623,335	733,246
Waste management	1,080,807	708,288	550,706	519,246	1,043,783
Environmental monitoring plan	53,630	0	55,543	273,115	1,029,311
Environmental management system	31,483	43,850	22,600	49,974	49,974
Training	(Note)	301,875	315,693	923,188	194,384
Others	-	0	0	57,024	-
<b>Total environmental expenditure</b>	<b>1,403,454</b>	<b>1,113,547</b>	<b>982,328</b>	<b>2,638,518</b>	<b>3,062,875</b>

(Note: Due to changes made to the training management system in 2016, the costs associated to environmental training cannot be reported for the year.)

**Supplier environmental assessment**

**G4-DMA Management approach**

Gamesa is equipped with screening procedures for new suppliers of both goods and services, through which their environmental performance is assessed with a view to their acceptance as suppliers of the company. It likewise has management procedures and an assessment methodology for external materials suppliers depending on the degree to which they have implemented a management system that ensures product quality in environmentally-friendly facilities that takes the health and safety of their employees into account.

**G4-EN32 Percentage of new suppliers that were screened using environmental criteria**

Reference is made to the detailed information on the supply chain's sustainable development in Section G4.12 (page 34).

**G4-EN33 Significant actual and potential negative environmental impacts in the supply chain and actions taken**

Reference is made to the detailed information on this indicator in Section G4.12 (page 34).

**Environmental grievance mechanisms**

**G4-DMA Management approach**

Gamesa has procedures to ensure that internal and external communications on environmental, energy efficiency and occupational health and safety matters are efficiently conveyed across the organization's different levels, and between it and the outside.

Said procedures include local community participation and grievance mechanisms for any cases where such communities could be affected by a project's risks or adverse impacts, in which case a participation and consultation process with them is set up (free from external manipulation, interference, coercion and intimidation), which is then carried out on the basis of accessible, comprehensible, pertinent and timely information.

**G4-EN34 Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms**

Gamesa did not receive any grievances or complaints on environmental issues in 2016.

<sup>72</sup> The subcontracting of the position of Safety Consultant came to an end in 2014 and is now managed in-house.

## II.11.- SOCIAL DIMENSION

### II.11a.- LABOR PRACTICES AND DECENT WORK

#### G4-DMA Management approach: Labor practices and decent work

Gamesa shares the goal of improving the quality of life, since it believes in social and professional development as an implicit component for its employees' future and success.

It shall encourage employee training, particularly through the creation of job opportunities, as well as by avoiding any kind of discrimination, showing respect for diversity, promoting a safe healthy environment and facilitating communications with the workforce.

#### Employment

#### G4-DMA Management approach

Management of **change in the organization, awareness of change and development**, both personal and professional, of people are the ultimate objectives to provide a response to Gamesa's Business Plan. This Mission is developed on the basis of three strategic lines of actions:

<b>1. Development of the organization</b>	<ul style="list-style-type: none"> <li>• Geared to basic business processes, facilitating rapid decision-making.</li> <li>• Lean, cross-cutting and flexible.</li> <li>• Appropriate in size to its environment and ready to support growth.</li> <li>• Geared to results and to improving customer satisfaction and financial strength.</li> <li>• Regionalization of the organization. Granting autonomy (authority and responsibility) to local management in the various regions, while at the same time ensuring alignment with corporate policies.</li> </ul>
<b>2. Knowledge Management</b>	<ul style="list-style-type: none"> <li>• Detecting, retaining and developing talent and the necessary knowledge, also ensuring its proper transmission.</li> <li>• Identification and assessment of potential talent based on skills and contribution.</li> <li>• Skills-based management.</li> </ul>
<b>3. People</b>	<ul style="list-style-type: none"> <li>• The health and safety of all Gamesa's people a priority.</li> <li>• Professional development which is appropriate to people's experience, contribution and value.</li> <li>• Training for professional development.</li> </ul>

The combination of these three lines of action, along with Business Plan's key actions (efficiency, change management and growth in key segments and markets) determine our key human resources processes and policies.

#### Working Environment

The working environment survey, which has a global scope covering all Gamesa employees, was initiated once again in April 2016. The survey was conducted through a computer tool available across the organization (specific access points were made available for production personnel since they do not have their own PC or e-mail account).

The survey's participation rate amounted to 55.4% of the workforce, which was considered highly positive figure, since it was 1.5% higher than the participation rate obtained in 2011. Likewise, the results were significantly better on all the aspects taken into consideration from both an overall perspective as well as

when considering the different operating units' evolution. The process of analyzing the results was completed in 2017 and work is now being done on designing the relevant action plan to be carried out in 2017.

Fig 34.- Participation in the working environment survey

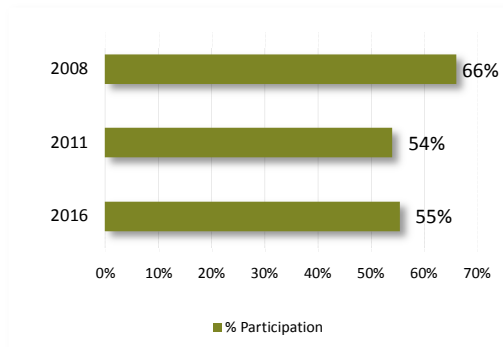
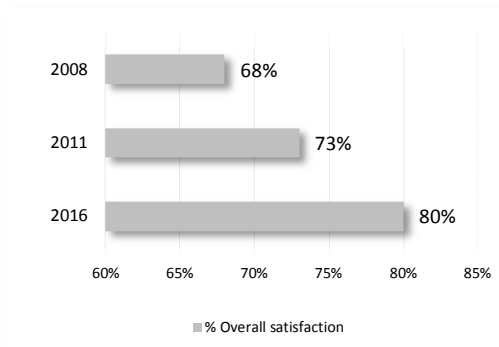


Fig 35.- Overall satisfaction level



## G4-LA1

**Total number and rates of new employee hires and employee turnover by age group, gender and region**

In 2016, 61% of the new employee hires took place in India, where a new blade plant was built in Nellore. A total of 414 employees worked at said plant at the year-end. It should also be noted that 61% of the new employee hires were young people up to 30 years of age.

A total of 600 job vacancies were published during 2016, and a total of 7,484 candidate applications were received for said vacancies. Of these applications, 26% corresponded to vacancies in Spain, where Gamesa is renowned as a company that creates jobs, and 18.5% corresponded to India, where Gamesa is the leading firm in the renewable energy sector.

From the standpoint of equal opportunities, 26.3% of the candidates were women and 25% of the vacancies were filled by women. The company's corporate policy and procedures strengthen and make it easier to move forward in the task of hiring women.

Table 86.- New hires within the social boundary

	2016			2015			2014		
	Men	Women	TOTAL	Men	Women	TOTAL	Men	Women	TOTAL
<b>Total</b>	2,531	244	<b>2,775</b>	1,419	167	<b>1,586</b>	716	97	<b>813</b>
<b>By age</b>									
<25 years	692	30	722 (26%)	403	23	426 (27%)	162	8	170 (21%)
25-30 years	923	55	978 (35%)	517	64	581 (37%)	248	44	292 (36%)
31-35 years	467	68	535 (19%)	267	38	305 (19%)	168	27	195 (24%)
36-40 years	227	47	274 (10%)	125	30	155 (10%)	80	11	91 (11%)
>40 years	222	44	266 (10%)	107	12	119 (8%)	58	7	65 (8%)
<b>By region</b>									
EMEA (incl. Corporate)	393	131	524 (19%)	228	46	274 (17%)	108	35	143 (18%)
USA	159	15	174 (6%)	88	8	96 (6%)	50	3	53 (7%)
APAC	109	19	128 (5%)	140	23	163 (10%)	148	24	172 (21%)
INDIA	1,670	24	1,694 (61%)	704	20	724 (46%)	277	2	279 (34%)
BRAZIL	105	20	125 (5%)	222	43	265 (17%)	133	33	166 (20%)
LATAM	95	35	130 (5%)	37	27	64 (4%)	-	-	-

The number of voluntary resignations during 2016 amounted to 638, as opposed to 460 in 2015. Men accounted for 93% of these resignations (593) and women 7% (45).

Table 87.- Voluntary resignations

	2016		2015		2014	
	Men	Women	Men	Women	Men	Women
<b>No. of cumulative resignations by gender (M/W)</b>	<b>593</b>	<b>45</b>	<b>422</b>	<b>38</b>	<b>323</b>	<b>46</b>
<b>Breakdown by professional group</b>						
No. of cumulative resignations: Executive	3	-	-	-	1	-
No. of cumulative resignations: Management personnel	285	40	232	24	190	34
No. of cumulative resignations: Operating personnel	305	5	190	14	132	12
No. of cumulative resignations: Others	-	-	-	-	-	-
<b>Breakdown by age group</b>						
No. of cumulative resignations: <25 years	143	2	88	5	62	3
No. of cumulative resignations: 25-30 years	195	10	157	10	100	16
No. of cumulative resignations: 31-35 years	130	19	91	14	79	13
No. of cumulative resignations: 36-40 years	69	7	47	4	39	8
No. of cumulative resignations: >40 years	56	7	39	5	43	6
<b>Breakdown by region</b>						
No. of cumulative resignations: EMEA	74	15	81	15	72	19
No. of cumulative resignations: USA	49	2	57	3	39	6
No. of cumulative resignations: APAC	50	10	83	11	88	15
No. of cumulative resignations: INDIA	384	7	186	3	121	3
No. of cumulative resignations: BRAZIL	16	7	9	3	3	3
No. of cumulative resignations: LATAM	20	4	6	3	-	-

**G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.**

Gamesa's global benefits program includes the following: life insurance, temporary incapacity, accident insurance, health insurance, travel assistance and social welfare plans.

Any person having an employment relationship with Gamesa can form part of the insurable group. The identification and overall management of the social benefits provided in each country is done according to the legislation, uses and customs of the country the employee is at.

Additionally, employees in Spain can benefit from the Gamesa Flexible Compensation Plan (Gamesa FLEX), which allows each employee to design the composition of his/her own compensation by replacing part of his/her cash remuneration with certain products or services having tax advantages.

**G4-LA3 Return to work and retention rates after parental leave, by gender**

Table 88.- Parental leave and return to work

	2016			2015			2014		
	Men	Women	TOTAL	Men	Women	TOTAL	Men	Women	TOTAL
Total number of employees entitled to parental leave (*)	7,435	1,668	<b>9,103</b> <b>(100%)</b>	5,725	1,546	<b>7,271</b> <b>(100%)</b>	4,972	1,459	<b>6,431</b> <b>(100%)</b>
Number of employees who have taken parental leave	284	155	<b>439</b> <b>(5%)</b>	224	140	<b>364</b> <b>(5%)</b>	258	230	<b>488</b> <b>(7%)</b>

## Labor/Management Relations

### G4-DMA Management approach

Labor relations between Gamesa and its employees are regulated by the legal regulations of each country and such pacts and agreements as may have been reached with the workers' representatives.

At the end of 2016, there were a total of 37 works councils in Spain, five of which held trade union elections during the year. Said works councils held 307 meetings and 17 collective bargaining negotiation meetings at offices in Spain, which concluded with the signing of the first collective bargaining agreement for Gamesa's corporate offices (published in the Official Journal of the State on August 4). Training is monitored in Spain by the Training Board, which was set up in 2014 with the major trade unions in Spain (CCOO, UGT and ELA). This Board met twice in 2016.

Similarly, regular meetings are held by the company and trade union federations or these federations' coordinators at Gamesa.

For their part, the Equality Committee held three meetings in 2016 and the Diversity Committee one.

The monitoring committee of the Gamesa Global Labor Agreement (an agreement signed with the major Spanish trade unions [UGT, CCOO and ELA] and the global industrial trade union [IndustriALL Global Union]), which applies to all the group's employees, held three meetings in 2016.

Active communications between the company and employees were likewise maintained in the other countries:

- In Mexico, all activities, including construction, operations and maintenance, are now covered by an agreement signed with the industry's labor union SUTERM.
- It should be noted that six agreements on remuneration, the working day and flextime were signed in Brazil.
- Two collective bargaining agreements are currently in force in the United States, one for the Fairless Hills services warehouse and the other for the Ebsenburg center.

Lastly, communication channels have been kept open between the company and workers, in particular the Gamesa intranet, with more than 1.3 million visits in 2016, the employees' internal mailbox, and Gamesa Club (4,583 sessions), Gamesa Flex (2,712 queries attended), and the Human Resources management mailboxes for communications relating to the workforce.

Table 89.- Committees and dialog panels in Spain

	2016	2015	2014	2013	2012
Works councils	37	36	35	34	37
Meetings with committees	307	234	278	212	147
Downsizing plans: Negotiation meetings	-	16	24	37	65
Downsizing plans: Monitoring meetings	-	16	24	26	31
No. of trade union elections	5	15	6	6	-
No. of collective bargaining agreements signed	8	-	4	2	-
No. of meetings with the Psychosocial Risk Board	1	4	5	4	-
No. of meetings with the Diversity and Equality Committee	5	3	5	8	2



**G4-LA4 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements**

Concerning the minimum prior notice period for operational changes in Europe and Spain in particular, Gamesa goes beyond legal obligations and serves notice of such changes before the required notice periods.

In the rest of the world, Gamesa fulfills the notice periods set forth in each country's specific legislation. However, if there are no regulatory requirements, Gamesa ensures its employees will be suitably informed about any relevant operational change or changes which affects them in accordance with the company's standards

- In the United States, the only legal requirement is to give two months' prior notice in the event of group layoffs.
- In Brazil, the law sets forth a prior notice period of between 30 and 90 days in the case of collective layoffs and vacations.
- There are no regulatory requirements on this matter in China, India and Mexico.

**Occupational health and safety****G4-DMA Management approach**

Gamesa and the companies which form part of Grupo Gamesa 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 aim of this policy is to implement the commitment to continuous improvement in order to consolidate observance of international practices and standards guided by criteria of excellence in applying an occupational risk prevention system.

People's health and physical safety is a corporate priority, implemented by means of the company's various policies and processes and provided with resources specifically earmarked for such purpose.

The constant reduction of accident frequency and severity rates is an objective of everyone who manages their targets under the Gamesa Management by Objectives (GMBO) system.

**Integrated Excellence Policy<sup>73</sup>**

Through its Integrated Occupational Health and Safety, Environmental and Quality Policy, Gamesa has set the full satisfaction of internal and external customers as a target for all its processes. In order to achieve this, it has established a safe work environment, ensures maximum respect for the environment throughout the life cycle of its products and adheres to an advanced quality system.

This path to excellence is based on the following pillars:

- Occupational health and safety is more than a priority, it is a value.
- Commitment to responsible action regarding the health of both people and the environment. Aware of its interaction with its surroundings, the company is committed to complying with prevailing legal requirements dealing with occupational health and safety, the environment and energy efficiency, as well with any product regulations which apply.
- Creating and distributing wealth among shareholders, employees, suppliers, customers and the communities where it performs its activities. This commitment aims to prevent non-conformities at any step of the processes and is carried out in a way which is compatible with respect for and the improvement and preservation of occupational health and safety, the environment, energy efficiency and the quality of products and services through a commitment to continuous improvement.
- Sense of responsibility. Occupational health and safety, respect for the environment, energy efficiency and quality requirements must be inherent to the organization. They should form an integral part of each person and activity, particularly all those holding responsibility for a team.

<sup>73</sup> <http://www.gamesacorp.com/recursos/doc/rsc/compromisos/clientes/certificaciones-ohsas-y-i/politica-excelencia-gamesa.pdf>

**Consolidated health and safety management program**

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.

