

**STANDARD FORM ANNEX I
ANNUAL REPORT ABOUT THE REMUNERATION OF THE
MEMBERS OF THE BOARD OF DIRECTORS
OF LISTED COMPANIES**

IDENTIFYING DATA OF THE ISSUER

REFERENCE YEAR END DATE

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Company Name:
SIEMENS GAMESA RENEWABLE ENERGY, S.A.

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ANNUAL REPORT ABOUT THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS OF LISTED COMPANIES

A THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR

A.1 Explain the company's remuneration policy. This heading should include information on:

- General principles and bases of the remuneration policy.
- Most significant changes made in the remuneration policy compared with that applied in the previous financial year, as well as any modifications which have been carried out during the financial year of the conditions for the exercise of options already granted.
- Criteria used to establish the company's remuneration policy.
- Relative importance of the variable items of remuneration in relation to the fixed items of remuneration and criteria applied to determine the various components of the directors' remuneration package (*remuneration mix*).

Explain the remuneration policy

The Shareholders' General Meeting of SIEMENS GAMESA RENEWABLE ENERGY, S.A. ("Siemens Gamesa" or the "Company"), celebrated on June 20, 2017 approved according to article 529 novodecies of the Capital Companies Law and to article 45 of the By-Laws, a new "Remuneration policy for the members of the Board of Directors" (the "Policy") with the aim to adapt the remuneration policy for the members of the Board to the current regulatory frame and to the good governance recommendations of general consent in the international markets, as well as the requirements and specific circumstances of the Siemens Gamesa Group after the effectiveness of the merger (the "Merger") through absorption between the Company, as absorbing company, and Siemens Wind Holdco, S.L., as absorbed company.

The basic principles of the current Policy are as follows:

Quantitative limit:

In accordance to article 45.3 of the Bylaws, the 2015 Shareholders' General Meeting fixed the annual gross maximum amount that the Company will allocate to the whole of its directors in their capacities as such in €3 million.

This remuneration is independent and compatible with:

- (a) the establishment of remuneration systems referenced to the listed share price or entailing the delivery of shares or stock options.
- (b) remuneration and considerations established for executive directors for performing executive duties as established in the contract entered into by and between said directors and the Company for such a purpose and adjusted to the currently valid director remuneration policy.

The formalization of contracts drawn up under these terms must be approved by the Board of Directors with a vote in favor of at least two-thirds of its members.

Principle of proportionality:

The Board of Directors must ensure that the remuneration of its members, that must always be based on the principle of proportionality, to be consistent with the remuneration paid in the market in comparable entities in size, activity, complexity of its business and geographical distribution of its operations.

The remuneration paid to the non-executive directors shall be adequate and shall boost their dedication without compromising the independence and the remuneration of the executive directors has as main criteria to offer remuneration systems that may attract, retain and motivate the most qualified professionals with the aim to facilitate the Siemens Gamesa Group to fulfill its business objectives.

Competent bodies:

The Board of Directors, at proposal of the Appointments and Remunerations Committee, is the competent body to determine, within the limit fixed by the Shareholders' General Meeting and in line with the current Policy, the exact amount to be paid each fiscal year to each director according to the functions and duties assigned to each director as well as the dedication, except the remuneration consisting in the delivery of shares or option rights to them or remuneration rights linked to its value.

Structure of the remuneration of directors due to their status as such:

- a) Annual fixed remuneration for their membership and position on the Board of Directors and its committees.
- b) Attendance allowances for attending each session of the Board of Directors and committees. The CEO, as an exception, does not receive allowances.

Structure of remuneration for the performance of executive functions

Currently, the sole members of the Board of Directors who carry out executive functions are the CEO, legal counsel-secretary member of the Board of Directors (who is also the non-member secretary of the Appointments and Remuneration Committee).

The remuneration of executive directors is established in the contracts signed between the directors themselves and the Company, and approved by the Board of Directors and these contracts contemplate a fixed remuneration for the performance of executive functions.

Variable remuneration is only granted to the CEO when linked to the fulfillment of specific, quantifiable goals in line with corporate interests. Variable remuneration includes: (i) annual remuneration, and (ii) medium- or long-term remuneration. Their respective components are further detailed in section A4.

Relative importance of the variable remuneration of the CEO (*remuneration mix*): annual variable remuneration is calculated based on 100% of the fixed remuneration of the CEO established for this fiscal period, and may even reach 130% for exceptionally exceeding the set goals. Therefore, and as explained in greater detail in section A4, the combination of the annual variable remuneration and the medium- or long-term remuneration (based on the personal performance of the CEO and the degree of achievement of the objectives established for said remuneration) could even reach a value higher than the fixed remuneration components.

Other benefits

The Company pays for the premiums corresponding to policies undersigned thereby with insurance companies covering death and disability benefits, and third-party civil liability for the discharge of duties as directors, executives and employees. In general, the Company's remuneration policy does not contemplate recurrent contributions to social welfare systems such as pension or similar plans.

The most significant changes in the new Remuneration Policy for the members of the Board of Directors in comparison to previous years are: a) the limit of one year fixed remuneration as severance pay for executive directors in case of termination of his/her relationship with Siemens Gamesa when this termination does not occur based in a breach by the director or based on his free will, and b) the establishment of clawback and malus clauses for the variable remuneration. It shall also be pointed out that the Board of Directors in its meeting of April 4, 2017 approved the merger in a sole "Appointments and Remunerations Committee" of the previous "Appointments Committee" and "Remunerations Committee". Likewise it shall be remarked that the Independent Directors created in the context of the Merger, ceases to be operational after the effectiveness of the Merger on April 3, 2017.

