



REMUNERATION COMMITTEE
OF THE GAMESA GROUP

ANNUAL ACTIVITY REPORT

FOR 2016

29 March 2017

Drawn up by the Remuneration Committee and approved by the Board of Directors for submission to the shareholders at the 2017 General Shareholders Meeting



INDEX - THE REMUNERATION COMMITTEE

A. PRESENTATION.....	3
B. OPERATION AND RESPONSIBILITIES OF THE COMMITTEE	4
C. COMPOSITION OF THE COMMITTEE AND ATTENDANCE AT ITS MEETINGS IN 2016.....	6
D. ACTIVITIES DURING 2016	8
E. CONCLUSION	11



A. PRESENTATION

The Remuneration Committee (hereinafter referred to as the "Committee" or "RC") of Gamesa Corporación Tecnológica, S.A. (hereinafter referred to as "Gamesa" or the "Company") was created by resolution of the Board of Directors on 16 December 2015, whereby agreeing to split the Appointments and Remuneration Committee into two separate committees and thus complying with Recommendation 48 of the Code of Good Governance for listed entities approved by the National Securities Market Commission on 18 February 2015.

The Remuneration Committee is a specialized body with powers to inform, advise and propose, thus facilitating the performance of the duty of general supervision and control that corresponds to the Board of Directors. The existence of a specialized Committee for supervising the remuneration of the Board of Directors and Senior Management is currently required under articles 529 terdecies and quindecies of the Spanish Corporate Enterprises Act (Royal Legislative Decree 1/2010 of 2 July), the recommendations of the supervising agencies, and best practices in corporate governance.

The legal framework of the Remuneration Committee is established in its Regulations, approved on 16 December 2015, and by the legal provisions and the Corporate Governance Standards applicable thereto. The cited Regulations form part of the Corporate Governance Standards of the Company.

The Remuneration Committee has prepared this 2016 Annual Activity Report for approval by the Board of Directors by virtue of Article 17 of its Regulations.



B. OPERATION AND RESPONSIBILITIES OF THE COMMITTEE

In accordance with Chapter III of the Regulations of the Committee, the rules of operation of the Appointments Committee are summarized as follows:

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

Articles 5 and 6 of the Regulations of the Remuneration Committee contemplates the powers and duties of the Committee. The main powers stipulated in said articles are listed below:

1. The Committee shall propose to the Board of Directors:
 - a) The system and amount of annual remuneration for directors, as well as individual remuneration and all other basic conditions of executive director contracts, including any compensation that may be established if removed from office, ensuring observance thereof.
 - b) The Annual Report on Remuneration of Directors.
2. The Committee shall inform on the following proposals:
 - a) Proposals from the CEO concerning the Senior Management remuneration structure and other basic conditions of their contracts, including any compensation that may be established if removed from office, and shall submit them to the Board of Directors.
 - b) General multi-year incentive schemes and pension supplements.
 - c) Remuneration systems referenced to the listed share price or entailing the delivery of shares or stock options to directors, members of senior management or other employees.
 - d) Documents to be approved by the Board of Directors for their general disclosure in regard to information concerning remuneration. In particular, the corresponding sections of the Company's Annual Corporate Governance Report and the Sustainability Report.



3. Moreover, the Remuneration Committee will ensure compliance with the Remuneration Policy, conduct an annual review on its suitability and results, and apprise the Board of Directors of the results of said review.



C. COMPOSITION OF THE COMMITTEE AND ATTENDANCE AT ITS MEETINGS IN 2016

In accordance with Chapter III of the Regulations of the Remuneration Committee, the rules of organization of the Remuneration Committee are summarized as follows:

- a) The Remuneration Committee shall comprise a minimum of three (3) and a maximum of five (5) non-executive directors, at least two of whom must be independent directors.
- b) The Remuneration Committee shall choose a Chairman from among its independent members.
- c) The Committee shall also appoint a Secretary, who may be one of its members, or the Secretary or Vice Secretary of the Board of Directors, who may or may not be a Director.

The composition of the Remuneration Committee has varied during 2016.

From 1 January to 14 September 2016:

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

As of 14 September 2016:

Position	Name	Director type
Chairman	Andoni Cendoya Aranzamendi	Independent
Voting Members	Juan Luis Arregui Ciarsolo	Independent
	Francisco Javier Villalba Sánchez	Proprietary (Iberdrola, S.A.)
Non-member Secretary	Carlos Rodríguez-Quiroga Menéndez	N/A



As supporting bodies and notwithstanding the duties legally conferred to the Secretary of the Committee regarding advising and supporting the members in the exercise and better performance of the duties conferred thereto, the Remuneration Committee (RC) has an appropriate framework coordination and information relations with the management team of the Company, and can also seek information and cooperation of members of the management team through the Chairman of the Company in the terms provided for in Article 20 of the Regulations of the Remuneration Committee.

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

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

All Directors, members of the Committee and its Secretary have attended all meetings held in 2016 while they held these positions.

NUMBER OF POSSIBLE MEETINGS AND ATTENDANCE	
Andoni Cendoya Aranamendi	8 of 8
Juan Luis Arregui Ciarsolo	8 of 8
Francisco Javier Villalba	1 of 8
Gema Góngora Bachiller	7 of 8
Carlos Rodríguez-Quiroga Menéndez (Non-member Secretary)	8 of 8

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



D. ACTIVITIES DURING 2016

During 2016, the Remuneration Committee held 8 meetings. The meetings, duly convened by its Chairman, were held on the following dates:

- February: Meetings on the 9th and 22nd
- March: Meeting on the 29th
- April: Meeting on the 4th
- May: Meeting on the 3rd
- June: Meeting on the 16th
- July: Meeting on the 21st
- December: Meeting on the 15th

Regarding the work plan developed by the Remuneration Committee in 2016, the following are noteworthy:

RESOLUTIONS WITHOUT MEETING

In 2016, the RC adopted no resolutions without meeting.