The international OHSAS 18001 standards contribute to reducing occupational accident rates and increasing productivity by aiding compliance with prevention legislation and promoting a culture of prevention by making prevention an integral part of the company's general systems.

Gamesa acts proactively to analyze the root causes of accidents and is equipped with management indicators which show the attainment level of this working philosophy in day-to-day management, which was as follows:

- A single, global and standardized **occupational health and safety management system**, which applies to the entire organization, with more than 100 professionals working in the area of occupational health and safety and a service comprised of more than 70 external staff in charge of prevention functions;
- The auditing team conducted **99 comprehensive audits** in 2016 to reach an attainment level of 90.83% of the annual schedule;
- 967 specific training actions on occupational health and safety out of a total of 1,032 actions scheduled for 2016, amounting to an overall attainment level 94%. An additional 193 extraordinary training actions were carried out.
- The efforts made to **investigate all accidents and incidents** led to a total of 3,482 health and safety improvement actions in 2016 through programs in different stages of completion, of which 95% were fully completed.
- A total of **10,463 safety inspections and 4,380 preventive observations** were scheduled which, together with the risk notifications and audits conducted in 2016 identified 7,473 new improvement actions, whose attainment rate stands at 92%.
- **96.6% of scheduled health screening check-ups were completed** in accordance with the schedule laid down.
- A weighted degree of fulfillment of the annual health and safety management plan of 87.25%, for all operational areas and geographic regions.

Table 90.- Management of the occupational health and safety program

	2016	2015	2014	2013	2012
Comprehensive health and safety audits	99	71	58	33	37
Percentage fulfillment of the auditing program	90.8%	87.7%	89.6%	78.5%	71.2%
Specific health and safety training actions	967	1,727	829	422	1,948
Percentage fulfillment of the training action plan	100%	92%	96.8%	96.5%	96.5%
Health and safety improvement actions	3,482	2,112	1,168	1,658	2,553
Percentage completion of improvement actions	95%	95%	87%	85%	88%
Safety inspections	10,463	8,263	15,124	15,728	18,452
Preventive observations	4,380	9,166	3,008	2,510	3,068
Improvement actions detected	7,473	7,890	6,196	4,163	4,797
Percentage implementation of improvement actions	92%	94%	99.3%	98.0%	86.2%

G4-LA5

Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs

#### Prevention Boards

Gamesa is equipped with formal procedures of a global scope to report environmental, energy efficiency and occupational health and safety matters (Rule PBE-1-004).

The Prevention Boards are organized by work center and aimed at fostering initiatives on methods and procedures to prevent hazards and at participating in the prevention policy's planning, implementation and evaluation, as well as such other duties that may be assigned to them by prevailing legislation. These boards are governed by regulations, the purpose of which is to govern the boards and their members in a systematic, orderly and precise fashion at all work centers.

The entire (100%) workforce at Gamesa centers in Spain, other countries in Europe and the rest of the world are represented by their own Prevention Boards. The setting up of these boards ensures joint participation in the design of the occupational risk prevention policy and in control over the implementation of measures aimed at promoting improvements in working conditions.

#### External collaboration on occupational health and safety

Gamesa collaborated with and participated in numerous collaboration initiatives involving public and private entities in 2016 in order to improve and share OHP practices:

- Gamesa collaborates and share reflections with PRL Innovación, an association/forum set up by public and private organizations, which promotes of culture of innovation in the field of prevention, since Games considers that this activity can and should be managed in a way which creates value for people and ensures it is fully aligned with the business's goals.
- Gamesa is member of the **Fundación Industrial Navarra's Occupational Health and Safety Panel**. The foundation's main aim is to promote technical and economic progress in Navarre, in addition to fostering business collaboration and relationships that enable a continuous interchange of knowledge and relationships.
- Gamesa actively participates in 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*). This community allows enterprises to collaboratively explore, identify and develop successful prevention management models and practices by pooling their knowledge and experience.
- Gamesa collaborated in the preparation and presentation of the Practical Labor Road Safety Guide (*Guía Práctica de Seguridad Vial Laboral*) in conjunction with the Segurbide Commission in the Basque Country, the Traffic Area of the Basque Country's Traffic Department and the Basque Institute for Occupational Health and Safety (*Instituto Vasco de Seguridad y Salud Laborales - OSALAN*).
- Gamesa collaborates with the **Occupational Safety and Hygiene Administration and Institutes** on a regular basis.
- Collaboration with the Madrid Regional Institute for Occupational Health and Safety (IRSST) on an article dealing with "prevention management in globalization processes" for its digital bulletin.

Gamesa likewise took part in numerous workshops and conferences on workers' occupational health and safety:

- In May 2016, Javier Guiral Alda, Gamesa's Health & Safety and Environmental Manager, took part in a workshop on Innovation and Health and Safety Practices in the Wind Energy Industry organized by the **Wind Energy Business Association** (*Asociación Empresarial Eólica*).
- In October 2016, Gamesa participated in a workshop dedicated to sharing reflections on the path to be followed to transform occupational health and safety management from the need for legal compliance to the conviction of its multiple advantages, which involves having healthy people at healthy companies. This workshop was organized by **Mondragon Corporación's Joint Prevention Service**.
- In December 2016, Mr. Ricardo Chocarro, EMEA CEO, personally took part in a workshop on the "benefits for companies where health and well-being are real values of its culture" with a paper on

Innovation and Creativity in OHP. The eThink! communication channel was presented at the workshop after having celebrated its first anniversary. eThink! is an internal news channel on occupational health and safety, the environment and quality.

Lastly, Gamesa collaborates closely with companies like CIE Automotive, KAEFER Servicios, Tecnalia, Ferrovial, Ingeteam y EDSSA to conduct benchmarking activities aimed at improving operating processes and sharing the outcomes of strategic actions guidelines.

#### G4-LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

Accident indicator management is governed by an internal management rule which lays down standard criteria for classifying, recording, notifying, investigating and analyzing incidents in order to determine underlying deficiencies in the prevention system and any other factors which may cause or contribute to incidents occurring; identify the need to implement corrective actions; and identify opportunities for preventive action and continuous improvement.

In 2016, Gamesa once again recorded its lowest ever accident rates. The rate of accidents involving sick leave fell by 21%, while the severity rate remained steady when compared to the preceding year. As for fatalities, two fatal accidents involving activities performed by contractors were recorded in 2016.

Table 91.- Frequency rate of accidents involving sick leave (FR)

	2016	2015	2014	2013	2012
FR EMEA	2.42	3.12	4.42	2.09	2.13
FR USA	1.02	0.00	0.00	1.02	3.57
FR APAC	0.00	2.16	1.33	1.52	5.45
FR INDIA	0.17	0.48	0.00	0.00	0.00
FR BRAZIL	1.68	0.00	2.61	0.00	0.00
FR LATAM	0.00	-	-	-	-
<b>Total Frequency Rate</b>	<b>0.85</b>	<b>1.08</b>	<b>1.72</b>	<b>1.74</b>	<b>2.39</b>
FR EMEA (ref. 200,000 hrs.)	0.48	0.62	0.88	0.42	0.43
FR USA (ref. 200,000 hrs.)	0.20	0.00	0.00	0.20	0.71
FR APAC (ref. 200,000 hrs.)	0.00	0.43	0.27	0.30	1.09
FR INDIA (ref. 200,000 hrs.)	0.03	0.09	0.00	0.00	0.00
FR BRAZIL (ref. 200,000 hrs.)	0.34	0.00	0.52	0.00	0.43
FR LATAM (ref. 200,000 hrs.)	0.00	-	-	-	-
<b>Total Frequency Rate (ref. 200,000 hrs.)</b>	<b>0.17</b>	<b>0.22</b>	<b>0.34</b>	<b>0.35</b>	<b>0.48</b>

*Sick Leave Frequency Rate (FR) = (Total no. of accidents resulting in sick leave / Total hours of exposure) x 1,000,000, which represents the total number of accidents involving sick leave per million hours worked. The conversion to 200,000 hours is used to bring it into line with other references used internationally. The factor of 200,000 is derived from 50 working weeks @40 hours for 100 employees.*

Table 92.- Accident severity rate(SR)

	2016	2015	2014	2013	2012
SR EMEA	0.077	0.085	0.141	0.061	0.072
SR USA	0.026	0.000	0.000	0.001	0.120
SR APAC	0.000	0.006	0.085	0.169	0.124
SR INDIA	0.004	0.001	0.000	0.000	0.00
SR BRAZIL	0.005	0.000	0.008	0.000	-
SR LATAM	0.000	-	-	-	-
<b>Total Severity Rate</b>	<b>0.023</b>	<b>0.023</b>	<b>0.054</b>	<b>0.055</b>	<b>0.073</b>

*Severity Rate (SR) = (Number of days lost due to accident / Total hours of exposure) x 1,000, which represents the total number of days lost per thousand hours worked. The calculation of days lost makes reference to working days, which are counted as from the day following the accident.*

Table 93.- Sick leave incidence rate (IR)

	2016	2015	2014	2013	2012
IR EMEA	4.01	2.61	3.60	3.45	3.90
IR USA	2.27	0.00	0.00	0.16	9.78
IR APAC	0.00	3.25	1.72	0.16	9.31
IR INDIA	0.35	0.64	0.00	0.00	0.00
IR BRAZIL	3.62	0.00	3.30	0.00	-
IR LATAM	0.00	-	-	-	-
<b>Total Incidence Rate</b>	<b>1.81</b>	<b>2.20</b>	<b>3.27</b>	<b>3.78</b>	<b>4.51</b>

*Sick Leave Incidence Rate (IR) = (Total number of accidents resulting in sick leave / Total of workers) x 1,000, which is equivalent to the number of accidents involving sick leave per thousand people exposed.*

Table 94.- Accident Hazard Rate (HR)

	2016	2015	2014	2013	2012
HR EMEA	29.90	37.46	41.87	23.96	33.78
HR USA	22.36	33.48	11.88	28.50	47.55
HR APAC	2.54	9.72	9.33	4.57	19.63
HR INDIA	7.83	3.84	8.53	5.51	10.37
HR BRAZIL	14.28	7.18	10.42	88.42	-
HR LATAM	3.49	-	-	-	-
<b>Total Hazard Rate</b>	<b>13.11</b>	<b>13.14</b>	<b>15.60</b>	<b>21.52</b>	<b>32.04</b>

*Hazard Rate (HR) = (Total number of accidents resulting in sick leave + occupational diseases + first aid (FA) + medical treatments (MT) + restricted work (RW) / total hours of exposure) x 1,000,000  
Hazard rate: including all incidents (with or without sick leave).*

Table 95.- Accident lost day rate (LDR)

	2016	2015	2014	2013	2012
LDR EMEA	15.40	17.02	28.25	12.21	14.32
LDR USA	5.20	0.00	0.00	0.20	24.01
LDR APAC	0.00	1.29	17.05	33.84	24.86
LDR INDIA	0.80	0.19	0.00	0.00	0.00
LDR BRAZIL	1.00	0.00	1.56	0.00-	-
LDR LATAM	0.00	-	-	-	-
<b>Total Lost Day Rate</b>	<b>4.60</b>	<b>4.58</b>	<b>10.84</b>	<b>11.00</b>	<b>14.70</b>

*Lost Day Rate (LDR) = (No. of days lost / Total hours of exposure) x 200,000*

Table 96.- Occupational disease rate (ODR)

	2016	2015	2014	2013	2012
ODR EMEA	0.745	0.170	0.177	0.159	0.071
ODR USA	0.000	0.000	0.000	0.000	0.000
ODR CHINA and APAC	0.000	0.000	0.000	0.000	0.000
ODR INDIA	0.000	0.096	0.000	0.000	0.000
ODR BRAZIL	0.000	0.000	0.000	0.000	-
ODR LATAM	0.000	-	-	-	-
<b>Total Occupational Disease Rate</b>	<b>0.201</b>	<b>0.054</b>	<b>0.049</b>	<b>0.121</b>	<b>0.048</b>

*Occupational Disease Rate (ODR) = (Number of occupational diseases / Total hours lost) x 200,000*

Table 97.- External personnel accident rate: construction, projects and maintenance

	2016	2015	2014	2013	2012
<b>Construction and project</b> personnel: Frequency rate	3.74	3.32	2.82	4.17	4.39
<b>Construction and project</b> personnel: Frequency rate <sup>74</sup>	0.75	0.66	0.56	0.83	0.87
<b>Construction and project</b> personnel: Severity rate	0.08	0.09	0.12	0.10	0.09
<b>Maintenance</b> personnel: Frequency rate	2.09	2.35	2.68	3.22	5.21
<b>Maintenance</b> personnel: Frequency rate <sup>75</sup>	0.42	0.47	0.54	0.64	1.04
<b>Maintenance</b> personnel: Severity rate	0.06	0.04	0.08	0.09	0.12

Table 98.- Absenteeism rate<sup>76</sup>

	2016	2015	2014	2013	2012
EMEA	5.44%	5.11%	5.36%	5.10%	4.28%
USA	-	-	-	-	5.94%
APAC	0.24%	0.94%	1.45%	2.06%	1.50%
INDIA	0.74%	0.42%	0.97%	0.49%	1.52%
BRAZIL	0.67%	0.62%	1.46%	7.71%	6.62%

#### G4-LA7 Workers with high incidence or high risk of diseases related to their occupation

The majority of the companies belonging to Grupo Gamesa conduct preventive screening of their employees' health and their own medical services are responsible for carrying out regular medical check-ups.

In general terms, the company considers its workers are not exposed to occupational illnesses or work-related diseases that could be considered as having a high level of incidence or risk when performing their activities.

##### Health Screening

The company has standardized systems and general criteria to ensure health screening for all the company's personnel and establishes actions which allow it to:

- Detect the effects of working conditions on health early;
- Draw conclusions on the suitability of jobs for people;
- Determine the need to apply or improve protection and prevention measures;
- Identify workers who are especially sensitive to specific risks.

Firstly, health screening is scheduled (through specific protocols and annual scheduling) for all the group's employees. Medical check-ups (initial, specific, periodic and/or after a prolonged absence) are then carried out. Lastly, the results are assessed and the aptitudes of employees for each work post are adapted. This is done for all the group's employees.

<sup>74</sup> Per 200,000 hours

<sup>75</sup> Per 200,000 hours

<sup>76</sup> Calculation of the absenteeism rate is defined as the number of hours lost / number of hours worked. This criterion is applied in Europe and the rest of the world, China and India. In the case of the United States, absenteeism is defined as "the total of scheduled hours of work which have not been worked" due to the particular characteristics of this market. In all cases, the figures refer to absenteeism rates of direct labor at production sites.

### Evaluation of psychosocial risks

Gamesa and employee representatives have begun working on an action plan to optimize the potential risk situations identified in the psychosocial risk study conducted in September 2014. Said study was based on the outcomes of the surveys conducted on employees, a process which had a participation rate of approximately 64%, thus demonstrating the great interest it aroused and which ensures the study's high degree of reliability.

The methodology used was developed by the National Institute for Health and Safety in the Workplace and evaluates "aspects of the design and organization of work and its social and organizational contexts that might be psychologically or physically harmful", producing potential risk indicators of this nature with a view to preventing possible health problems among the Gamesa workforce.

More specifically nine work aspects were analyzed in the study:

- Five of them showed clearly satisfactory results, namely: work hours, autonomy, psychological demands, variety/contents of the work, and relationships and social support.
- Two were identified as a priority: the demands made by tasks, their difficulty and the degree of sharing; and the need to clearly define the functions to be performed, together with the degree of attention to workers' interests.