- A.2 Information regarding the preparatory work and the decision-making process which has been followed in order to determine the remuneration policy and the role, if any, played by the remuneration committee and other supervisory bodies in the creation of the remuneration policy. This information shall include, where relevant, the mandate given to the remuneration committee, its composition and the identity of the external advisers whose services have been used to establish the remuneration policy. The nature of the directors, if any, that have been involved in the establishment of the remuneration policy shall also be indicated.

Explain the process for determining the remuneration policy

Within the frame established by law, the *Bylaws* and agreements adopted by the General Shareholders Meeting, the Board of Directors draws up the Siemens Gamesa remuneration policy, which will include all fixed components and variable items (indicating essential parameters and hypothetical or targets taken as a reference for calculation, along with assessment criteria), the main characteristics of prevention systems and the main conditions which the contracts of executive directors must fulfill.

The Appointments and Remunerations Committee is vested with the powers to propose to the Board of Directors the remuneration policy of directors and inform about the proposal of the CEO about the remuneration Structure of the top management of the Company and submit it to the Board of Directors.

In particular, the Committee proposes the annual directors' remuneration system and amount, individual remuneration and the rest of main conditions for executive directors' contracts. Likewise, it submits the *Annual Report about the remuneration of the members of the Board of Directors* to the Board of Directors for approval and subsequent consultative vote by the Shareholders' General Meeting.

As of 30 September 2017, the Appointments and Remunerations Committee comprises five non-executive directors as listed below with their respective category:

- Chairman: Andoni Cendoya Aranzamendi (independent director).
- Voting Members:
 - o Ms. Lisa Davis (proprietary director)
 - o Ms. Swantje Conrad (independent director)
 - o Mr. Klaus Rosenfeld (independent director).
 - o Ms. Sonsoles Rubio Reinoso (proprietary director).

The non-member secretary of the Appointments and Remunerations Committee is Carlos Rodríguez-Quiroga Menéndez.

The definition of the Remuneration Policy for members of the Board of Directors approved by the 2015 Shareholders' General Meeting received external counsel from the law firm Uría Menéndez Abogados S.L.P. In the application of the remuneration policy during 2017, external counsel was received from the consultant Willis Towers Watson and the law firms Uría Menéndez Abogados S.L.P.

- A.3 Indicate the amount and the nature of the fixed components, itemizing any remuneration for the performance of top management duties of the executive directors, the additional remuneration as chairman or member of a committee of the board, the allowances for participation in the board and its committees or other fixed remuneration as director, as well as an estimate of the annual fixed remuneration to which they may give rise. Identify other benefits which are not paid in cash and the fundamental criteria by which they are granted.

Explain the fixed components of the remuneration

Remuneration of directors in their status as such

After the effectiveness of the Merger between Gamesa and Siemens Wind Holdco, the Board of Directors agreed on May 8, 2017, at the proposal of the Appointments and Remunerations Committee, to increase the fixed remuneration of directors in their status as such and the allowances for attendance. The increase, after several fiscal years without any change of the remuneration amounts, seeks to adequate the Company to the best remuneration practices after the increase of its capitalization and to approach the remuneration to the market reference. The established annual fixed remuneration is as follows on the basis of the position held:

- Chairman: €250.000
- Vice Chairman: €150,000 (does not currently exist)
- Board Members: €80,000
- Lead Independent Director: €20,000 additional (does not currently exist)
- Committee Chairpersons: €60,000 additional for each committee
- Committee Members: €40,000 additional

The amounts shall be proportional to the time holding the position.

Regarding the three external proprietary directors of SIEMENS GAMESA that are, at the same time, members of the Managing Board of SIEMENS AG, it shall be pointed out that they have renounced to their remuneration as members of the Board of Directors.

Remuneration of directors for the performance of executive functions

The fixed remuneration amount of executive directors in their condition as such is established so as to be competitive with other comparable and similarly-sized entities in the market, yet taking into account the circumstances of each fiscal year of the Company.

As mentioned above, Siemens Gamesa currently has two executive directors: the CEO and the Secretary-Legal Counsel of the Board of Directors and non-member secretary of the Appointments and Remuneration Committee.

For the new CEO, appointed after the effectiveness of the Merger and who does not combine the post with the Chair of the Board as the previous director in the post did, the gross fixed annual salary was fixed, starting at his appointment at May 8, 2017, in €700,000. Likewise, for executive duty performance, the Company settled the social security payment for the CEO (€4,037 in 2017) with recognized benefits of vehicle assignment, rent of a house and payment of the premiums for medical insurance (total of €7,029 in 2017).

The legal counsel, secretary of the Board of Directors and non-member secretary of committees thereof, according to the aforementioned remuneration increase, has the following remuneration:

- For functions as secretary-legal counsel of the Board of Directors: €250,000
- For duties as secretary of committees: €50,000 additional for each committee

Internal regulation contemplates no variable remuneration for the secretary-legal counsel.

Allowances

The members of the Board of Directors receive attendance per diems (allowances) for each session of the Board of Directors and committee meetings that they actually attend, regardless of the number of sessions held, yet restricted to the maximum limit established in section A.1, i.e., three million euros.

The valid amounts for the various posts and members, after the remuneration increase approved by the Board, are as follows:

- For the chairmen of the committees: €3,800
- For the members of the Board of Directors and committees: €2,000

As a special and transitional case within the framework of tracking the Merger, the Board of Directors created an Independent Directors Committee that is non-operative since the effectiveness of the Merger on April 3, 2017. During its operational period the members received the following attendance allowances:

- Independent Directors Committee Chairman: €7,200
- Voting members of the Independent Directors Committee: €3,600

All amounts are established for the normal case of attendance of the director in person. In the case of attendance via video conference or other valid mediums of remote communication, the per diem will be 50% of the above amounts.

The right to the per diem allowance is void when a representative attends the meeting.