ATTENDANCE OF THE MEMBERS

All members of the RC attended all the meetings.

PROCEEDINGS OF THE MEETINGS

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

INFORMATION TO THE BOARD OF DIRECTORS

The Chairman of the RC, in accordance with section 1 of Article 18 of the Regulations of the Remuneration Committee (RC), informed the Board of Directors at each of its meetings, of the meetings of the RC, of its activities and the work undertaken.



MINUTES

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

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

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

SUPPORT FROM EXTERNAL SERVICES

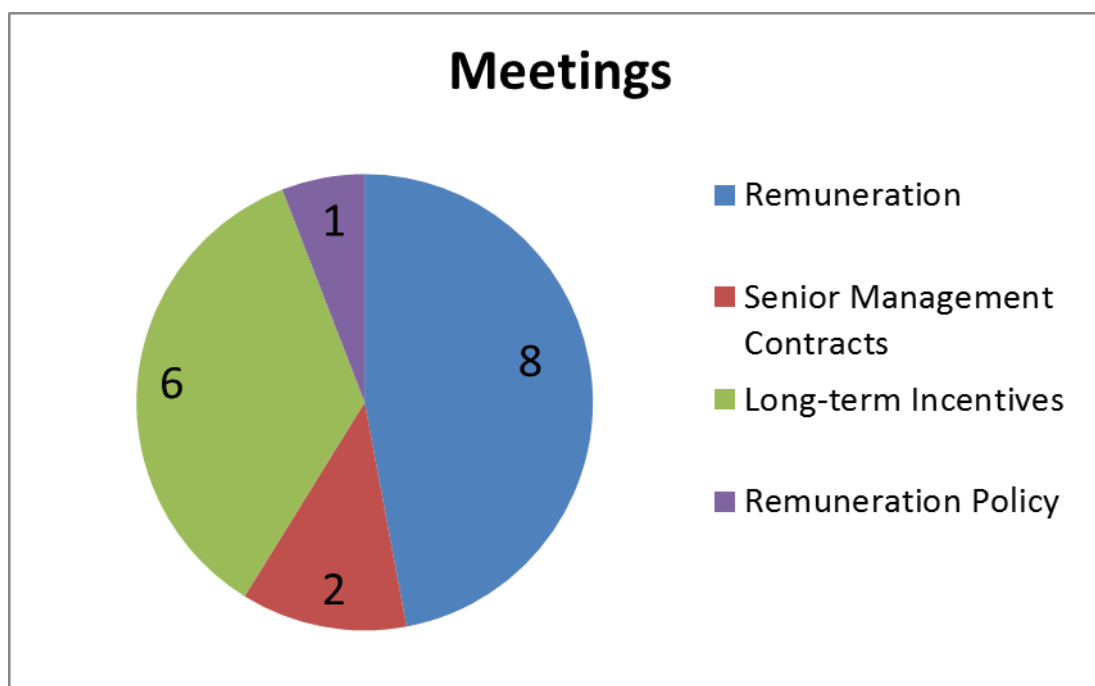
When considered necessary, the Committee sought, through its Chairman, external advising from law firms or consulting firms. In particular, advice was sought from the following legal and consulting firms in 2016:

Ernst & Young
Mercer Consulting S.L.U.

TASKS UNDERTAKEN

As stated above, the Remuneration Committee has the powers of information, advising and proposal delegated by the Board of Directors as a committee specialized in specific areas of activity mainly related to the supervision of the remuneration of the Board of Directors and Senior Management of the Company and, notwithstanding these basic duties, some of the activities related to the General Shareholders Meeting and the organization and operation of the Committee.

The main issues that were addressed and analyzed by the Committee in 2016, and of which its main areas of supervision consisted, can be grouped into the following areas based on their functions.



Specifically, the meetings in February, March, June, July and December addressed remuneration (of the Chairman and CEO, Board of Directors, Committees and Senior Management); two meetings in February addressed the contracts of Senior Management; the meetings in February, March, April and May addressed long-term incentives; and the meeting in December addressed the remuneration policy.

It is noteworthy that the Company, as backed by the advisory committees, considered that it had strictly complied with the standards and recommendations on good governance; compliance with which was especially monitored. In particular and in compliance with the Corporate Enterprises Act, ECC Order 461/2013 and Circular 4/2013 of 12 June of the CNMV, modified by Circular 7/2015 of 22 December, the RC proposed and the Board of Directors approved, during 2016, an Annual Report on the Directors' Remuneration for 2015, detailing the remuneration policy and individual remuneration of each director. Said report was submitted for a consultative vote at the 2016 General Shareholders Meeting under item seventeen of the agenda, and obtained a 95.87% votes in favor.

New significant challenges and opportunities arose in 2016 for the Committee in performing its duties and responsibilities, with the rhythm of activity remaining steady to date.



E. CONCLUSION

Throughout 2016, the RC considered that it satisfactorily carried out the responsibilities assigned to it by the Corporate By-laws and its own Regulations.

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