Both the project's detailed assessment and the subsequent phases (action plans and their deployment and monitoring) will be carried out jointly by employee representatives and management (through the various bodies involved, including: Occupational Health Committees, Prevention Boards and Project Group) under the supervision of Gamesa's Joint Prevention Service. The company and the trade unions will also start preparing to extend this study to the rest of Gamesa's work centers in Spain.

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#### G4-LA8 Health and safety topics covered in formal agreements with labor unions

The Prevention Boards are the bodies in charge of coordinating and monitoring the implementation of preventive principles and procedures in close collaboration with the Gamesa Joint Prevention Service, to which occupational health and safety management plans are submitted. All the work centers and administrative units of the companies that have signed collective bargaining agreements are assigned to local health and safety committees. There are 25 such committees, all of them established in accordance with the Occupational Hazard Prevention Act, with parity of representation between management and workers. Said committees met at least quarterly in 2016 and were the main bodies for consultation, participation and control as regards the occupational hazard prevention system, being the forum where formal agreements with the labor unions on these matters were reached.

As a general rule, formal agreements and negotiations with the trade unions are established at a local level. These agreements cover topics connected with occupational health and safety, either because such issues are regulated in the country in question or because the criteria, indicators and requirements of Gamesa's health and safety management model have been included in the negotiation process. Additionally, there is trade union representation through the Prevention Boards where the labor framework allows it (e.g. Spain) or, failing that, there is always a workers' representative to deal with matters and agreements which include among other issues:

- Occupational accident data;
- Personal protection equipment;
- Participation of workers' representatives in inspections, audits and accident investigations connected to health and safety;
- Training and education on occupational health and safety;
- Grievance mechanisms, observation of unsafe conditions, etc.;
- Right to reject dangerous work;
- Periodic inspections.

## Training and Education

### G4-DMA Management approach

Gamesa has global personnel recruitment policies and processes to identify and define all the milestones of the recruitment process and ensure the optimization of its various stages, including: recruitment, candidate assessment tools, hiring excellent professionals and integrating them into their positions.

The process ensures that no candidate is discriminated against at any stage of the recruitment process due to reasons of gender, age, race, religion, beliefs or opinions. The assessment criteria exclusively address professional requirements, ensuring that knowledge, capacities and abilities are assessed. The fulfillment of prevailing legislation on the recruitment of the disabled and the implementation of actions to do away with any kind of forced or compulsory labor by eliminating child and compulsory labor to pay back debts and ensure no other kind of coerced labor exists is likewise ensured.

The first edition of the Gamesa Awards was announced in 2016. This initiative was conceived to recognize the contribution made by people to the creation of a culture committed to the continuous improvement of processes and innovation by granting awards to the best practices carried out in the preceding year in six categories: Quality Achievement, HS&E, Product & Process Development, Best Performance Improvement, Customer Service and Community.

### G4-LA9 Average hours of training per year per employee by gender, and by employee category

A total of **338,434 hours of training** were recorded for the year's balance.

Table 99.- Hours of training<sup>77</sup>

	2016			2015			2014	2013	2012
	Men	Women	TOTAL	Men	Women	TOTAL	TOTAL	TOTAL	TOTAL
<b>Hours of training</b>	285,572	52,862	<b>338,434</b>	149,930	25,352	<b>175,282</b>	<b>119,968</b>	<b>45,553</b>	<b>183,184</b>
Executives	0.4%	0.1%	0.4%	0.50%	0.10%	0.60%	1.28%	0.10%	1.00%
Management personnel	31.1%	12.0%	43.1%	28.80%	6.10%	34.90%	21.89%	30.00%	45.00%
Operating personnel	52.9%	3.5%	56.4%	56.40%	8.30%	64.50%	76.83%	69.90%	54.00%
<b>Training rate<sup>78</sup></b>	42.7	32.5	<b>40.7</b>	28.42	16.99	<b>25.90</b>	<b>19.31</b>	<b>7.49</b>	<b>23.59</b>
CORPORATE	35.2	47.4	39.3	-	-	-	-	-	-
EMEA	28.4	29.9	28.8	26.40	16.38	23.54	16.64	10.71	27.85
USA	66.0	24.6	59.5	60.25	15.33	52.96	39.57	1.64	30.52
APAC	9.9	10.0	9.9	21.21	21.49	21.28	12.27	0.01	5.31
INDIA	63.1	15.6	62.2	28.87	14.83	28.50	29.39	-	10.52
BRAZIL	48.9	41.2	47.6	26.29	20.01	25.12	10.63	0.44	-

<sup>77</sup> The final distribution of hours of training by professional category, training participation rates, and the breakdown of training actions by region have had to be estimated due to the lack of segregated data for all training actions.

<sup>78</sup> Average number of hours of training per employee per year.



**Gamesa University**

Gamesa maintains a specialized training center known as the Gamesa University<sup>79</sup>. It is a resource aimed at ensuring ongoing training to cover the needs arising from constant technological advances and innovations in wind energy, and to benefit customers by increasing up-time of their machines, thus obtaining greater benefits in energy generation and reducing future costs. It is therefore intended to offer internal and external training, which is reflected in the hours of training given to employees and external people. A total of 301 were provided with training in 2016.

This resource has various training centers in the US, China, India and Mexico, markets with sufficient business volumes to be able to replicate the central training center located in Navarre, Spain. All the centers have teams of trainers, including full-time specialists and specialists in each component, with the participation of Gamesa suppliers.

In order to serve Gamesa's entire structure and to cover training globally, work is being done on in-house standards and new industry standards. A diversified methodology is applied (classroom training, online platforms, video streaming and simulators) and a range of 55 courses are available, specializing in the Gamesa 850 kW, Gamesa 2.0-2.5 MW and Gamesa 5.0 MW platforms and related systems, such as mechanical, electrical, electronic, hydraulic, construction, assembly, maintenance, etc. systems.

Alternatives like local technical colleges, online methodologies, video training, etc. are sought in countries where implementation at a lesser scale is needed, but which are expected to increase their workforce. Trainers are continuously traveling to other countries to give training and conduct wind farm monitoring locally on projects of a lesser scale and in order to cut down on personnel traveling expenses.

The launch of the first "Gamesa 360 - Finance" module in 2016 should be highlighted. This module provides basic training on the concepts, terminology and other essential aspects needed to understand financial statements and the company's worth.

G4-LA10

**Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.**

Gamesa has implemented an SAP Success Factors talent management tool known as **GATE (Gamesa Talent Management)**, which was led by the Human Resources Department. Individual development plans for employees are set through this tool. The aim of such plans is to contribute to personal growth and make the development of competencies and skills possible for each employee with a view to ensuring the Business Plan's fulfillment. On the basis of these plans, annual training plans are designed, which are monitored jointly in GATE by the employee, the manager and the Human Resources Department. The Human Resources Department is ultimately responsible for conducting the overall monitoring of all the training given.

In addition to individual development plans, Gamesa also has other programs intended to develop talent:

- **High potential program.** Detecting high-potential talents in order to accelerate their development and training.
- The **Gamesa Leadership Program**, the purpose of which is to develop key personnel's skills by means of carrying out multifunctional projects of a markedly international scope.
- The **Gamesa Premium Scholarship Program**, which focuses on recruiting young graduates (interns) and assigning them to a multifunctional project so they can acquire the knowledge and develop the skills needed for them to join the company, thus ensuring success in attracting talent.
- In-house **mentoring** program, which is aimed at key personnel with high development potential.
- **Gamesa 360:** in-house training courses focused on technical training and at the same time deepening knowledge about Gamesa's business model and organizational processes. These are eminently practical courses based on the case study methodology.
- **Global Course Catalog** containing more than 100 courses divided into four large thematic blocks: Soft Skills, Technical Skills, Health & Safety and Languages.

<sup>79</sup> Link: <http://www.gamesacorp.com/recursos/doc/productos-servicios/operacion-y-mantenimiento/facultad-gamesa.pdf>

In addition, Gamesa has an international mobility program which is a result of the company's firmly consolidated globalization, given that more than 90% of its business is located outside Spain. The company also employs a large team of professionals with extensive international experience who are backed by a very knowledgeable management team with experience in mobility issues.

Workers are assigned to a work center outside their country under the International Mobility Program. A total of 1,100 international short-term assignments (trips lasting between 15 days and 1 year) to 34 countries were managed in 2016, along with 124 long-term assignments (trips exceeding 1 year).

Table 100.- International mobility (international assignments)

	2016			2015			2014		
	<sup>80</sup> Long-term ISP	<sup>81</sup> Short-term ISP	Total	Long-term ISP	Short-term ISP	Total	Long-term ISP	Short-term ISP	Total
EMEA	22	531	552	6	353	359	4	550	554
USA	12	22	34	4	10	14	-	47	47
APAC	21	155	156	17	117	134	-	48	48
INDIA	7	54	61	6	38	44	-	32	32
BRAZIL	31	100	131	31	144	175	10	112	122
LATAM	31	238	269	26	216	242	-	-	-
<b>Total international mobility</b>	<b>124</b>	<b>1,100</b>	<b>1,224</b>	<b>90</b>	<b>878</b>	<b>968</b>	<b>14</b>	<b>789</b>	<b>803</b>

G4-LA11

#### Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

Table 101.- Personnel subject to performance assessment: by geographic areas

	2016	2015	2014	2013	2012
Performance assessment: EMEA (including Corporate)	2,745 (63%)	2,567 (63%)	2,815 (68%)	(*)	2,613 (67%)
Performance assessment: USA	217 (49%)	211 (58%)	173 (49%)	(*)	212 (6%)
Performance assessment: APAC	407 (59%)	437 (71%)	272 (49%)	(*)	302 (8%)
Performance assessment: INDIA	1,765 (62%)	837 (53%)	784 (82%)	(*)	707 (18%)
Performance assessment: BRAZIL	252 (46%)	175 (34%)	115 (56%)	(*)	49 (1%)
Performance assessment: LATAM	202 (83%)	109 (97%)	-	-	-
<b>% employees subject to assessment:</b>	<b>60%</b>	<b>60%</b>	<b>65%</b>	<b>(*)</b>	<b>58%</b>
<b>Total number of personnel subject to assessment</b>	<b>5,588</b>	<b>4,336</b>	<b>4,159</b>	<b>(*)</b>	<b>3,883</b>

(\*) The performance assessment was not carried out in 2013. However, it resumed once again in 2014 and conducted every two years.

<sup>80</sup> Long-term ISP: Minimum international assignment lasting between one and three years, which may be extended to five years where service needs require it.

<sup>81</sup> Short-term ISP: International assignment lasting between 15 days and one year.

## Diversity and equal opportunities

### G4-DMA Management approach

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As provided by the Gamesa Code of Conduct, the company includes equality, cultural diversity, the fight and discrimination and support for equal opportunities in the management of its human resources and, more specifically, ensures equal opportunities in all its processes (recruitment, promotion, etc.). Fulfilling prevailing legislation in diversity management is therefore a priority for Gamesa and it is very aware of the local legislation of each country where it has a presence.

#### Policy and commitments

Gamesa has a **Diversity and Inclusion Policy**<sup>82</sup> 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.

#### Equality Plan

Observance of the Organic Act on the Effective Equality of Men and Women is reflected in the second *Gamesa Equality Plan*. Gamesa signed the first Equality Plan together with its trade union representatives in September 2010. This plan set the essential bases for working on equality issues. In September 2014, Gamesa reaffirmed its undertaking to diversity and equal opportunities for men and women once more by signing the Second Equality Plan, which was registered in the Official Journal of the State<sup>83</sup> on October 6, 2014, which made improvements to continue advancing in this issue.

The Equality Plan in force is based on seven axes of action:

- Culture and communication
- Recruitment
- Training and professional development
- Remuneration
- Work-life balance and shared responsibilities
- Prevention of harassment in the workplace
- Support for women who are victims of gender-based violence

Each axis has several objectives to be met and specific actions to be taken to do so. These objectives and actions are contained in a timetable specifying areas of responsibility and committed dates for the completion of each action.

Within the framework of the Equality Plan, two conciliation measures in addition to the ones already in existence were agreed in 2016:

- The possibility of doing telework as from the 32<sup>nd</sup> week of pregnancy, provided it is compatible with the position's duties.
- 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.

In 2015, Gamesa renewed its adherence to the Diversity Charter and signed 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

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<sup>82</sup> See link: <http://www.gamesacorp.com/recursos/doc/accionistas-inversores/gobierno-corporativo/politicas-corporativas/politica-de-diversidad-e-inclusion.pdf>

<sup>83</sup> See link: <http://www.gamesacorp.com/recursos/doc/capital-humano/nuestras-personas/plan-de-igualdad-gamesa.pdf>

awareness of gender violence and its victims' integration into the labor force. These agreements remained in force in 2016.

#### Harassment protocol

Gamesa has a protocol stipulating how to prevent harassment in the workplace with the aim of preventing the occurrence of sexual, gender-based and/or psychological harassment, which offends dignity, is harmful to the working environment and has undesirable effects on people's health, morale, confidence and self-esteem.

This protocol defines the various forms of inappropriate conduct and the specific means available for preventing them, as well as the channels through which anyone who suffered from such conduct can report it or complain about it. Said protocol has also set out a quick and efficient investigation procedure that is carried out should this kind of conduct be reported. This procedure ensures confidentiality and conceals the identity of the people thus affected, as well as of anybody else involved in the process.

#### Measures taken to foster diversity:

Several initiatives to foster diversity and equality were carried out during the year, both in Spain and abroad, including:

- Renewal (2015-2017) of the endorsement of the Charter of Diversity, promoted by the Diversity Foundation, an initiative driven by the European Commission and the Spanish Ministry of Equality whereby signatory companies state they comply with standards and rules in force on equal opportunities and anti-discrimination and adopt the basic guiding principles established in the declaration.
- Signing of a collaboration agreement with the Ministry of Health, Social Affairs and Equality to promote the balanced participation of women and man on boards of directors.
- Signing of a collaboration agreement with the Ministry of Health, Social Affairs and Equality to increase the presence of women in executive positions and management committees.
- Signing of a collaboration agreement with the Ministry of Health, Social Affairs and Equality to foster awareness about gender violence and its victims' insertion into the labor force.

Additionally, Gamesa sponsored a women's organization in the United States linked to the AWEA<sup>84</sup> called Women of Wind Energy (WoWE) in 2016. This association promotes the training, career development and progress of women in order to foster diversified workforces in the renewable energy sector.

These new initiatives are in addition to Gamesa's endorsement of the Declaration of Women's Empowerment Principles since 2010. These principles were drawn up through a multilateral consultative process under the direction of the United Nations Development Fund for Women (UNIFEM) and the United Nations Global Compact and offer a gender-based perspective which allows ongoing initiatives to be measured and analyzed. This scenario covers all the business or social activities aimed at eliminating discrimination, marginalization and exclusion in spite of equality between men and women being a universal principle recognized as a fundamental human right that cannot be violated.