The CEO of the Company in his condition as such receives no fixed remuneration or further per diem allowances in addition to the recognized fixed and variable remuneration as executive director.

Other benefits

As part of the fixed components of their remuneration as directors, they are entitled to insurance covering death and disability (for a total of €21,853) and third-party civil liability for the discharge of duties (a total of €34,588 allocated in 2017).

A.4 Explain the amount, the nature and the principal characteristics of the variable components of the remuneration systems.

In particular:

- Identify each of the remuneration plans of which the directors are beneficiaries, its scope, its date of approval, date of implementation, period of validity as well as its principal characteristics. In the case of stock option plans and other financial instruments, the general characteristics of the plan shall include information regarding the conditions for exercise of such options or financial instruments for each plan.
- Indicate any remuneration in the form of profit share or bonuses, and the reason why they are granted.
- Explain the fundamental criteria and basis of any system of annual bonuses.
- The classes of directors (executive directors, external proprietary directors, independent external directors or other external directors) that are beneficiaries of remuneration systems or plans which include variable remuneration.
- The basis of such systems of variable remuneration or plans, the criteria chosen for evaluation of performance, as well as the evaluation components and methods to determine whether or not such evaluation criteria have been observed and an estimation of the absolute amount of the variable remuneration to which the remuneration plan in force would give rise, depending on the degree

of fulfillment of the assumptions or objectives which is adopted as a reference.

- Where relevant, any periods of deferral or postponement of payment which have been established shall be reported and/or the periods for withholding shares or other financial instruments if they exist.

Explain the variable components of the remuneration systems

The CEO is the sole director to benefit from a variable remuneration component, which is linked to the fulfillment of specific, quantifiable goals in line with corporate interests.

The establishment of these goals and assessment of their degree of achievement correspond to the Board of Directors at the proposal of the Appointments and Remuneration Committee.

Noteworthy within variable remuneration are annual variable remuneration and medium and long-term remuneration.

(i) Annual variable remuneration:

Percentage of the fixed remuneration calculated on the basis of pre-established criteria and 100% of the fixed remuneration. This percentage may even reach 130% for exceptionally exceeding the set goals.

Criteria for payment: linked to the performance of the CEO and the results of the Company.

The degree of achievement is determined on the basis of indicators regarding the fulfillment of business and financial goals and objectives of the Company and group of companies of which Siemens Gamesa, in the meaning established by law, is the parent company (hereinafter referred to as the "**Group**").

The specific parameters and objectives, and their weighting are described further in section D.2.

Assessment of the degree of achievement of goals or objectives linked to the variable remuneration corresponds to the Board of Directors at the proposal of the Appointments and Remunerations Committee.

(ii) Medium- and long-term variable remuneration linked to strategic goals:

The Company also contemplates the implementation of incentive programs linked to the fulfillment of medium- or long-term strategic goals with a view to retaining and providing incentives to the CEO, thus sustainably increasing Siemens Gamesa's value over time.

In connection with the 2013-15 Plan approved by the Gamesa General Shareholders' Meeting held on 19 April 2013, configured as a long-term incentive package comprising the delivery of a cash bonus and shares in the Company linked to the attainment of key objectives in the 2013-2015 Business Plan, whose measurement period concluded on 31 December 2015, the following is particularly noteworthy for 2017:

According to the characteristics of the program, after determining the degree of compliance with the objectives, the liquidation and payment was made as 50% in the first 90 calendar days in 2016 with the remaining 50% in the first 90 calendar days in 2017.

In accordance with the foregoing and being the previous CEO the only director beneficiary of it, it shall be pointed out:

- Regarding the cash part: the total amount accrued at the close of the measurement period, amounting to €1,250,000, was included in the remuneration accrued in 2015. 50% of said amount (€625,000 gross) was liquidated on March 2016 and the remaining 50% (€625,000 gross) was liquidated in March 2017, after the corresponding resolutions by the Board of Directors.
- Regarding the part of the incentive entailing shares, the previous CEO was allocated the value corresponding to the acknowledgment of 94,879 shares in the company amounting to 1,945 thousands euro (20.50 euros per share according to the listing price on the date of the resolution of the Board of Directors), representing the remaining 50% of the share acknowledged by the cited 2013-15 Plan (after the corresponding withholding tax, 61,671 shares were delivered in 2017). The delivery of the first 50% (61,672 shares after applying the corresponding withholding tax), were delivered within the first 90 days in 2016.

Upon expiration of the 2013-15 Plan, on 22 February 2017 the Board of Directors approved an incentive plan for 2016-2017 (the "Plan") with a twofold objective: (i) provide continuity to earlier multi-year programs, considering that the Company has yet to approve a long-term program to cover 2016-17 and in light of the context of the negotiations and developments in the merger process; (ii), serve as an instrument of retention and permanence for key management team members who should contribute to the objectives of the Merger. The general characteristics of the plan are:

- Beneficiaries: including, in addition to previous CEO, a group of approximately 100 managers and key personnel in the Gamesa Group. In accordance with Company policy, no other member of the Board of Directors may be beneficiary of the Plan.
- Dates and terms:
 - Measurement start date: 1 January 2016.
 - Measurement end date: April 3, 2017, date of the effectiveness of the merger.
 - Payment dates:
 - 50% in February 2018 ("Initial Payment Date").
 - 50% in February 2019 ("Final Payment Date").

Consequently, the plan's valid period spans between the measurement start date and the Final Payment Date ("Plan Validity Period"), thus from 1 January 2016 to February 2019.