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<sup>84</sup> Link: <http://www.womenofwindenergy.org/corporate-sponsor.html>

G4-LA12

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

Table 102.- Workforce diversity indicators

	(at December 31)	2016	2015	2014	2013	2012
<b>Distribution by gender</b>						
Men		7,680 (82%)	5,725 (79%)	4,972 (77%)	4,641 (76%)	5,068 (76%)
Women		1,687 (18%)	1,546 (21%)	1,459 (23%)	1,438 (24%)	1,578 (24%)
<b>Breakdown by professional group</b>						
University graduates		4,994 (53%)	4,417 (61%)	4,022 (63%)	3,664 (60%)	3,795 (57%)
Non-university graduates		4,373 (47%)	2,854 (39%)	2,409 (37%)	2,415 (40%)	2,851 (43%)
<b>Breakdown by age groups</b>						
Employees aged <25 years		856 (9%)	459 (6%)	223 (3%)	162 (3%)	166 (2%)
Employees aged 25-30 years		1,906 (20%)	1,321 (18%)	1,138 (18%)	1,125 (18%)	1,408 (21%)
Employees aged 31-35 years		2,172 (23%)	1,777 (24%)	1,705 (27%)	1,704 (28%)	1,932 (29%)
Employees aged 36-40 years		1,989 (21%)	1,734 (24%)	1,601 (25%)	1,465 (24%)	1,471 (22%)
Employees aged > 40 years		2,444 (26%)	1,980 (27%)	1,764 (27%)	1,623 (27%)	1,669 (25%)
<b>Breakdown by nationality</b>						
Spanish		43.9%	52.9%	59.6%	61.9%	64.9%
China		6.8%	8.4%	8.9%	8.4%	7.7%
India		30.1%	21.6%	16.0%	13.7%	12.2%
American		4.2%	4.3%	4.7%	5.9%	6.9%
Brazilian		5.3%	6.5%	4.2%	1.3%	1%
Mexican		1.8%				
Other		5.1%	6.4%	6.6%	8.9%	7.4%
Not reported		2.8%				
<b>Other diversity indicators (Spain only)</b>						
Employees with disabilities > 33%		21	20	12	12	18
Management personnel with disability > 33%		8	9	6	5	5
Total number of personnel with disabilities > 33%		29	29	18	17	23
Amount of offsetting measures (€)		2,606,982	2,188,551	694,871	596,124	-

At a national level (Spain), the average number of people employed by Grupo Gamesa having a disability equal to or greater than 33% stood at 29 in 2016, twenty-one employees and eight management staff. The offsetting measures applied in 2016 amounted to €2,606,982 through contracts for the provision of products and services from special employment centers.

Table 103.- Employees by diversity category

(at December 31)	2016	2015	2014	2013
<b>Directors</b>	<b>12</b>	<b>12</b>	<b>10</b>	<b>10</b>
Men	10(83%)	9(75%)	9(90%)	9(90%)
Women	2(17%)	3(25%)	1(10%)	1(10%)
Aged 36-40	1 (8%)			
Aged >40 years	11 (92%)	12 (100%)	10 (100%)	10 (100%)
<b>Senior management</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Men	5(100%)	5(100%)	5(100%)	5(100%)
Women	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Age group < 25 years	-	-	-	-
Age group 25-30 years	-	-	-	-
Age group 31-35 years		1(20%)	1(20%)	-
Age group 36-40 years	1 (20%)	-	-	-
Aged >40 years	4 (80%)	4 (80%)	4 (80%)	5 (100%)
<b>Executives</b>	<b>133</b>	<b>99</b>	<b>100</b>	<b>84</b>
Men	119 (89%)	87 (88%)	90 (90%)	78(93%)
Women	14 (11%)	12 (12%)	10 (10%)	6 (7%)
Age group < 25 years	-	-	-	-
Age group 25-30 years	-	1 (1%)	-	-
Age group 31-35 years	4 (3%)	3 (3%)	4(4%)	4 (4.8%)
Age group 36-40 years	28 (21%)	15 (16%)	10(10%)	12 (14.3%)
Age group > 40 years	101 (76%)	81 (85%)	86(86%)	68 (80.9%)
<b>Management personnel</b>	<b>4,865</b>	<b>4,312</b>	<b>3,865</b>	<b>3,611</b>
Men	3,759 (77%)	3,321 (77%)	2,961 (77%)	2,739 (76%)
Women	1,106 (23%)	991 (23%)	904 (23%)	884 (24%)
Age group < 25 years	192 (4%)	178 (4%)	125 (3.2%)	56 (1.5%)
Age group 25-30 years	837 (17%)	699 (16%)	571 (14.8%)	554 (15.3%)
Age group 31-35 years	1,181 (24%)	1,089 (25%)	1,070 (27.7%)	1,071 (29.6%)
Age group 36-40 years	1,222 (25%)	1,145 (27%)	1,079 (27.9%)	1,010 (28.0%)
Age group > 40 years	1,433 (29%)	1,201 (28%)	1,020 (26.4%)	920 (25.6%)
<b>Employees</b>	<b>4,363</b>	<b>2,854</b>	<b>2,461</b>	<b>2,379</b>
Men	3,796 (87%)	2,311 (81%)	1,916 (78%)	1,832 (77%)
Women	567 (13%)	543 (19%)	545 (22%)	548 (23%)
Age group < 25 years	664 (15%)	281 (10%)	98 (4.0%)	106 (4.5%)
Age group 25-30 years	1,069 (25%)	621 (22%)	567 (23.0%)	569 (23.9%)
Age group 31-35 years	987 (23%)	684 (24%)	630 (25.6%)	622 (26.1%)
Age group 36-40 years	738 (17%)	574 (20%)	512 (20.8%)	443 (18.6%)
Age group > 40 years	905 (21%)	694 (24%)	654 (26.6%)	639 (26.9%)

## Equal Remuneration for Women and Men

### G4-DMA Management approach

Gamesa construes the development of a suitable remuneration strategy as a key management tool to promote professional development, equal opportunities, teamwork, the working environment and employee satisfaction.

Grupo Gamesa's remuneration model is in line with its Code of Conduct and is based on the principle of equal opportunities. It avoids any kind of discrimination and ensures fulfillment of the labor legislation which applies in all the countries where it operates.

Grupo Gamesa's remuneration model advocates integrating all the elements which create value for employees under the notion of "Total Compensation", under which professional expectations, working conditions, the organization of work and even the values of Grupo Gamesa constitute a differential element that makes a job better and more desirable, while also increasing motivation and exerting a decisive influence of competitiveness.

The elements upon which Grupo Gamesa sustains the total compensation strategy are as follows:

- a. Monetary remuneration, which recognizes the position's responsibilities and the person's competency.
- b. Social benefits, which complement the compensation package's attractiveness and are aimed at protecting the person's health and financial security in the long term.
- c. Talent development, which is focused on professional development, supporting values and a culture of developing competencies and skills.
- d. Conciliation and equality measures, which develop new ways of organizing work that are more flexible and aimed at motivating and increasing professionals' commitment by contributing to an improvement in their quality of life and making their work and personal lives compatible.

### G4-LA13 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation

The following table shows the salary ratio between men and women within the corporate boundary. While the data might suggest a contradiction with the management approach described above, the differences between salaries of men and women are the result of the way the structure of the workforce has evolved, not of any discriminatory policy, since each professional category groups together different professional levels having different proportions of men and women.

Table 104.- Ratio of salaries between men and women within the corporate boundary

	EMEA	APAC	BRAZIL	USA	INDIA	LATAM
<b>2016</b>						
Executives	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Middle management and qualified technicians	1.17:1	1.34:1	n.a.	n.a.	n.a.	1.30:1
Skilled workers and support personnel	0.99:1	0.68:1	n.a.	n.a.	n.a.	1.45:1
<b>2015</b>						
Executives	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Middle management and qualified technicians	1.14:1	1.35:1	n.a.	n.a.	n.a.	1.44:1
Skilled workers and support personnel	0.98:1	0.66:1	n.a.	n.a.	n.a.	1.81:1
<b>2014</b>						
Executives	n.a.	n.a.	n.a.	n.a.	n.a.	-
Middle management and qualified technicians	1.18:1	1.20:1	1.34:1	n.a.	n.a.	-
Skilled workers and support personnel	1.03:1	0.58:1	0.74:1	n.a.	n.a.	-

With regard to this information, it should be pointed out that no ratio is applied for managers since women only account for 10% of this group, a figure which is not considered sufficiently significant to provide a reliable ratio. The same applies to India, where women account for only 2% of the workforce, and to the US where the percentage of women is 16% and Brazil where it is 20%.

**Supplier Assessment for Labor Practices****G4-DMA Management approach**

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Gamesa's management approach to procurement practices is described under indicator G4-12 (p. 34) "Description of the supply chain" in this report. New suppliers are assessed in accordance with the above management approach, and any significant risks relating to labor practices are managed through the quality processes in place and regular audits.

**G4-LA14 Percentage of new suppliers that were screened using labor practices criteria**

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Reference is made to the detailed information on the supply chain's sustainable development in Section G4.12 (page 34).

**G4-LA15 Significant actual and potential negative impacts for labor practices in the supply chain and actions taken**

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Reference is made to the detailed information on the supply chain's sustainable development in Section G4.12 (page 34).

**Labor Practices Grievance Mechanisms****G4-DMA Management approach**

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As a general rule, Gamesa promotes amicable resolution of labor disputes.

**G4-LA16 Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms**

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A total of 56 conciliation procedures and 232 trials (92 in Brazil, of which 91% involved grievances about subcontractors' workers) were dealt with in 2016.



## II.11b.- HUMAN RIGHTS

### G4-DMA Management approach: Human rights

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Gamesa has made an explicit undertaking to defend human rights, which is included and set out in detail in the following codes approved by the company's Board of Directors:

The **Grupo Gamesa Code of Conduct**, which has an incidence on i) respect for human rights and public freedoms ratified by the company's application of the United Nations Global Compact's contents, which Gamesa formally endorsed on December 21, 2004; ii) the conservation of natural environment where it performs its activities; iii) collaboration in the sustainable development and well-being of the communities with which it has a relationship; and IV) the constant promotion of equal opportunities. It is therefore committed to observing minimum international standards on the protection of the fundamental rights and freedoms of the people affected by its operations and, more specifically, the United Nations Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with regard to human rights, the guidelines of the OECD, the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the International Labor Organization (OIT/ILO) and the Women's Empowerment Principles of the United Nations Development Fund for Women (UNIFEM).

Gamesa's **Suppliers Code of Conduct** sets out the rules to ensure working conditions in the company's supply chain are safe, that workers are treated decently and with respect and that business transactions are ethically, socially and environmentally responsible (which are also included in the General Procurement Terms and Conditions and procurement contracts and agreements).

Similarly, the **Corporate Social Responsibility Policy**, approved by the Board of Directors, covers respect for human rights, particularly any right the violation of which would degrade employees, and rejects child labor and forced or compulsory labor. Gamesa also has other policies which complement the CSR policy in the defense of human rights, such as the **Diversity and Inclusion Policy** and the **Supplier Contracting and Relationship Policy**.

### Investments

#### G4-DMA Management approach

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The codes and policies explained above also apply to the investments made by Gamesa to ensure they strictly adhere to the criteria on respect for human rights. There is no record of any external or internal actions that contravene these rights.

#### G4-HR1 Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

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There were no significant investment agreements in 2016<sup>85</sup> that could endanger the protection of human rights, affect the company's reputation or the stability of such investments.

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<sup>85</sup> Significant investments are construed to be any that must be disclosed as Relevant Disclosures to the National Securities Market Commission (CNMV), and any information the knowledge of which could reasonably affect an investor to buy or transfer securities or financial instruments and which could therefore noticeably affect their listing in the secondary market will be deemed as such.

**G4-HR2 Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained**

Gamesa has conducted a significant ongoing training activity on the Code of Conduct in general and human rights, particularly since 2009.

Additional information on this indicator is indicated in Section G4-57 (page 78)

**Non-Discrimination****G4-DMA Management approach**

Gamesa has made an explicit undertaking to defend human rights, which is reflected in its Overall Corporate Social Responsibility Policy and in other complementary policies, such as its Diversity and Inclusion Policy.

Gamesa's Board of Directors approved the company's Diversity and Inclusion Policy in 2014. Said policy recognizes that the company's employees come from a variety of cultures and ethnic groups and have different beliefs and languages, and that this rich diversity is what makes Gamesa a more innovative, richer and more sensitive company committed to society. Furthermore, in said policy Gamesa ensures equality, inclusion and non-discrimination due to gender, civil status, race, ethnic origin, color, nationality, disability, sexual orientation, religion or age. The company is equipped with mechanisms aimed at detecting potential incidents of discrimination, which are described in Sections G4-DMA and G4-58 (p.79).

The undertaking on equal opportunities, respect for diversity and non-discrimination sets the bases for Gamesa's human resources management. The company currently has specific targets on women's representation on the Board of Directors – at least 30% by 2018 –, management teams and executive committees for the coming years. It also has an action plan in place to make the principle of equal opportunities real and effective by establishing measures to foster promotion and increase the presence of the gender having less representation.

Further information on Gamesa's stance and the initiatives it has carried out on equality issues can be found on page 131.

**G4-HR3 Total number of incidents of discrimination and corrective actions taken.**

The company is equipped with mechanisms aimed at detecting potential incidents of discrimination (see description in Sections G4-DMA y G4-58).

**The Harassment and Discrimination Prevention Committee** is the internal body in charge of managing and investigating any grievances filed through the Whistleblowing Channel<sup>86</sup> or through its own harassment prevention channel<sup>87</sup>. Said committee has an action protocol<sup>88</sup> and rules of procedure to set the actions that have to be taken to resolve a grievance.

Four grievances were filed and addressed in 2016, three of which are still under investigation and the other resolved through the issuance of the relevant report which included the appropriate preventive and corrective measures. All of them are classified under the protocol known as "Harassment based on any other characteristic".

The same procedure was followed for all the grievances received: (i) meeting of the Harassment Prevention Committee; (ii) appointment of an investigator; (iii) performance of the investigation; (iv) issuance of report, which is brought before the Committee; (v) issuance of a final report by the Committee.

<sup>86</sup> Link: <http://www.gamesacorp.com/es/capital-humano/canal-de-denuncia.html>

<sup>87</sup> Link: [prevention.harassment@gamesacorp.com](mailto:prevention.harassment@gamesacorp.com)

<sup>88</sup> Action protocol in the event of workplace harassment or discrimination. Link: <http://www.gamesacorp.com/recursos/doc/capital-humano/nuestras-personas/protocolo-de-actuacion-en-caso-de-acoso-laboral.pdf>

## Freedom of Association and Collective Bargaining

## G4-DMA Management approach

Gamesa and the companies that make up Grupo Gamesa promote and implement workers' right to freedom of association, union membership and the effective right to collective bargaining. The importance of this fundamental labor right is set out in the company's Code of Conduct.

Further information on the committees and the agreements which apply to Gamesa personnel can be found in the sections entitled "Employees covered by collective agreements" on page 33 and "Occupational health and safety" on page 123.

## G4-HR4 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights

Gamesa is aware of the role played by trade unions, not just in internal mediation to negotiate worker's labor conditions, but also as strategic entities that exert an important influence on the economic, social, national and transnational spheres.

In China, the Trade Union Act recognizes the right of workers to form a trade union and request support from the employing company to do so. The National Trade Union is currently working so that employees may set up their own trade unions. Gamesa China is coordinating with the National Trade Union on all the initiatives aimed at making this proposal's evolution possible. In this process, Gamesa covers the activities which would normally be provided by the trade unions to the company's employees, such as performing social activities, canteen services and transport services to the work center.

In India, trade union activities are set forth as a legal right for workers and opposing them is against the law. Gamesa firmly supports in said country any measure geared at creating a positive barrier-free working environment between management and workers and is in favor of all negotiation processes. Workers' representatives of the nacelle and blade plants in India currently form part of the committees set up to deal with issues like the canteen, social benefits and safety.

The United States has not ratified ILO conventions C087 and C098 on the right to organize and bargain collectively. Despite this, Gamesa deems there is no risk of these rights being contravened with regard to the group's workers due to the country's sociopolitical characteristics.

Table 105.- Trade union representation in Spain

Labor union	Country	2016		2015		2014		2013		2012	
		N	%D	N	%D	N	%D	N	%D	N	%D
UGT	Spain	68	35.2%	71	35.1%	74	38.5%	74	37.9%	84	38.5%
CCOO	Spain	69	35.8%	76	37.6%	71	37.0%	74	37.9%	81	37.2%
ELA	Spain	35	18.1%	34	16.8%	24	12.5%	30	15.4%	33	15.1%
LAB	Spain	11	5.7%	11	5.4%	10	5.2%	8	4.1%	8	3.7%
CIG	Spain	1	0.5%	1	0.5%	3	1.6%	3	1.5%	5	2.3%
Independents	Spain	2	1.0%	2	1.0%	3	1.6%	2	1.0%	2	0.9%
USO	Spain	-	-	-	-	-	-	-	-	2	0.9%
SOLIDARI	Spain	-	-	-	-	-	-	-	-	2	0.9%
CSIF	Spain	-	-	-	-	-	-	-	-	1	0.5%
LIBRE	Spain	1	0.5%	1	0.5%	1	0.5%	1	0.5%	-	-
ATYPE	Spain	5	2.6%	5	2.5%	5	2.6%	3	1.5%	-	-
FSC	Spain	1	0.5%	1	0.5%	1	0.5%	-	-	-	-
.....											
<b>Total</b>		<b>193</b>	<b>100%</b>	<b>202</b>	<b>100%</b>	<b>192</b>	<b>100%</b>	<b>195</b>	<b>100%</b>	<b>218</b>	<b>100%</b>

N: Number of trade union representatives; %D: percentage distribution

**Child labor****G4-DMA Management approach**

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As established by the Gamesa Code of Conduct, all the companies which form part of Grupo Gamesa work to eliminate child labor or any kind of coerced labor. To do so, it has put in place the policies, commitments, procedures and measures needed to minimize this risk.

**G4-HR5 Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor**

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With regard to the prevention of child labor, the Global Labor Agreement signed by Gamesa sets forth fulfillment of the Minimum Age Convention No. 138 of 1973 and the Worst Forms of Child Labor Convention No. 182 of 1999.

**Forced or Compulsory Labor****G4-DMA Management approach**

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As established by the Gamesa Code of Conduct, all the companies which form part of Grupo Gamesa work to eliminate forced or compulsory labor, labor done under harsh, extreme, inhuman or degrading conditions, and any kind of coerced labor. To do so, it has put in place the policies, commitments, procedures and measures needed to minimize this risk.

**G4-HR6 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor**

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With regard to the prevention of forced labor, the Global Labor Agreement signed by Gamesa sets forth fulfillment of the Forced Labor Convention No. 29 of 1930 and the Abolition of Forced Labor Convention No. 105 of 1957.

**Security Practices****G4-DMA Management approach**

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Corporate security at Gamesa is mainly aimed at planning and setting integrated protection policies and techniques to ensure the comprehensive protection of the company's tangible and intangible assets, including its people, goods, information and knowledge.

Gamesa's activities are not performed in countries involved in armed conflicts and therefore risks resulting from possible human rights violations that take place in such circumstances are not envisaged, which it absolutely condemns.

The Corporate Security Department currently has a stable workforce of **10 employees**, who are based in **Spain, Mexico, Brazil, China and India**. The rest of the security personnel is hired via security firms. Gamesa requires these firms to be duly certified by the relevant government agencies and to have a health and safety policy in place. Gamesa's general procurement conditions, particularly the clauses on the protection of human rights and the prevention of fraud and corruption, apply to all contracts.

Table 106.- Subcontracted security personnel

	2016	2015	2014	2013	2012
EMEA	54	60	60	60	60
USA	9	5	5	5	14
APAC	25	16	7	7	41
INDIA	100	74	55	55	55
BRAZIL <sup>89</sup>	-	2	2	2	2
LATAM	-	-	-	-	-
<b>Total:</b>	<b>188</b>	<b>157</b>	<b>129</b>	<b>129</b>	<b>172</b>

The Corporate Security Department's most relevant actions include the following:

**Security alert management:** A total of **482** (natural, health, technology and/or social risks) alerts were analyzed in **2016**, of which **216** were managed directly. Most were resolved by taking preventive measures, informing employees about the alerts' likelihood and drawing up recommendations to be followed, along with making control calls to ensure workers were unharmed.

**Security incident management:** The Corporate Security Department also handled **104** security incidents spread across **22 countries** throughout the world. It should also be pointed out that **51** healthcare support actions were provided to travelers in **17 countries** as a result of severe health risks, including:

- Emergency healthcare and admission to hospital of traveling personnel
- Medical repatriation

**Security training:** Over the course of **2016**, **30** training actions on self-protection programs were carried out in at-risk areas (**24 in EMEA, 3 in LATAM, 2 in APAC and 1 in all geographic areas**).

**Support to travelers:** Lastly, there was continuous monitoring of the security of Gamesa employees traveling internationally. It should be noted that 3,092 employees traveled abroad at least once and **35.41%** of the destinations were medium or high-risk countries. Under the call program, **30 security call programs** covering **11 countries** and **32 travelers** were made in 2016.

#### G4-HR7 Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations

Responsibility for contracting and managing security services lies with Gamesa's Corporate Security Department, which provides security staff with the instructions and the training needed to perform their duties, particularly with respect to human rights. Proof of this is the fact that all subcontracted security personnel have been informed about Gamesa's Code of Conduct, as set forth in the relevant internal operating procedure, and that such personnel undergo continuous auditing by the Corporate Security Department.

### Indigenous Rights

#### G4-DMA Management approach

As established in the Gamesa Code of Conduct, all the companies which belong to Grupo Gamesa are committed to respecting the rights of ethnic minorities and indigenous peoples in the places where they operate, and to promoting channels of communication and dialogue with the various groups affected by the group's activities with a view to reaching a harmonious blend of corporate values and social expectations.

<sup>89</sup> The security personnel subcontracted in Brazil also work jointly for other companies.

**G4-HR8 Total number of incidents of violations involving rights of indigenous people and actions taken**

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There are no records of any actions performed by the group that involved a violation of the rights of indigenous communities in 2016.

**Assessment of Impact on Human Rights****G4-DMA Management approach****G4-HR9 Total number and percentage of operations that have been subject to human rights reviews or impact assessments**

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The information on the operations that have been subject to impact assessments on fundamental human rights can be found under indicators G4-HR4, G4-HR5 and G4-HR6 in this section.

Furthermore, as indicated in the section entitled “Labor/Management Relations” (p. 120), the company, the IndustriALL Global Union, CCOO de Industria, MCA-UGT and FITAG-UGT signed a Global Framework Agreement on social, labor and environmental matters, the first global agreement to guarantee labor rights by a company in the renewable energy sector.

The agreement applies to all companies (100%) belonging to Grupo Gamesa and all workers in the world. It includes new clauses which strengthen workers and unions’ rights.

One of the most innovative points is that Gamesa management will monitor and oversee the agreement jointly with IndustriALL Global Union and the Spanish unions that are signatories to agreement (FITAG-UGT, CCOO de Industria and MCA-UGT). A coordination and monitoring body has been set up to do this, which will hold periodic meetings and issue a balance on the agreement’s degree of fulfillment every two years to study possible updates

**Supplier Human Rights Assessment****G4-DMA Management approach**

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Gamesa’s management approach to procurement practices is described under indicator G4-12 (p. 34) “Description of the supply chain” in this report. New suppliers are assessed in accordance with the above management approach and any significant risks relating to fundamental human rights are managed through the quality processes in place and regular audits.

**G4-HR10 Percentage of new suppliers that were screened using human rights criteria**

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Reference is made to the detailed information on the supply chain’s sustainable development in Section G4.12 (page 34).

**G4-HR11 Significant actual and potential negative human rights impacts in the supply chain and actions taken**

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Reference is made to the detailed information on the supply chain’s sustainable development in Section G4.12 (page 34).

The group’s general contracting terms and conditions for the purchase of equipment, materials, works and services are public and available on [www.gamesacorp.com](http://www.gamesacorp.com). Both these general terms and conditions and framework supply agreements include specific clauses on the supplier’s corporate social responsibility based on the UN Universal Declaration of Human Rights, ILO conventions and the principles of the UN Global Compact.

During the time the contract is in force, the supplier authorizes Gamesa to review its degree of fulfillment

of the principles set forth in it. Should the company detect any breach thereof and corrective action is not taken, it reserves the right to terminate the contract. Gamesa is not aware of any non-compliance of this nature in its supply chain in 2016.

### Human Rights Grievance Mechanisms

#### G4-DMA Management approach

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The grievance procedures and tools for human rights issues that Gamesa places at the disposal of its stakeholders and their management processes are reflected in the group's Code of Conduct, the Crime Prevention and Anti-Fraud Manual (see Section 3.7), as well as on the corporate website and the Gamesa intranet.

Gamesa has a Whistleblowing Channel<sup>90</sup> through which the company's employees can get in touch with the Ethics and Compliance Department to report activities that are unethical, lack integrity or go against the principles contained in the Code of Conduct.

- The company and, as appropriate, the parent companies of the group's (regional) business units have a Whistleblowing Channel that allows third parties and the group's professionals to report confidentially any conduct that could involve a breach of the Code of Conduct and crime prevention measures.
- On an exceptional basis, where the grievances have to do with workplace harassment, they are to be sent to the Human Resources Department, which holds responsibility for investigating and concluding such cases according to the Harassment Prevention Protocol.

#### G4-HR12 Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms

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The company is equipped with mechanisms aimed at detecting potential incidents of discrimination, including:

- Ethics and Compliance Department: There is no record of any human rights grievances being filed over the course of 2016 through the Whistleblowing Channel managed by this department.
- Harassment Prevention Committee: No grievances about human rights were filed in 2016 through the Whistleblowing Channel connected with the Harassment and Discrimination Protocol managed by the Harassment Prevention Committee.

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<sup>90</sup> <http://www.gamesacorp.com/es/capital-humano/canal-de-denuncia.html>

**II.11c.- SOCIETY****G4-DMA Management approach: Society**

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Gamesa is willing to contribute to the improvement of the quality of life and wealth creation, both by providing its own services like promoting and launching new business activities, as well as by driving forward socio-economic development through non-business channels. The principles of its relationship with the community are as follows:

- Awareness of social change in order to better understand how the needs of society in general are evolving to thus anticipate future demands in the environment.
- Systematic, fluid and truthful information to create a climate of trust and credibility.
- Respect for the environment by complying with prevailing legislation and collaborating in the environment's conservation and improvement.
- Job creation by leading new competitive business developments.
- Providing support to the development of disadvantaged groups and sectors.
- Supporting research to contribute to raising the scientific and technological level of our environment, as well as promoting the use of technologies and methods of action which are respectful to the environment.
- Collaborating with institutions like umbrella groups for the community's improvement and development.
- Relationships with public authorities should be guided by institutional respect and fulfillment of the law.

The importance of issue set out in the company's Code of Conduct.

**Local Communities****G4-DMA Management approach**

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Gamesa is present in over 50 countries around the world. As an institution, it faces its business responsibilities in the societies where it has a presence, whether as an employer, customer, supplier, or taxpayer.

Likewise, the range of products and services Gamesa offers responds to the major challenges faced by society today; namely population growth, economic and social change, growing urbanization, and the need to meet the demand for a clean inexhaustible source of energy and care for the environment.

These commitments are complemented by the provision of other services handled through non-business channels with a long-term view. Said services are focused on the creation of well-being within the local communities affected by the company's operations.

Gamesa's commitment in the countries where it operates is implemented through social initiatives in conjunction with public administrations, institutions and civil society organizations, as well as through sponsorship and patronage.

The company gets involved in the local communities where it operates through action programs aimed at creating well-being, local income and driving forward local technological development through initiatives like, but not limited to, the following: i) local development cooperation programs; ii) educational access and skills development programs; iii) programs aimed at conserving local culture; iv) providing health services; v) programs aimed at strengthening the community's institutions, groups and local authorities; and vi) environmental, social and cultural programs involving local networks and other institutions.

These social initiatives to the benefit of local communities are carried out directly by Gamesa or by its subsidiary or associate companies in their respective areas of action.

As regards the involvement of interested parties in the decision-making process, it should be pointed out that energy planning in Gamesa's sphere of action (energy sources, technologies and long-term needs) is



carried out by the public authorities, this being the institutional sphere in which the various stakeholders can take part depending on the mechanisms established in each country.

Once the most appropriate infrastructure has been chosen, the views of the communities affected by it are taken into account through a consultation process, which varies depending on the country and type of facility in question. Many of these processes, including environmental impact studies for facilities, are governed and conditioned by the granting of building and operation permits. During the planning and performance of these actions, the company carries out preliminary consultations and maintains active channels of dialog open with the communities and interested parties affected in order to identify and address their concerns or interests.

G4-SO1	<b>Percentage of operations with implemented local community engagement, impact assessments, and development programs</b>
G4-SO2	<b>Operations with significant actual and potential negative impacts on local communities</b>

#### Impact assessment

Given that the impacts resulting from the commissioning of wind farms can be significant, applicable legislation may require an environmental impact study, which must be approved by the competent public authorities, in the countries where the company develops this kind facilities.

Gamesa considers these studies as appropriate safeguards for the rights of communities, since they address the most relevant concerns for the affected areas. It should be noted that land occupation is temporary in wind energy projects and does not involve a change of land use, because the turbines and related resources only occupy around 5% of the total land occupied. The agricultural areas and woods where they are located suffer only minimal productivity losses, which are offset in the leasing agreements.

As an indirect effect, most of the agricultural land used becomes land for industrial use, which could involve a rise in land prices for the owner. Once the impacts generated have been identified, the necessary preventive and corrective measures are set to mitigate them and, if necessary, appropriate budget items are earmarked to meet the undertakings that have been made.

To conclude the process, monitoring programs are carried out to follow up on the various issues identified.

#### Development programs for local communities

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

**Main actions in 2016**

A corporate social responsibility program under the name “Gamesa Community Spirit” was carried out in **India**. This program was implemented through a series of strategic programs, which included:

- **Gamesa Academic Excellence Program (GAEP):** A program aimed at giving students in rural schools skills and educational grounding similar to that of their urban counterparts. The target consisted of giving 500 students support and included donating school kits to boys and girls from the local community.  
Under this program, the Shuddi project also sought to educate children on hygiene based on the construction of washbasins in rural schools.
- **Gamesa Gram Arogya Kendra (GGAP):** This program sought to initiate sustainable healthcare projects in rural villages near Gamesa wind farms. The areas of special attention included eye care and care for pregnant women in these villages, for which Gamesa provided the necessary medical resources, periodic check-ups and prescriptions. It also gave these people a medical follow-up card.
- **Gamesa Vocational Training Program (GVTP):** The GVTP program was divided into two actions:
  - The *wood recycling* program, whereby waste wood is turned into classroom furniture for use in the schools of the villages near the Gamesa manufacturing plants in Mamandur and Redhills (on the outskirts of Chennai).
  - The *My Career* program was aimed at empowering rural students with professional capabilities and a sustainable job by training them in operations and maintenance (O&M) tasks.
- **Employee Volunteering (EV):** The program was aimed at raising the awareness of Gamesa India employees and serving as a platform for employees to get themselves involved in social activities. Activities like Wind Day, International Week of the Deaf, blood donation campaigns and other charitable activities were carried out under this program.