- Permanence requirement. Permanence on the respective payment dates is a general requirement to be able to collect the incentive, though the termination of the relationship with the Company for any cause not attributable to the beneficiary will not extinguish the right to the incentive. In case of termination of the relationship linking the beneficiary thereof with the Company by mutual agreement, payment of the incentive will depend on the mutual agreement reached in this regard.
- Target (base case): achieve an absolute EBIT of the Gamesa Group accumulated during 2016 and the first quarter 2017 of between €612 million (50% fulfillment) and €620 million (100% fulfillment). Between the minimum and maximum levels, the calculation will be made by linear interpolation.

The level of achievement of the targets included in the Plan 2016-2017 confirmed by the Board of Directors is 100% and will be paid in the aforementioned payment dates.

- Maximum amount: the maximum amount that the previous CEO may accrue through this incentive is €942,500, corresponding to fulfillment of the entire (100%) objective.
- Clawback and malus clauses. Possibility of incentive annulment. The Plan includes clauses by virtue of which the payment of pending amounts may be suspended and, as the case may so require, even claim unduly paid amounts on the basis of the new appraisal conducted thereafter when certain circumstances justify a new appraisal or revision of the degree of fulfillment with the objective by the Board of Directors, or in the case of infringements of regulations or Company's codes of conduct.

Finally, the company's remuneration policy permits the establishment of extraordinary *bonuses* linked to the achievement of objectives or specific strategic operations of particular relevance for the Company, and the Company expects to acknowledge a *bonus* linked to the effectiveness of the Merger, which occurred on April 3, 2017, an operation that entails a substantial step forward in Gamesa's business plan and for its strategic positioning in the market. The previous CEO had been awarded with a *bonus* linked to the effectiveness of the merger for an amount of 1 million euro. The concretion of the *bonus* was established by the Board of Directors after the effectiveness of the Merger (i) at the proposal of the Appointments and Remunerations Committee for the previous CEO, and (ii) at the proposal of the CEO following a prior report from the Appointments and Remunerations Committee for other beneficiaries thereof.

A.5 Explain the principal characteristics of the long-term saving systems, including retirement and any other survivor's benefit, financed in whole or in part by the company, whether allocated internally or externally, with an estimate of their amount or equivalent annual cost, indicating the type of plan, whether it is defined contribution or defined benefit, the conditions for vesting of the pecuniary rights in favor of the directors and their compatibility with any kind of compensation due to early rescission termination of the contractual relationship between the company and the director.

Indicate also the contributions for the director's benefit to defined-contribution pension plans; or the increase of the directors vested rights, in the case of contributions to defined-benefit plans.

Explain the long-term saving systems

In general, the Company's remuneration policy does not contemplate recurrent contributions to social welfare systems such as pension or similar plans.

Nonetheless, the current CEO has the granted right to receive contributions to pension complements, contributions to be formalized during 2018.

- A.6 Indicate any compensation agreed or paid in the event of termination of the duties as director.

| Explain the compensation |
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| <p>Company regulations contemplate no compensation for directors upon termination of their mandate or position before expiration of the period for which they were appointed.</p> <p>Notwithstanding the foregoing, the CEO's contract contemplates compensation and economic considerations of up to one years of fixed salary in the case of termination of the relationship with the Company, so long as such termination occurs neither at the CEO's free will nor as a consequence of breach of contract thereby.</p> <p>Regarding the previous CEO, Mr. Ignacio Martín San Vicente, motivated by the termination of his relation with the Company, he received a severance pay b applying the change of control clause and the non-competition clause of his contract in 0%) arising a total of 2.964.900 euros.</p> |

- A.7 Indicate the conditions which must be observed by contracts of those who carry out senior management functions as executive directors. Inter alia, the duration, the limits on amounts of compensation, period of minimum service clauses, and prior notice periods shall be reported, as well as payment in lieu of the above-mentioned prior notice period, and any other clauses relating to recruitment incentives, as well as compensation or golden handshakes for early rescission or termination of the contractual relationship between the company and the executive director. Include, inter alia, non-competition, exclusivity, minimum service or fidelity and post-contractual non-competition clauses or agreements.

| Explain the conditions of the contracts of executive directors |
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| <p>In accordance with the law and the Company's internal regulations, at the proposal of the Appointments and Remuneration Committee, the Board of Directors is responsible for approving the basic terms and conditions of the CEO's contract, as well as other executive directors (including any possible compensation for a separation scenario) for undertaking executive duties.</p> <p><u>1.- Overall terms and conditions of the CEO's contract:</u></p> <p><u>Applicable legislation</u></p> <p>The regulations applicable to the CEO's contract are the same as those for service provision contracts and, in particular, article 249.3 of the Spanish Corporate Enterprises Act.</p> <p><u>Duration and compensation for termination of the contract</u></p> <p>The contract has an indefinite duration.</p> <p>It contemplates compensation and economic considerations of up to one year of fixed in the case of termination of the relationship with the Company, so long as such termination occurs neither at the CEO's free will nor as a consequence of breach of contract thereby.</p> |

Fulfillment of the Corporate Governance Rules of Siemens Gamesa

The contract includes to strictly fulfill the Corporate Governance Rules of the Company as they may be applied in each case.

Exclusivity, permanence, post-contractual competition and advance notice

The contract establishes exclusivity in the professional relationship and will evaluate exceptions case by case.

It likewise establishes a post-contractual no-competition obligation of 1 year paid with a base salary in 50% at termination and the other 50% after six months since termination.

In case of voluntary termination of the contract, the party seeking to terminate the contractual relationship must provide notice thereof to the other party within three (3) months before the effective termination date.

On failure to comply with the duty to provide advance notice, the defaulting party must pay compensation to the other party of an amount corresponding to the annual fixed remuneration of the CEO approved for the corresponding year and pro-rated based on the breached term.

Confidentiality

The CEO must observe the duty of confidentiality during the effective contract period and after expiration thereof.