**Main actions foreseen for 2017**

The programs carried out by Gamesa India will carry on into 2017.

A new social initiative program 2016-2017 was also initiated in 2016 in conjunction with employees after 106 projects conceived by them were received. As a result of it, Gamesa has started up new solidarity projects that were designed by the company’s employees, which will be carried out over the course of 2017. These projects include:

- Training indigenous women in the region of Gujarat, India and empowering them economically through agricultural microcredits. In conjunction with the Juan Bonal Foundation, 100 women from the area (in a precarious situation and/or suffering a severe risk of social exclusion) will be provided with the knowledge and tools needed to work arable land. The target is to train them so they can get the most out of their land at different times of year (monsoon, summer and winter) and supply them with the materials (tools, manure, fertilizers, etc.) they need.
- Kindergarten in Motiya (India). In conjunction with Bal Vikas India, this solidarity project aims to build a kindergarten to care for the village’s children while their parents work. This would allow them to work at ease while their children get their first taste of education while being cared for and safe.
- Gamesa Soccer League III (India). Youngsters from India’s rural areas will take part in this new edition of the program implemented in conjunction with Krida Vikas Sanstha Nagpur to hone their sporting skills at a soccer training campus while, at the same time, being taught on how to care for the environment and good eating habits.
- Telecentros Project II (Brazil). The Telecentros Project in Brazil will be carried out in conjunction with Coordenação Regional das Obras de Promoção Humana (CROPH). It is aimed at fostering technology literacy through free centers where teenagers suffering a risk of exclusion can develop their computer skills.
- Fostering healthy lifestyles among girls, boys and young people from Unión Hidalgo in the Isthmus of Oaxaca Region (Mexico). In collaboration with CESAL, this project’s implementation will

strengthen the lines of action carried out at Escuela Socio Deportiva Aerogubiños in the community of Unión Hidalgo, Oaxaca. It aims to promote health lifestyles among girls, boys and young people to foster community health, which has a positive impact on their quality of life.

- Mulheres que criam - Camaçari (Brazil). Fostering the economic sustainability of the Nossa Senhora do Amparo mothers group by sustaining the activities of a printing school, thereby generating jobs and resources for economically vulnerable women.

## Anti-corruption

### G4-DMA Management approach

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Gamesa and the companies that make up Grupo Gamesa ensure that their activities are based on the principle of respect for the law and the fight against corruption in all its forms, and work to establish the best guidelines to govern both the conduct of their people and the processes by defining working and decision-making methods. In particular, they have adopted a set of measures designed to prevent, detect and react to any offenses that might be committed, and to combat fraud.

Some of these measures were conceived, reviewed and updated over the course of 2016, the most outstanding of which are set out below:

- Article 3.8 in the group's Code of Conduct, which was approved in April 2016, is literally worded "**3.8 Combating fraud. Rejection of corruption and the bribery:** Gamesa and its group shall ensure their activities are based on the principle of respect for the law and the fight against corruption in all its forms and state their firm commitment to the Crime Prevention and Anti-Fraud Policy's principles, particularly by not performing any actions that may be deemed irregular in their relationships with customers, providers, suppliers, competitors, authorities, etc., including money laundering.  
Should there be any doubt, the group's professionals shall consult their direct superior or the Ethics and Compliance Department.  
As regards gifts, gifts, invitations, travel and any other kind of remuneration, Gamesa and its group have set forth specific guidelines which are aimed at limiting, and in some cases forbidding, gifts and invitations made by the group's professionals or received by them".
- The risk maps and crime controls for Spain, Italy, Mexico, China, India, the USA and Brazil were updated along the lines laid out by the Gamesa Corporación Tecnológica risk map in 2015.
- The Crime Prevention and Anti-Fraud Manuals (which include corruption) were completed for the group's main Spanish (GEOL, GESA, GET, GIT and GAMESA ELECTRIC) and Italian subsidiaries along the lines laid out by the Gamesa Corporación Tecnológica Crime Prevention and Anti-Fraud Manual, which was approved in 2015.
- The rule on the prevention of conflicts of interest, which implements Article 3.9 of the Code of Conduct on conflicts of interest, was updated.
- Contractual clauses which specifically govern the prohibition of corruption in all its forms have been included.
- According to the Contract Approval Procedure, certain agreements (like Consultancy Agreements) have to be approved or rejected by the Ethics and Compliance Department to ensure said contracts include mandatory anti-corruption clauses in keeping with the guidelines set by the company.
- The corruption risk inherent to the group's activities was analyzed and explained in the training actions carried out during 2016 (see Section G4-57 herein).

The importance given to this is clearly reflected in the company's Code of Conduct and Crime Prevention and Anti-Fraud Manuals, the latest updates of which were approved by the Board of Directors of Gamesa Corporación Tecnológica, S.A. on September 23, 2015, and in the Suppliers Code of Conduct (particularly in Article 15 on Corruption and Bribery).

**G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified**

Over the course of 2016, the crime risk maps were drawn up, which include corruption in geographic areas (centers/companies) where Gamesa operates (EMEA – Spain and Italy –, the United States, Mexico, China and Brazil) as the basis for updating and improving prevention/mitigation controls for said risks, which are implemented through the special part of the Crime Prevention and Anti-Fraud Manuals.

The following are among said internal rules, which are periodically updated and address: corporate governance and business risk policies; direct and indirect procurement of investments and services; screening of materials and components suppliers; certification and monitoring of subcontractors; investments in tangible and intangible fixed assets; accounting policies and standards; contract approval; regulation of Gamesa's legal and corporate structure, bodies of administration and powers of attorney; management of trips, advances, petty cash and credit cards; protection of Gamesa's technological assets, know-how and intellectual property; information security; personal data protection; the use of communication resources; occupational health and safety; environmental protection; and general terms and conditions of agreements. These internal rules cover and affect all areas and business units in any of the company's geographic areas. It can thus be affirmed that all of them together constitute the activity of analyzing and controlling corruption risks.

**G4-SO4 Communication and training on anti-corruption policies and procedures**

The control systems described in the Section G4-SO3 are completed and complemented by the Ethics and Compliance Department's area on the intranet (see Section G4-57) and particularly the section on the Whistleblowing Channel. Both the channel and the rules on its operation are updated and adapted regularly according to any legislative amendments which come about (like the one made to the Data Protection Act) and internal regulations. The latest review of said rules and the channel's Data Protection clause was made in April 2016, both of which are available, along with the Whistleblowing Channel, not only on the intranet but also on the corporate website.

Training on the Code of Conduct, the dissemination of a culture of compliance and respect for the law and in particular the defense of human rights and the fight against corruption have been extended since 2009 to cover all organizational levels within Gamesa. Specific training focusing on key groups in different geographic areas has been given since then. More specifically, aside from the specific training set out in section G4-57, the Ethics and Compliance Department distributed in 2016 materials on the fight against corruption (the Code of Conduct, cards on the Whistleblowing Channel, etc.) to people attending training sessions held in EMEA (Spain and Italy), Brazil, the USA and Mexico, as well as to the rest of professionals located in said geographic areas and to others in India and China (approximately 6,000 employees).

Information on the policies, practices and mechanisms used to combat corruption also covers the entire workforce and is likewise included in regular communication processes with employees over the intranet and in induction processes.

**G4-SO5 Confirmed incidents of corruption and actions taken**

No case of corruption was confirmed due to which it was necessary to adopt any kind of measure on corruption was detected during 2016.

**Public Policy****G4-DMA Management approach**

Gamesa takes part in the design of public policies on wind energy by belonging to industry associations in the countries in where it has a presence. The interests of wind energy are defended through such associations and work is being done to consolidate it as a response to the energy and climate crisis, in addition to being a key option to meet polluting gas reduction targets.

The company contributes to the formulation of wind industry policy positions on key issues. It helps create a regulatory framework in which Gamesa can successfully perform its activities and policies to reinforce the development of wind energy markets, infrastructures and technology through:

- The implementation of regulations favoring wind power by developing strategic initiatives to influence public policy so that stable markets are created and maintained and constraints against wind energy are overcome;
- The defense of efficient renewable energy incentive schemes, principally feed-in-tariffs, which have been demonstrated to be the most effective to provide security, continuity and trust to investors;
- Setting ambitious targets for the presence of renewable energies in the energy mix;
- The elimination of technical, bureaucratic and market constraints that limit the growth of wind power;
- The promotion of R&D and innovation;
- Making politicians, opinion makers, companies, the media, public opinion, NGOs and other stakeholders aware of the benefits provided by wind energy.

#### **G4-SO6 Total value of political contributions by country and recipient/beneficiary**

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The relationships of Gamesa and the companies which belong to Grupo Gamesa with public authorities should be guided by institutional respect and fulfillment of the law. Any link to, membership of or collaboration with political parties, institutions, foundations or associations whose purposes go beyond those of Gamesa and the companies that make up Grupo Gamesa, as well as any contributions thereto, should be done in such a way so as to ensure their personal nature is clear and without involving the company or its political neutrality in any way whatsoever.

The importance given to this is reflected in the company's Code of Conduct. It should be noted, however, that lobbying is a permitted, recognized and regulated practice in the United States. The financial contributions Gamesa has historically allocated to this activity are disclosed and made available on the Lobbying Disclosure Database<sup>91</sup>. However, no contributions were made in 2016.

### **Anti-Competitive Behavior**

#### **G4-DMA Management approach**

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Gamesa and the companies that make up Grupo Gamesa are committed to competing in the markets fairly, promoting free competition, fully fulfilling the legislation which applies and avoiding any kind of conduct which may be considered as collusion, abuse or restriction of free competition.

Any agreements that might have negative effects on free competition have to be verified in advance by the company's legal services.

The importance given to this is reflected in the company's Code of Conduct.

#### **G4-SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes**

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Gamesa states that it has neither brought nor been subject to any legal action of this nature.

### **Compliance**

#### **G4-DMA Management approach**

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Fulfillment of the letter and spirit of the law in force in countries where the group operates is one of the basic rules contained in the company's Code of Conduct. Another such rule is the avoidance of any conduct which, while not violating the law of a country where it operates, goes against the values, principles or ethical behavior set forth in said Code.

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<sup>91</sup> <http://soprweb.senate.gov/index.cfm?event = selectfields>

**G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations**

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Gamesa states it has not been subject to any sanctions for failing to fulfill laws and regulations. As far as it is aware, Gamesa fulfills all legal provisions and regulations.

**Supplier Assessment for Impacts on Society****G4-DMA Management approach**

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Gamesa is equipped with screening procedures for new suppliers of both goods and services, through which their social performance is assessed with a view to their acceptance as suppliers of the company. It likewise has management procedures and an assessment methodology for external materials suppliers depending on the degree to which they have implemented a management system that ensures product quality in environmentally-friendly facilities that takes the health and safety of their employees into account.

**G4-SO9 Percentage of new suppliers that were screened using criteria for impacts on society**

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Gamesa's management approach to procurement practices is described under indicator G4-12 (p. 34) "Description of the supply chain" in this report. New suppliers are assessed in accordance with the above management approach, and any significant risks relating to any possible social repercussions are managed through the quality processes in place and regular audits.

**G4-SO10 Significant actual and potential negative impacts on society in the supply chain and actions taken**

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All the disclosures made under indicator G4-LA9 apply.

**Grievance Mechanisms for Impacts on Society****G4-DMA Management approach**

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The grievance procedures and tools in the area of impacts on society which Gamesa places at the disposal of its stakeholders and their related management processes are reflected in the group's Code of Conduct and on the Gamesa website. Said website has a Whistleblowing Channel<sup>92</sup> through which employees and the general public can report any conduct that goes against ethics or integrity or breaches the principles contained in the Code of Conduct to the Ethics and Compliance Department.

**G4-SO11 Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms**

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No grievances about impacts on society were detected by the Ethics and Compliance Department during 2016.

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<sup>92</sup> <http://www.gamesacorp.com/es/capital-humano/canal-de-denuncia.html>

**II.11d.- PRODUCT RESPONSIBILITY****G4-DMA Management approach**

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Gamesa's aim is to meet the needs and expectations of customers in an optimal, reliable and competitive fashion.

It promotes the establishment of long-lasting business relationships with its customers. Such relationships are based on a consistent attitude of service, trust and value creation by developing solutions which exceed their expectations and do not involve risks to their health or safety, respecting commitments, duly announcing in advance any changes made to agreements and maintaining a commitment to honesty, professional responsibility and transparency with customers which goes beyond any legal requirements.

Gamesa and the companies which comprise Grupo Gamesa shall likewise ensure the confidentiality of their customers' data and make a commitment not to disclose such data to third parties, unless authorized to do by the customer, as a result of a legal obligation, or to fulfill court rulings and administrative resolutions.

**Customer Health & Safety****G4-DMA Management approach**

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The company assesses the impacts of its products on the health and safety of its customers from the initial development stages with the aim of improving them.

Management procedures are in place to set the activities, responsibilities and work flows to ensure this. For instance, one such procedure is the Gamesa Customer Solutions Conception System (SC2G) which aims to detect intrinsic design features that could unnecessarily generate future hazards or dangers arising from a poor conception of safety conditions, which could affect the health and safety of workers who will work on the element designed throughout its useful life.

**G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement**

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Gamesa offers its customers a global product manufacturing capacity through an industrial base characterized by optimal vertical integration, which provides numerous competitive advantages, such as:

- Extensive technological knowledge about key component design principles, enabling it to quickly implement pioneering technologies in new models and designs (segmented blades, generators, and latest-generation gear reducers);
- Industrial experience in efficient supply based on extensive knowledge of cost structures and critical components;
- Outstanding service based on operational experience in key components, making it possible to optimize maintenance and repairs.

Furthermore, the Operations and Maintenance Service (O&M) has 22 years of experience, expertise and a global presence. Said service has an extensive team (in-house and subcontracted personnel), a logistics network and central, regional and wind farm warehouses, along with a spare parts inventory that ensures maximum parts availability in the shortest possible time.

The technical offices have all kinds of specialists who study and analyze our products' performance and implement any modifications and adaptations needed to maximize the customer's results, as well as out-of-warranty service contracts adapted to customer needs at competitive prices.

In any event, the countries where Gamesa operates have enacted a great deal of environmental and labor legislation to ensure that any risks to people's health and safety are kept within regulated limits.



The group provides the training and information needed to check that the operating conditions set forth in the regulations and technical specifications concerning the equipment construction, operation and maintenance are met.

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**G4-PR2** **Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes**

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Gamesa has no record of any incidents of non-compliance of this kind taking place in 2016.

### Product and Service Labeling

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**G4-DMA** **Management approach**

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Gamesa places special importance on providing an appropriate degree of information and labeling on the sustainability of its products and services. Given the nature of the equipment sold, warranties are set forth in agreements between the customer and the supplier.

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**G4-PR3** **Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements**

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In order to ensure truthful information is provided about its products, technologies and services, Gamesa maintains sales and marketing practices that respect the legitimate interests and rights of recipients and provide suitable information to facilitate their choice.

Likewise, any sales messages drawn up by Gamesa are conceived under the umbrella of a transparent and truthful marketing policy and no subjective comparisons are made in them. No information is supplied that could lead to a conflict of third-party rights or to a breach of good faith in business or contractual relationships with third parties. These policies cover all geographic areas where Gamesa has a commercial presence and ensure compliance with legal regulations.

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**G4-PR4** **Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes**

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Gamesa has did not receive any penalties in 2016 due to the marketing tools used to communicate about its products.

## G4-PR5 Results of surveys measuring customer satisfaction

Gamesa aspires to meet its customers' expectations, improve the channels of communication with them and ensure maximum quality in its offering through its sales activities. Priority actions in this are clear and include: gearing the offering to customer needs and to the development of new technologies, so as to allow for an improvement in the productivity, sustainability and excellence parameters of products and services to the benefit of its customers.

In order to maintain proximity and ongoing dialog, Gamesa establishes continuous feedback mechanisms and processes. The company has made a significant effort in recent years to remain close to customers and strengthen personal attention by opening new commercial offices to make more information available on products and their features, as well as to channel queries, complaints and claims.

Additionally, the company's participation in international trade fairs and holding specific events with customers open up new channels of communication which make a contribution to strengthening business relationships.

Gamesa conducts a customer satisfaction project (CSP) every two years, a tailored survey on main customers which allows it to establish direct communications and measure the quality of its products and services. To do so, topics related to the development, construction and operating stages of projects are assessed, along with overall perceptions on the company.

A total of 117 (71 in 2014) customers in 26 different countries (17 in 2014) took part in the last CSP conducted in 2016, which accounted for 90% (81% in 2014) of customers based on the percentage of MW sold/contracted in the period under study. The results reveal that the company's customers are satisfied with Gamesa's general behavior at all stages of a wind energy project.

Fig 36.- CSP 2016 Results

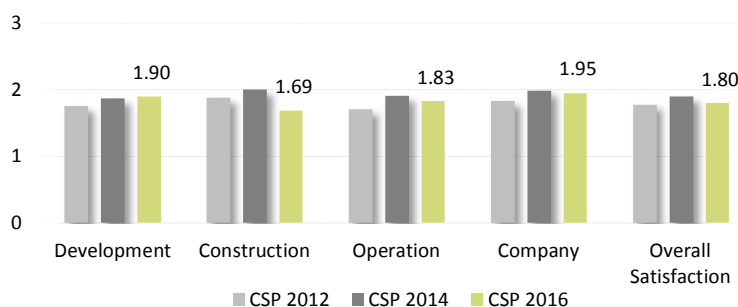
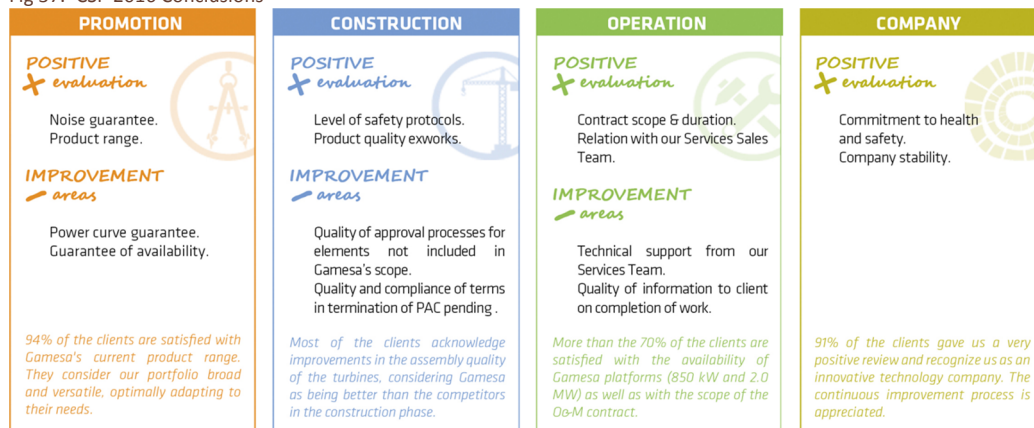


Fig 37.- CSP 2016 Conclusions



Work will be carried out on a specific action plan focused on the areas needing improvement and ongoing communications on priority areas of work will be maintained with customers over the course of 2017 as part of the continuous cycle of customer-driven actions.

## Marketing Communications

### G4-DMA Management approach

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Gamesa operates in the field of advanced technology and does not supply products or services to the general consumer market. This is therefore not a material aspect.

Gamesa boosts its presence in new markets by taking part in the industry's trade fairs, exhibitions and conferences. Some of the major trade fairs and events in which Gamesa took part in 2016 included:

#### International trade fairs in 2016

- **Mexico Windpower 2016** (Mexico City, February 24-25)
- **Norwea Annual Meeting 2016** (Oslo, March 3)
- **PWEA Conference & Exhibition** (Warsaw, March 8-9)
- **Vaasa Wind Exchange & Solar** (Vaasa, Finland, March 15-16)
- **International Energy & Environment Fair & Conference (ICCI)** (Istanbul, April 27-29)
- **AWEA Windpower Conference and Exhibition 2016** (New Orleans, May 23-26)
- **Brazil Windpower Conference & Exhibition 2016** (Rio de Janeiro, August 30-September 1)
- **Renewable Energy India Expo** (New Delhi, September 7-9)
- **WindEurope Summit and WindEnergy Hamburg 2016** (Hamburg, September 27-30)
- **China Wind Power Exhibition 2016** (Beijing, October 19-21)

#### Conferences and seminars

- *Wind Energy Update* (Hamburg, February 3-4)
- *Wind Expo Japan* (Tokyo, May 2-4)
- *Windpower Monthly Wind Data Conference 2016* (Houston, March 15)
- *Wind Industry Forum* (Melbourne, March 17)
- *SKF Wind Farm Management Conference* (Brussels, April 19-20)
- *ASEAN Sustainable Energy Week* (Bangkok, June 1-4)
- *ADB Clean Energy Forum* (Manila, June 6-10)
- *WPM Blade O&M Forum* (Chicago, September 1-2)

### G4-PR6 Sale of banned or disputed products

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The products and services sold by Gamesa are not banned in any of the markets in which it operates.

### G4-PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes

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Gamesa has no record of incidents connected with the marketing and advertising of its products in 2016.

**Customer Privacy****G4-DMA Management approach**

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The privacy of customers' personal information in the countries where the group has a presence is protected by Code of Ethics' mandatory application, which sets forth that Gamesa and the companies that comprise Grupo Gamesa shall ensure the confidentiality of customers' data, undertaking not to disclose them to third parties without the customer's consent, except where a legal obligation should oblige it to do so or pursuant to a court or administrative ruling.

**G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data**

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Gamesa has no record of any incidents concerning respect for customers, their privacy and the leaking of their personal data in 2016.

**Compliance****G4-DMA Management approach**

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Fulfillment of the letter and spirit of the law in force in countries where the group operates is one of the basic rules contained in the company's Code of Conduct. Another such rule is the avoidance of any conduct which, while not violating the law of a country where it operates, goes against the values, principles or ethical behavior set forth in said Code.

**G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services**

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There is no record of any significant fines or sanctions relating to non-compliance with product and services health and safety requirements, or to non-compliance regarding product-related information. Nor are there records of any penalties relating to marketing communications, including advertising and promotion.

There is no record of penalties relating to non-compliance with contractual conditions, nor therefore of administrative or judicial rulings that have resulted in a penalty for such cause.

# APPENDICES

## APPENDIX I: GRI G4 CONTENT INDEX



### GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page	Omissions	External Assurance	Description	
<b>Strategy and Analysis</b>					
G4-1	5	-	✓	164	Statement from the primarily responsible for decisions of the organization about the relevance of sustainability for the organization and its strategy with a view to addressing said topic.
G4-2	7	-	✓	164	Key impacts, risks and opportunities
<b>Organizational profile</b>					
G4-3	21	-	✓	164	Name of the organization
G4-4	21	-	✓	164	Primary brands, products and services
G4-5	24	-	✓	164	Headquarters
G4-6	25	-	✓	164	Countries where there are significant operations
G4-7	26	-	✓	164	Nature of ownership and legal form.
G4-8	27	-	✓	164	Markets served
G4-9	27	-	✓	164	Scale of the organization
G4-10	32	-	✓	164	Workforce
G4-11	33	-	✓	164	Employees covered by collective bargaining agreements
G4-12	34	-	✓	164	Description of the supply chain
G4-13	41	-	✓	164	Significant changes during the year
G4-14	42	-	✓	164	Precautionary principle
G4-15	42	-	✓	164	Principles of initiatives subscribed or endorsed
G4-16	44	-	✓	164	Membership in associations
<b>Material aspects and boundaries</b>					
G4-17	45	-	✓	164	Entities included in the consolidated financial statements and in the scope of the report
G4-18	46	-	✓	164	Determination of GRI content and application of its principles
G4-19	47	-	✓	164	Material aspects identified
G4-20	48	-	✓	164	Boundary within the organization
G4-21	48	-	✓	164	Boundary outside the organization
G4-22	50	-	✓	164	Restatements of information provided in previous reports
G4-23	50	-	✓	164	Significant changes in the report's scope and boundary
<b>Stakeholder engagement</b>					
G4-24	51	-	✓	164	Stakeholders engaged by the organization
G4-25	51	-	✓	164	Basis for the selection of stakeholders
G4-26	51	-	✓	164	Approach adopted to relations with stakeholder groups
G4-27	56	-	✓	164	Key topics and concerns raised through stakeholder engagement
<b>Report profile</b>					
G4-28	57	-	✓	164	Period covered by the report
G4-29	57	-	✓	164	Date of last report
G4-30	57	-	✓	164	Reporting cycle of the report
G4-31	57	-	✓	164	Contact point for questions regarding the report
G4-32	57	-	✓	164	GRI Index regarding the "in accordance" option
G4-33	57	-	✓	164	External assurance of the report

## GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page	Omissions	External Assurance	Description	
<b>Governance</b>					
G4-34	58	-	✓	164	Governance structure
G4-35	61	-	✓	164	Delegation of authority by the highest governance body to senior management
G4-36	62	-	✓	164	Executive-level positions with responsibility for economic, environmental and social topics
G4-37	62	-	✓	164	Processes for consultation between stakeholders and the Board of Directors
G4-38	63	-	✓	164	Composition of the highest governance body
G4-39	63	-	✓	164	Report whether the chair of the highest governance body is also an executive officer and the reasons for this arrangement
G4-40	65	-	✓	164	Nomination and selection processes for the highest governance body
G4-41	66	-	✓	164	Processes for the highest governance body to ensure conflicts of interest are avoided
G4-42	68	-	✓	164	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies and goals
G4-43	68	-	✓	164	Highest governance body's collective knowledge of economic, environmental and social topics
G4-44	70	-	✓	164	Highest governance body's performance
G4-45	70	-	✓	164	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks and opportunities, including its role in the implementation of due diligence processes and stakeholder consultation
G4-46	72	-	✓	164	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics
G4-47	72	-	✓	164	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities
G4-48	72	-	✓	164	Highest committee or position that formally reviews and approves the sustainability report
G4-49	72	-	✓	164	Process for communicating critical concerns to the highest governance body
G4-50	72	-	✓	164	Critical concerns that were communicated to the highest governance body
G4-51	73	-	✓	164	Remuneration policies for the highest governance body and senior executives, as well as how they relate to economic, environmental and social performance
G4-52	74	-	✓	164	Process for determining the remuneration of the highest governance body and senior executives, reporting whether any independent consultants are involved
G4-53	74	-	✓	164	Report how stakeholders' views and expectations are sought and taken into account regarding remuneration policies
G4-54	74	-	✓	164	Relation among different levels of remuneration in the organization
G4-55	74	-	✓	164	Increase in remuneration in the organization
<b>Ethics and integrity</b>					
G4-56	75	-	✓	164	Description of the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics
G4-57	78	-	✓	164	Internal and external mechanisms for seeking advice on ethical and lawful behavior
G4-58	79	-	✓	164	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity

**SPECIFIC STANDARD DISCLOSURES**

Material aspects	Information on the management approach and indicators	Omissions	External Assurance	Description
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**Category: ECONOMY**

Material aspects		Page	Omissions	External Assurance	Page of reference	Description
<b>Economic performance</b>	G4-DMA	84	-	✓	164	Management approach
	G4-EC1	89	-	✓	164	Direct economic value generated and distributed
	G4-EC2	89	-	✓	164	Financial implications and other risks deriving from climate change
	G4-EC3	90	-	✓	164	Coverage of the organization's defined benefit plan obligations
	G4-EC4	90	-	✓	164	Financial assistance received from government agencies
<b>Market Presence</b>	G4-DMA	90	-	✓	164	Management approach
	G4-EC5	91	-	✓	164	Ratio of standard entry level wage to local minimum wage
	G4-EC6	91	-	✓	164	Percentage of locally-hired executives at significant locations of operation
<b>Indirect economic impacts</b>	G4-DMA	92	-	✓	164	Management approach
	G4-EC7	92	-	✓	164	Development and impact of infrastructure investments and services provided
	G4-EC8	92	-	✓	164	Significant indirect economic impacts, including the extent of impacts
<b>Procurement practices</b>	G4-DMA	92	-	✓	164	Management approach
	G4-EC9	92	-	✓	164	Proportion of spending on local suppliers

**Category: ENVIRONMENT**

Material aspects		Page	Omissions	External Assurance	Page of reference	Description
<b>Materials</b>	G4-DMA	95	-	✓	164	Management approach
	G4-EN1	95	-	✓	164	Materials used by weight and volume
	G4-EN2	96	-	✓	164	Percentage of materials used that are recycled input materials.
<b>Energy</b>	G4-DMA	96	-	✓	164	Management approach
	G4-EN3	96	-	✓	164	Energy consumption within the organization
	G4-EN4	98	-	✓	164	Energy consumption outside the organization
	G4-EN5	98	-	✓	164	Energy intensity
	G4-EN6	98	-	✓	164	Reduction of energy consumption
	G4-EN7	98	-	✓	164	Reductions in energy requirements of products and services
	<b>Water</b>	G4-DMA	99	-	✓	164
G4-EN8		99	-	✓	164	Total water withdrawal by source
G4-EN9		99	-	✓	164	Water sources significantly affected by withdrawal of water
G4-EN10		100	-	✓	164	Percentage and total volume of water recycled and reused
<b>Biodiversity</b>	G4-DMA	100	-	✓	164	Management approach
	G4-EN11	101	-	✓	164	Operational sites in protected areas and areas of high biodiversity value outside protected areas
	G4-EN12	103	-	✓	164	Impacts of activities, products, and services on biodiversity
	G4-EN13	104	-	✓	164	Habitats protected or restored
	G4-EN14	104	-	✓	164	IUCN red list and national conservation list species with habitats in areas affected by operations
<b>Emissions</b>	G4-DMA	105	-	✓	164	Management approach
	G4-EN15	108	-	✓	164	Direct greenhouse gas (GHG) emissions (Scope 1)
	G4-EN16	108	-	✓	164	Energy indirect greenhouse gas (GHG) emissions (Scope 2)
	G4-EN17	109	-	✓	164	Other indirect greenhouse gas (GHG) emissions (Scope 3)
	G4-EN18	109	-	✓	164	Greenhouse gas (GHG) emissions intensity
	G4-EN19	109	-	✓	164	Reduction of greenhouse gas (GHG) emissions
	G4-EN20	109	-	✓	164	Emissions of ozone-depleting substances (ODS)
	G4-EN21	110	-	✓	164	NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions
<b>Effluents and waste</b>	G4-DMA	110	-	✓	164	Management approach
	G4-EN22	110	-	✓	164	Total water discharge by quality and destination
	G4-EN23	111	-	✓	164	Total weight of waste by type and disposal method
	G4-EN24	112	-	✓	164	Total number and volume of significant spills
	G4-EN25	112	-	✓	164	Transported waste deemed hazardous
	G4-EN26	112	-	✓	164	Water bodies and related habitats significantly affected by the organization's discharges of water and runoff