2.- General terms and conditions of contracts for the secretary-legal counsel of the Board of Directors:

Signed individual contracts for the provision of professional services as secretary-legal counsel to the Board of Directors and as secretary of the different committees. The main characteristics of these contracts are as follows:

- Indefinite duration.
- No exclusivity, permanence, post-contractual non-competition or advance notice of termination clauses are contemplated.
- Likewise, no compensation for contract termination is contemplated.
- The duty of confidentiality must be observed during the effective contract period and after expiration thereof.

A.8 Explain any supplementary remuneration earned by directors as consideration for services rendered other than those inherent in their office.

| Explain supplementary remuneration |
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| Siemens Gamesa directors have earned no remuneration for this concept. |

- A.9 Indicate any remuneration in the form of advance payments, credit facilities and security granted, indicating the interest rate, their essential characteristics and the amounts possibly repaid, as well as the obligations assumed on their behalf by way of security.

| Explain advance payments, credit facilities and guarantees granted |
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| Siemens Gamesa directors have earned no remuneration for this concept. |

- A.10 Explain the principal characteristics of remuneration in kind.

| Explain remuneration in kind |
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| Regarding the members of the Board of Directors as a whole, the sole established remuneration in kind corresponds to the amount of the premiums paid for insurance covering death and disability and third-party civil liability undersigned for the discharge of their duties. |
| Regarding the CEO, remuneration in kind comprises: (i) the assignment of the right to use a vehicle, (ii) a house rental, and (iii) the coverage of health and accident contingencies, for which the Company has undersigned the corresponding insurance. |

- A.11 Indicate the remuneration earned by the director due to the payments which may be made by the listed company to a third entity in which the director renders services, when such payments are for the purpose of remunerating his services at the company.

| Explain the remuneration earned by the director due to payments which may be made by the listed company to a third entity in which the director renders services |
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| Siemens Gamesa directors have earned no remuneration for this concept. |

- A.12 Any other item of remuneration other than the aforementioned, irrespective of its nature or the entity of the group which pays it, especially when it is considered a transaction between related parties or the issue thereof distorts the true and fair view of the total remuneration earned by the director.

| Explain the other items of remuneration |
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| Siemens Gamesa does not pay other items of remuneration to directors. |

A.13 Explain the actions adopted by the company in relation to the system of remuneration in order to reduce the exposure to excessive risks and to adapt it to the company's long-term objectives, values and interests, which shall include, where relevant, a reference to: measures provided to guarantee that the company's long-term results are taken into account in the remuneration policy, measures which establish an adequate balance between the fixed and variable components of the remuneration, measures adopted in relation to the categories of personnel whose professional activities have a significant effect on the entity's risk profile, recovery formulas or clauses in order to be able to claim the repayment of variable components of the remuneration based on results when such components having been paid on the basis of data the inaccuracy of which has been clearly shown afterwards and measures provided to avoid conflicts of interests, if any.

Explain the actions adopted to reduce risks

The payment of the CEO's annual and multi-annual variable remuneration is linked to his performance and essentially referenced to operating results, indicators, financial and corporate social responsibility parameters.

Annual objectives are established based on the annual budget and market guidelines. Multi-annual objectives are established based on the strategic objectives borne of the Company's Business Plan, though others are drawn up, as the case may be, specifically.

According to specific cases, some figures of reference used for this purpose include: (i) shareholder's return on investment; (ii) operating profitability (iii) coverage of the activity by orders; (iv) financial soundness of the balance; or (v) occupational health and safety or performance in terms of sustainability.

Performance assessment corresponds to the Board of Directors at the proposal of the Appointments and Remunerations Committee. In turn, the Appointments and Remunerations Remuneration Committee bases its assessment proposal on the consolidated results contained in the yearly financial statements audited by an outside auditor, and reported by the Internal Audit Area of the Company, which functionally reports to the Audit, Compliance and Related Party Transactions Committee.

It should be noted that multi-annual variable remuneration is linked to the performance of the CEO, and of the Company per se during a measurement period of normally three years, and payment thereof cannot be satisfied until the Board of Directors completes the corresponding verification of the degree of compliance with the goals of the Business Plan following a briefing from the Appointments and Remunerations Committee. Moreover, the possible liquidation is expected to differ normally in two or three years (with the 2013-15 Plan -section A.4.- the measurement period entailed 2013-15, for which liquidation and payment was verified as 50% in 2016 and the remaining 50% was verified in 2017), and loss of the right to deferred collection is expected if there is unjustified voluntary resignation or termination of the relationship on failure to fulfill the inherent obligations of the position during the term of permanence. Likewise, the plan validity period of the 2016-17 incentive plan approved on 22 February 2017, while acknowledging the singularity of the same given the context in which it was created, exceeds three years, deferring in the payment thereof. Additionally, *clawback and malus* clauses were also included in line with international standards currently existing in the market.

Likewise regarding the next long term incentive plan to be approved by the Company and if the current CEO is a beneficiary, all according to the complementary information to the Remuneration policy of the members of the Board of Directors published at the call of the Shareholders' General meeting of 20 June 2017, the incentive shall have the following main characteristics:

- a) 3 years collection period.
- b) 20% obligatory incentive withholding until twice the remuneration base of the shares is achieved.
- c) *Malus* and *clawback*.clauses to be applied.

B REMUNERATION POLICY PROVIDED FOR FUTURE YEARS
(section removed)

C OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE CLOSED FINANCIAL YEAR

C.1 Explain in summary form the principal characteristics of the structure and items of remuneration of the remuneration policy applied during the financial year closed, which gives rise to the description of the individual remuneration earned by each of the directors that is shown in section D of this report, as well as a summary of the decisions taken by the board for the application of such items.

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| Explain the structure and items of remuneration of the remuneration policy applied during the financial year |
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| The structure and concepts of remuneration of the remuneration policy applied during the 2017 fiscal year are detailed and do not differ from section A of the present report. |
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D DESCRIPTION OF THE INDIVIDUAL REMUNERATION EARNED BY EACH OF THE DIRECTORS

D.1 Complete the following tables in relation to the individual remuneration of each of the directors (including the remuneration for the performance of executive duties) earned during the financial year.

a) Remuneration earned at the company the subject of this report:

i) Cash remuneration (in thousands of €)

| Name/ Type/ Accrual period year t | Salary | Fixed remuneratio n | Allowa nces | Short-term variable remunerati on | Long-term variable remuneratio n | Remuneration for membership of board committees | Compensation | Other items | Total year t | Total year t-1 |
|---|--------|---------------------------|----------------|--|---|---|--------------|----------------|-----------------|-------------------|
| García García, Rosa María | 0 | 100 | 14 | 0 | 0 | 0 | 0 | 2 | 116 | 0 |
| Tacke, Markus | 265 | 0 | 0 | 76 | 0 | 0 | 0 | 1 | 342 | 0 |
| Carlos Rodríguez- Quiroga Menéndez | 287 | 53 | 25 | 0 | 0 | 0 | 0 | 6 | 371 | 540 |
| Davis, Lisa | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Von Schumann, Mariel | 0 | 37 | 13 | 0 | 0 | 0 | 0 | 3 | 53 | 0 |
| Thomas, Ralf | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sen, Michael | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sonsoles Rubio Reinoso | 0 | 67 | 42 | 0 | 0 | 16 | 0 | 5 | 130 | 160 |
| Conrad, Swantje | 0 | 41 | 38 | 0 | 0 | 32 | 0 | 2 | 113 | 0 |
| Gloria Hernández García | 0 | 74 | 94 | 0 | 0 | 24 | 0 | 5 | 197 | 255 |
| Rosenfel d, Klaus | 0 | 41 | 15 | 0 | 0 | 16 | 0 | 3 | 75 | 0 |
| Andoni Cendoya Aranzam endi | 0 | 74 | 72 | 0 | 0 | 24 | 0 | 7 | 177 | 221 |
| Francisco Javier Villalba Sánchez | 0 | 25 | 15 | 0 | 0 | 0 | 0 | 2 | 42 | 158 |
| Juan Luis Arregui Ciarsole | 0 | 38 | 20 | 0 | 0 | 0 | 0 | 1 | 59 | 232 |
| Luis Lada Díaz | 0 | 25 | 9 | 0 | 0 | 0 | 0 | 3 | 37 | 156 |
| José María Aracama Yoldi | 0 | 25 | 29 | 0 | 0 | 0 | 0 | 3 | 57 | 197 |

| | | | | | | | | | | |
|--------------------------------|-----|----|----|-------|---|----|-------|---|-------|-------|
| José María Aldecoa Sagastalola | 0 | 30 | 9 | 0 | 0 | 0 | 0 | 4 | 43 | 180 |
| José María Vázquez Egusquiza | 0 | 25 | 25 | 0 | 0 | 0 | 0 | 2 | 52 | 188 |
| Codes Calatrava, Gerardo | 0 | 25 | 9 | 0 | 0 | 0 | 0 | 1 | 35 | 48 |
| Helmrich, Klaus | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ignacio Martín San Vicente | 265 | 0 | 0 | 1,008 | 0 | 0 | 2,965 | 4 | 4,242 | 1.338 |
| Cortés Domínguez, Luis Javier | 0 | 35 | 25 | 0 | 0 | 12 | 0 | 3 | 75 | 0 |

ii) Share-based remuneration systems

| Name/ Type/ Accrual period year t | Name of the Plan and date of implementation | Ownership of options at the beginning of year t | | | | Options assigned during year t | | | | | Shares provided in year t |
|---------------------------------------|---|---|---------------------|--------------------|---|--------------------------------|---------------------|--------------------|--|---------------------------------|---|
| | | No. options | No. Shares affected | Exercise Price (€) | Exercise period | No. options | No. Shares affected | Exercise Price (€) | Exercise period | Conditions for exercise thereof | No./ Price/ Amount |
| Ignacio Martín San Vicente/ Executive | Long Term Incentive Plan 2013-2015 (April 19, 2013) | 0 | 0 | 0.00 | No option plan exists at the beginning of the fiscal year | 0 | 0 | 0.00 | No option plan exists during the fiscal year | Option plan does not exist | 94,879 shares 20,50 euros 1,945 thousand of euros |

| Name/ Type/ Accrual period year t | Name of the Plan and date of implementation | Options exercised in year t | | | | Options expired and not exercised | Options at the end of year t | | | | |
|--|---|-----------------------------|---------------------|--------------------|------------------|-----------------------------------|------------------------------|---------------------|--------------------|---|---------------------------------|
| | | No. options | No. Shares affected | Exercise price (€) | Gross Profit (€) | No. options | No. options | No. Shares affected | Exercise price (€) | Exercise period | Other requirements for exercise |
| Ignacio Martín San Vicente / Executive | Long Term Incentive Plan 2013-2015 (April 19, 2013) | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | No option plan exists at the end of the fiscal year | Other requisites do not exist |

iii) Long-term saving systems

| Name/ Type/ Total accrual period in years | Contribution for the year by the company (thousands €) | | Amount of accumulated funds (thousands €) | |
|---|--|----------|---|----------|
| | Year t | Year t-1 | Year t | Year t-1 |
| | | | | |

NOTICE. The present document is a translation of a duly approved document in Spanish-language, and it is only provided for informational purposes. Shall a discrepancy between the present translation and the original document in Spanish-language appear, the text of the original Spanish-language document shall always prevail.