**SPECIFIC STANDARD DISCLOSURES**

Material aspects	Information on the management approach and indicators	Omissions	External Assurance	Description		
<b>Material aspects</b>	<b>Page</b>	<b>Omissions</b>	<b>External Assurance</b>	<b>Page of reference</b>	<b>Description</b>	
<b>Products and services</b>	G4-DMA	113	-	✓	164	Management approach
	G4-EN27	113	-	✓	164	Extent of impact mitigation of environmental impacts of products services
	G4-EN28	113	-	✓	164	Percentage of products sold and their packaging materials that are reclaimed by category
<b>Compliance</b>	G4-DMA	115	-	✓	164	Management approach
	G4-EN29	115	-	✓	164	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.
<b>Transport</b>	G4-DMA	115	-	✓	164	Management approach
	G4-EN30	115	-	✓	164	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.
<b>General</b>	G4-DMA	115	-	✓	164	Management approach
	G4-EN31	116	-	✓	164	Total environmental protection expenditures and investments by type
<b>Supplier environmental assessment</b>	G4-DMA	116	-	✓	164	Management approach
	G4-EN32	116	-	✓	164	Percentage of new suppliers that were screened using environmental criteria
	G4-EN33	116	-	✓	164	Significant actual and potential negative environmental impacts in the supply chain and actions taken
<b>Environmental grievance mechanisms</b>	G4-DMA	116	-	✓	164	Management approach
	G4-EN34	116	-	✓	164	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms

**Category: SOCIAL PERFORMANCE**

**SUBCATEGORY: LABOR PRACTICES AND DECENT WORK**

Material aspects	Page	Omissions	External Assurance	Page of reference	Description	
<b>Employment</b>	G4-DMA	117	-	✓	164	Management approach
	G4-LA1	118	-	✓	164	Total number and rates of new employee hires and employee turnover by age group, gender and region
	G4-LA2	119	-	✓	164	Benefits provided to full-time employees that are not provided to temporary or part-time employees
	G4-LA3	119	-	✓	164	Return to work and retention rates after parental leave, by gender
<b>Labor/Management Relations</b>	G4-DMA	120	-	✓	164	Management approach
	G4-LA4	121	-	✓	164	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements
<b>Occupational health &amp; safety</b>	G4-DMA	121	-	✓	164	Management approach
	G4-LA5	123	-	✓	164	Percentage of total workforce represented in joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.
	G4-LA6	124	-	✓	164	Types and rates of injury, occupational diseases, lost days, and absenteeism, and work-related fatalities.
	G4-LA7	126	-	✓	164	Workers with high incidence or high risk of diseases related to their occupation
	G4-LA8	127	-	✓	164	Health and safety topics covered in formal agreements with labor unions
<b>Training and Education</b>	G4-DMA	128	-	✓	164	Management approach
	G4-LA9	128	-	✓	164	Average hours of training per year per employee by gender, and by employee category
	G4-LA10	129	-	✓	164	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
	G4-LA11	130	-	✓	164	Percentage of employees receiving regular performance and career development reviews

## SPECIFIC STANDARD DISCLOSURES

Material aspects	Information on the management approach and indicators	Omissions	External Assurance	Description		
<b>Material aspects</b>	<b>Page</b>	<b>Omissions</b>	<b>External Assurance</b>	<b>Page of reference</b>	<b>Description</b>	
<b>Diversity and equal opportunities</b>	G4-DMA	131	-	✓	164	Management approach
	G4-LA12	133	-	✓	164	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity
<b>Equal Remuneration for Women and Men</b>	G4-DMA	135	-	✓	164	Management approach
	G4-LA13	135	-	✓	164	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation
<b>Supplier Assessment for Labor Practices</b>	G4-DMA	136	-	✓	164	Management approach
	G4-LA14	136	-	✓	164	Percentage of new suppliers that were screened using labor practices criteria
	G4-LA15	136	-	✓	164	Significant actual and potential negative impacts for labor practices in the supply chain
<b>Labor Practices Grievance Mechanisms</b>	G4-DMA	136	-	✓	164	Management approach
	G4-LA16	136	-	✓	164	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms

## SUBCATEGORY: HUMAN RIGHTS

Material aspects	Page	Omissions	External Assurance	Page of reference	Description	
<b>Investment</b>	G4-DMA	137	-	✓	164	Management approach
	G4-HR1	137	-	✓	164	Investment agreements and contracts that include human rights clauses
	G4-HR2	138	-	✓	164	Employee training on human rights
<b>Non-Discrimination</b>	G4-DMA	138	-	✓	164	Management approach
	G4-HR3	138	-	✓	164	Total number of incidents of discrimination and corrective actions taken
<b>Freedom of Association and Collective Bargaining</b>	G4-DMA	139	-	✓	164	Management approach
	G4-HR4	139	-	✓	164	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk
<b>Child labor</b>	G4-DMA	140	-	✓	164	Management approach
	G4-HR5	140	-	✓	164	Operations and suppliers identified as having significant risk for incidents of child labor
<b>Forced or Compulsory Labor</b>	G4-DMA	140	-	✓	164	Management approach
	G4-HR6	140	-	✓	164	Operations and suppliers identified as having significant risk for incidents of forced labor
<b>Security Practices</b>	G4-DMA	140	-	✓	164	Management approach
	G4-HR7	141	-	✓	164	Percentage of security personnel trained in the organization's human rights policies
<b>Indigenous Rights</b>	G4-DMA	141	-	✓	164	Management approach
	G4-HR8	142	-	✓	164	Total number of incidents of violations involving rights of indigenous people and actions taken
<b>Assessment</b>	G4-DMA	142	-	✓	164	Management approach
	G4-HR9	142	-	✓	164	Total number and percentage of operations that have been subject to human rights reviews or impact assessments
<b>Supplier Human Rights Assessment</b>	G4-DMA	142	-	✓	164	Management approach
	G4-HR10	142	-	✓	164	Operations that have been subject to human rights impact assessments
	G4-HR11	142	-	✓	164	Human rights impacts in the supply chain
<b>Human Rights Grievance Mechanisms</b>	G4-DMA	143	-	✓	164	Management approach
	G4-HR12	143	-	✓	164	Operations that have been subject to human rights impact assessments

**SPECIFIC STANDARD DISCLOSURES**

Material aspects	Information on the management approach and indicators	Omissions	External Assurance	Description
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**SUBCATEGORY: SOCIETY**

Material aspects		Page	Omissions	External Assurance	Page of reference	Description
<b>Local Communities</b>	G4-DMA	144	-	✓	164	Management approach
	G4-SO1	145	-	✓	164	Local community engagement, impact assessments, and development programs
	G4-SO2	145	-	✓	164	Significant actual or potential negative impacts on local communities
<b>Anti-corruption</b>	G4-DMA	147	-	✓	164	Management approach
	G4-SO3	148	-	✓	164	Operations assessed for risks related to corruption
	G4-SO4	148	-	✓	164	Communication and training on anti-corruption policies and procedures
	G4-SO5	148	-	✓	164	Confirmed incidents of corruption and actions taken
<b>Public Policy</b>	G4-DMA	148	-	✓	164	Management approach
	G4-SO6	149	-	✓	164	Total value of political contributions by country and recipient/beneficiary
<b>Anti-Competitive Behavior</b>	G4-DMA	149	-	✓	164	Management approach
	G4-SO7	149	-	✓	164	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
<b>Compliance</b>	G4-DMA	149	-	✓	164	Management approach
	G4-SO8	150	-	✓	164	Significant fines and non-monetary sanctions
<b>Supplier Assessment for Impacts on Society</b>	G4-DMA	150	-	✓	164	Management approach
	G4-SO9	150	-	✓	164	Suppliers screened using criteria for impacts on society
	G4-SO10	150	-	✓	164	Impacts on society in the supply chain
<b>Grievance Mechanisms for Impacts on Society</b>	G4-DMA	151	-	✓	164	Management approach
	G4-SO11	151	-	✓	164	Grievances about impacts on society

**SUBCATEGORY: Product Responsibility**

Material aspects		Page	Omissions	External Assurance	Page of reference	Description
<b>Customer Health &amp; Safety</b>	G4-DMA	152	-	✓	164	Management approach
	G4-PR1	152	-	✓	164	Products and services categories for which health and safety impacts are assessed
	G4-PR2	153	-	✓	164	Incidents of non-compliance with regulations or codes concerning health and safety impacts
<b>Product and Service Labeling</b>	G4-DMA	153	-	✓	164	Management approach
	G4-PR3	153	-	✓	164	Product and service information required by the organization's procedures and by law
	G4-PR4	153	-	✓	164	Incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling
	G4-PR5	154	-	✓	164	Results of surveys measuring customer satisfaction
<b>Marketing Communications</b>	G4-DMA	155	-	✓	164	Management approach
	G4-PR6	155	-	✓	164	Sale of banned or disputed products
	G4-PR7	155	-	✓	164	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications
<b>Customer Privacy</b>	G4-DMA	156	-	✓	164	Management approach
	G4-PR8	156	-	✓	164	Substantiated complaints regarding breaches of customer privacy and losses of customer data
<b>Compliance</b>	G4-DMA	156	-	✓	164	Management approach
	G4-PR9	156	-	✓	164	Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

## APPENDIX II: EXTERNAL ASSURANCE REPORT



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### INDEPENDENT REVIEW REPORT OF GAMESA CORPORACIÓN TECNOLÓGICA, S.A.'S 2016 CORPORATE RESPONSIBILITY REPORT

To the Board of Directors of Gamesa Corporación Tecnológica, S.A.

#### Scope of the work

As commissioned by the Board of Directors of Gamesa Corporación Tecnológica, S.A. (hereinafter, Gamesa), we have carried out the review of the sustainability information included in the Gamesa's 2016 Corporate Responsibility Report attached (hereinafter, the Report) and in the GRI G4 content index included as an Annex I. This Report was prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, version 4 (G4).

The boundary determined by Gamesa for the preparation of the Report is included in section I.03 "Material Aspects and Boundaries" of the attached Report.

The preparation of the sustainability information, as well as its content, is the responsibility of the management bodies of Gamesa. They are also responsible for defining, adapting, and maintaining the management and internal control systems from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

#### Criteria

Our review was carried out based on:

- The Guidelines for reviewing Corporate Responsibility Reports, issued by the Instituto de Censores Jurados de Cuentas de España (ICJCE), and
- Standard ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with a limited scope of assurance.

#### Applied procedures

Our review consisted in performing inquiries to the management bodies as well as the various business units that have participated in the preparation of the Report, and in applying analytical procedures and sampling review tests as described below:

- Interviews with those in charge of the preparation of the sustainability information in order to understand how sustainability goals and policies are considered, implemented and integrated into Gamesa's overall strategy.
- Analysis of the processes for collecting and validating the sustainability information contained in the attached Report.
- Verification of the processes that Gamesa has in place to define the material aspects, as well as the participation of stakeholders on those.

- Analysis of the adaptation of the structure and content of the sustainability information as indicated in the GRI G4 Guidelines.
- Test, on a sample basis, of the quantitative and qualitative information of the indicators included in the GRI G4 content index, incorporated as an Annex I in the Report, as well as its adequate compilation from data supplied by information sources. The review tests have been defined in order to provide assurance levels as described before.
- Checking that the financial information included in the Report has been audited by independent third parties.

These procedures have been applied on the sustainability information included in the Report and in the GRI G4 content index included as an Annex I, with the scope defined before.

The scope of this review is considerably lower than a reasonable assurance report. Therefore, the degree of assurance is also less extensive.

This report in no case should be considered an audit report.

#### Independence and quality control

We have met the independence requirements and other ethical requirements of the Code of Ethics for Accounting Practitioners issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies the International Quality Control Standard 1 (NICC 1) and maintains, therefore, a global quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

#### Conclusions

As a result of our review, we conclude that no matter came to our attention that would indicate that the sustainability information included in the Report has not been prepared, in all material respects, in accordance with the Global Reporting Initiative Sustainability Reporting Guidelines GRI G4, which includes the reliability of the data, the adequacy of the information presented and the absence of significant deviations and omissions, having reviewed the GRI G4 Content Index included in Annex I.

This report has been prepared solely according to Gamesa's interest, in accordance with the terms set out in our engagement letter.

ERNST & YOUNG, S.L.

(Free translation from the Original Report on Independent Review in Spanish dated April 12<sup>th</sup>, 2017. In case of any discrepancy, the Spanish version always prevails.)

## APPENDIX III: LIST OF CENTERS

### Main locations and offices

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37/F Sathom Square  
Silom, Bangkok 10500

### Production centers

**Brazil**  
Rua dos Polímeros, s/n – Polo  
Petroquímico– CEP 42810-  
220 Camaçari-BA  
Nacelle plant

**Spain (A Coruña)**  
Polígono Industrial s/n,  
As Somozas s/n, 15565, A  
Coruña (Galicia)  
Blade plant

**Spain (A Coruña)**  
Polígono Ind. de Sigüeiro,  
parcela 52 15688 Sigüeiro  
(Orosa) A Coruña  
Gearbox plant

**Spain (Burgos)**  
Polígono Industrial  
Villalonquejar, Condado de  
Treviño 39, 09001, Burgos  
(Castilla y León)  
Gearbox plant

**Spain (Burgos)**  
Polígono Vega de Santa  
Cecilia, C/ A, 09340, Lerma  
(Burgos)  
Gearbox plant

**Spain (Burgos)**  
Polígono Industrial de Bayas  
c/Suzana, Parcela 137  
09200 Miranda de Ebro  
(Burgos)  
Blade plant

**Spain (Cantabria)**  
Pº Alejandro Calonge, 3,  
39200, Reinosa (Cantabria)  
Generator plant

**Spain (Cuenca)**  
Polígono Los Palancares, km.  
2 - Ctra. Valencia, 16004,  
Cuenca (Castilla-La Mancha)  
Blade root plant

**Spain (Gipuzkoa)**  
Ctra. Asteasu cruce Alkiza,  
20159, Asteasu (Guipúzcoa)  
Gearbox plant

**Spain (Madrid)**  
Gamesa Avda. Fuentemár, 5,  
28820, Coslada (Madrid)  
Converter plant

**Spain (Navarra)**  
Urbanización Área de  
Reperto. Polígono Industrial  
Aoiz. AR-3, 31430,  
Aoiz (Navarra)  
Blade plant

**Spain (Soria)**  
Polígono Industrial Valdemieles  
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(Soria)  
Nacelle plant

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Parque Empr. Turianova,  
manzana 3 naves 1-7 Ctra.  
Benissano-Olocau, 46181,  
Benissano (Valencia)  
Converter plant

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Gearbox plant

**India (Halol)**  
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Blade plant

**India (Mamandur)**  
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603111 Tamil Nadu  
Nacelle plant

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Blade plant

**People's Republic of China  
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No. 8 Fourth Road,  
Hiatai Creative Road Huayuan  
300384 Tianjin  
Gearbox plant

**People's Republic of China  
(Tianjin)**  
No. 8 Fourth Road,  
Hiatai Creative Road Huayuan  
300384 Tianjin  
Generator plant

**People's Republic of China  
(Tianjin)**  
No. 8 Fourth Road,  
Hiatai Creative Road Huayuan  
300384 Tianjin  
Nacelle plant

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