iv) Other benefits (in thousands of €)

| | Remuneration in the form of advance payments, credit facilities granted | | |
|------------|---|--|-------------------------|
| Name/ Type | Interest rate of the transaction | Essential characteristics of the transaction | Amounts possibly repaid |
| Director 1 | | | |
| Director 2 | | | |

| Name/ Type | Life insurance premiums | | Security granted by the company for directors |
|-----------------------------------|-------------------------|----------|---|
| | Year t | Year t-1 | Year t |
| García García, Rosa María | 0 | 0 | |
| Tacke, Markus | 0 | 0 | |
| Carlos Rodríguez-Quiroga Menéndez | 3 | 4 | |
| Davis, Lisa | 0 | 0 | |
| Von Schumann, Mariel | 1 | 0 | |
| Thomas, Ralf | 0 | 0 | |
| Sen, Michael | 0 | 0 | |
| Sonsoles Rubio Reinoso | 1 | 1 | |
| Conrad, Swantje | 0 | 0 | |
| Gloria Hernández García | 2 | 2 | |
| Rosenfeld, Klaus | 1 | 0 | |
| Andoni Cendoya Aranzamendi | 3 | 5 | |
| Francisco Javier Villalba Sánchez | 1 | 5 | |
| Juan Luis Arregui Ciarsolo | 0 | 0 | |
| Luis Lada Díaz | 2 | 7 | |
| José María Aracama Yoldi | 2 | 6 | |
| José María Aldecoa Sagastasoloa | 3 | 11 | |
| José María Vázquez Egusquiza | 0 | 6 | |
| Codes Calatrava, Gerardo | 0 | 0 | |

| | | | |
|-------------------------------|---|---|--|
| Helmrich, Klaus | 0 | 0 | |
| Ignacio Martín San Vicente | 2 | 5 | |
| Cortés Domínguez, Luis Javier | 1 | 0 | |

b) Remuneration earned by the company's directors for their membership of boards of other group companies:

i) Cash remuneration (in thousands of €)

| Name/ Type/ Accrual period year t | Salary | Fixed remuneration | Allowances | Short-term variable remuneration | Long-term variable remuneration | Remuneration for membership of board committees | Compensation | Other items | Total year t | Total year t-1 |
|---|--------|-----------------------|------------|--|---------------------------------------|---|--------------|----------------|-----------------|-------------------|
| Director 1 | | | | | | | | | | |
| Director 2 | | | | | | | | | | |

ii) Share-based remuneration systems

| Name/ Type/ Accrual period year t | Ownership of options at the beginning of year t | | | | Options assigned during year t | | | | | Shares provided in year t |
|---|--|---------------------------|-----------------------|--------------------|--------------------------------|---------------------------|-----------------------|--------------------|--|---------------------------------|
| | No. options | No. Shares affected | Exercise Price (€) | Exercise period | No. options | No. Shares affected | Exercise Price (€) | Exercise period | Conditions for exercise thereof | No. Price Amount |
| Director 1 | | | | | | | | | | |

| Name/ Type/ Accrual period year t | Options exercised in year t | | | | Options expired and not exercise d | Options at the end of year t | | | | |
|---|-----------------------------|---------------------------|----------------------------|---------------------|--|------------------------------|---------------------------|-----------------------|--------------------|--|
| | No. options | No. Shares affected | Price of listing (€) | Gross Profit (€) | No. options | No. options | No. Shares affected | Exercise price (€) | Exercise period | Other requirements for exercise |
| Director 1 | | | | | | | | | | |

iii) Long-term saving systems

| Name/ Type/ Total accrual period in years | Contribution for the year by the company (thousands €) | | Amount of accumulated funds (thousands €) | |
|---|---|----------|--|----------|
| | Year t | Year t-1 | Year t | Year t-1 |
| Director 1 | | | | |

iv) Other benefits (in thousands of €)

| | Remuneration in the form of advance payments, credit facilities granted | | |
|------------|---|--|-------------------------|
| Name/ Type | Interest rate of the transaction | Essential characteristics of the transaction | Amounts possibly repaid |
| Director 1 | | | |
| Director 2 | | | |

| Name/ Type | Life insurance premiums | | Security granted by the company for directors | |
|------------|-------------------------|----------|---|----------|
| | Year t | Year t-1 | Year t | Year t-1 |
| Director 1 | | | | |
| Director 2 | | | | |

c) Summary of remuneration (in thousands of €):

The summary should include the amounts of all the items of remuneration included in this report which have been earned by the director, in thousands of Euros.

In the case of long-term Saving Systems, the contributions or allocations made to this type of systems shall be included:

| Name/ Type | Remuneration earned at the Company | | | | Remuneration earned at the group companies | | | | Total | | |
|-----------------------------------|------------------------------------|--------------------------|---------------------------------------|----------------------|--|--------------------------|---------------------------------------|--------------------|--------------|----------------|--|
| | Total cash remuneration | Amount of shares granted | Gross profit of the options exercised | Total year t company | Total cash remuneration | Amount of shares granted | Gross profit of the options exercised | Total year t group | Total year t | Total year t-1 | Contribution to saving systems during the year |
| García García, Rosa María | 116 | 0 | 0 | 116 | 0 | 0 | 0 | 0 | 116 | 0 | 0 |
| Tacke, Markus | 342 | 0 | 0 | 342 | 0 | 0 | 0 | 0 | 342 | 0 | 0 |
| Carlos Rodríguez-Quiroga Menéndez | 371 | 0 | 0 | 371 | 0 | 0 | 0 | 0 | 371 | 540 | 0 |
| Davis, Lisa | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Von Schumann, Mariel | 53 | 0 | 0 | 53 | 0 | 0 | 0 | 0 | 53 | 0 | 0 |
| Thomas, Ralf | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sen, Michael | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sonsoles Rubio Reinoso | 130 | 0 | 0 | 130 | 0 | 0 | 0 | 0 | 130 | 160 | 0 |
| Conrad, Swantje | 113 | 0 | 0 | 113 | 0 | 0 | 0 | 0 | 113 | 0 | 0 |
| Gloria Hernández García | 197 | 0 | 0 | 197 | 0 | 0 | 0 | 0 | 197 | 255 | 0 |
| Rosenfeld, Klaus | 75 | 0 | 0 | 75 | 0 | 0 | 0 | 0 | 75 | 0 | 0 |
| Andoni Cendoya Aranzamendi | 177 | 0 | 0 | 177 | 0 | 0 | 0 | 0 | 177 | 221 | 0 |
| Francisco Javier Villalba Sánchez | 42 | 0 | 0 | 42 | 0 | 0 | 0 | 0 | 42 | 158 | 0 |
| Juan Luis Arregui Ciarso | 59 | 0 | 0 | 59 | 0 | 0 | 0 | 0 | 59 | 232 | 0 |
| Luis Lada Díaz | 37 | 0 | 0 | 37 | 0 | 0 | 0 | 0 | 37 | 156 | 0 |
| José María Aracama Yoldi | 57 | 0 | 0 | 57 | 0 | 0 | 0 | 0 | 57 | 197 | 0 |
| José María Aldecoa Sagastaso | 43 | 0 | 0 | 43 | 0 | 0 | 0 | 0 | 43 | 180 | 0 |
| José María Vázquez Egusquiza | 52 | 0 | 0 | 52 | 0 | 0 | 0 | 0 | 52 | 188 | 0 |
| Codes Calatrava, Gerardo | 35 | 0 | 0 | 35 | 0 | 0 | 0 | 0 | 35 | 48 | 0 |
| Helmrich, Klaus | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | |
|--------------------------------------|-------|-------|---|-------|---|---|---|---|-------|-------|---|
| Ignacio Martín San Vicente | 4,242 | 1,945 | 0 | 6,187 | 0 | 0 | 0 | 0 | 6,187 | 2,838 | 0 |
| Cortés Domínguez, Luis Javier | 75 | 0 | 0 | 75 | 0 | 0 | 0 | 0 | 75 | 0 | 0 |
| Total: | 6,216 | 1,945 | 0 | 8,161 | 0 | 0 | 0 | 0 | 8,161 | 5,173 | 0 |

D.2 Report on the relationship between the remuneration obtained by the directors and the results or other measurements of performance of the entity, explaining, where relevant, how the variations in the company's performance may have influenced the variation in the directors' remuneration.

While the Siemens Gamesa Corporate Bylaws permit the establishment of variable remuneration systems for directors, variable remuneration is currently only recognized for the CEO with the aim to strengthen his commitment with the Company and incentive the best performance in his functions.

In fiscal year 2017 and according to the remuneration policy for directors, the annual variable remuneration of the current CEO is linked to business and financial targets and operational concrete targets that allow evaluating the performance of the Company. More precisely, there are three fixed targets: (i) Group EBIT fixed in 474 million euro, weight of 40%; (ii) order in take fixed in 6,314 million euro, weight of 30%, and (iii) synergies settings of 432 million euro, weight of 30%.

From the aforementioned objectives only the one related to synergies was achieved completely (100%). Therefore, the level of global fulfillment of objectives for the current CEO has been 30% in this fiscal year ended on September 30, 2017.

In relation to the annual variable remuneration for fiscal year 2017 for the previous CEO, Mr. Ignacio Martín until his departure, as they were fixed by the Board of Directors at the start of the year, are related to Gamesa's activity before the merger. The objectives are: (i) EBIT of the Group fixed in 550 million euro, weight 60%; (ii) order in take fixed in 4,400 MW, weight 30%; and (iii) sustainability, the increase of the Company's score on 10% (83 points) in the Corporate Sustainability Assessment (CSA) carried out by RobecoSam, weight 10%.

Only the sustainability objective obtained a level of fulfillment, 57% with a weight of 10%, resulting in a level of fulfillment of objectives for the previous CEO of 5.7% for the period of time in which he held the aforementioned post during the 2017 fiscal year.

D.3 Report on the result of the consultative vote of the shareholders' meeting on the annual report on remuneration of the previous financial year, indicating the number of votes against which may have been cast:

| | Number | % of total |
|-------------------|--------------------|----------------|
| Votes cast | 576,480,584 | 84.63 % |

| | Number | % of votes cast |
|-----------------------|--------------------|-----------------|
| Votes against | 21,575,430 | 3.74 |
| Votes in favor | 551,219,808 | 95.62 |
| Abstentions | 3,685,346 | 0.64 |

E OTHER INFORMATION OF INTEREST

If there is any relevant aspect in relation to the directors' remuneration which could not be included in the rest of the sections of this report, but which it is necessary to include so as to contain the fullest and most reasoned information regarding the company's remuneration structure and practices in relation to its directors, describe them briefly.

D.1.a). i)

In addition to the information provided in section D.1.a).i), the following was included in the column entitled "Other concepts": (i) the imputation of premiums paid for civil liability insurance for directors and officers (D&O) amounting to €34,588, and (ii) the amount of the premiums from life insurance subscribed by the Company for directors, raising the total cost of these recent concepts for the company in 2017 to €21,853.

This annual remuneration report was approved by the Board of Directors of the Company at its meeting held on November 30, 2017.

Indicate whether there are directors who have voted against or who have abstained in relation to the approval of this report.

Yes

No

| Name or corporate name of the members of the board of directors who have not voted in favor of the approval of this report | Reasons (against, abstention, absence) | Explain the reasons |
|--|--|---------------------|
| | | |