General Meeting of Shareholders 2019

Right to Receive Information

Answers to Shareholders

SIEMENS Gamesa
RENEWABLE ENERGY

Dear shareholder,

We are writing in response to your request for information sent to Siemens Gamesa Renewable Energy, S.A., in relation to the General Meeting of Shareholders thereof to be held on 27 March 2019.

You can find the answers to your questions below, following the order set out in the document that was sent to us:

QUESTION

1. Information relating to related party transactions

(i) Information on the number of transactions or services, and the financial value thereof, that Gamesa had [either] insourced or outsourced to other suppliers other than the Siemens Group before the merger and which are now awarded to or provided by companies of the Siemens Group.
In this regard, we ask that you distinguish:

a) new transactions, not previously provided by another supplier;
b) transactions that Siemens Wind Power carried out internally with Siemens, or that were provided by Siemens AG in its capacity as a subsidiary, where said relationship has been maintained; and
c) recurring transactions carried out internally by Gamesa or with an external supplier before the merger.

In relation to this information, we request that the transactions relating to the strategic supply agreement be identified separately from the other transactions.

(ii) Please also include whether or not there is increased spending by Siemens Gamesa on these transactions since the merger, to the benefit of companies of the Siemens Group. In this regard, we request that the transactions relating to the strategic supply agreement be identified separately from the other transactions, and the value of these two categories before and after the merger.

In connection with the foregoing and in accordance with Siemens Gamesa's Related Party Transactions Policy, we request the following updated information relating to the transitional services agreements ("**TSAs**") and the TSAs converted into service-level agreements ("**SLAs**"):

a) Current cost of TSAs and comparison to cost planning as at the date of the merger.
b) Extensions of the TSAs that have been approved, stating the monetary value thereof, the reason for the extension and expected term of extension.
c) Details of TSAs that have been reconverted into SLAs, stating the monetary value thereof and the reason for the reconversion, as well as the expected term of the SLA.
d) Update of TSA exit strategies and level of achievement of forecasts made in 2018.

ANSWER

Please allow us to inform you first that the Annual Accounts include sufficient information and faithfully comply with the requirements for reporting on transactions with related parties set out under the General Accounting Plan (*Plan General Contable*) and the International Financial Reporting Standards (IFRS), where each may be of application. You can also find additional information about these operations in section D

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of the Annual Corporate Governance Report attached to the Annual Accounts. In addition, faithful to its commitment to transparency and even being of a strictly voluntary nature, Siemens Gamesa complies with Recommendation 6 of the Code of Good Governance of Listed Companies and prepares and publishes on its website a Report of the Audit, Compliance and Related Party Transactions Committee (the "**ACRPTC**") on operations with related parties, which is also available to all shareholders.

Notwithstanding the foregoing, and insofar and in the form as this does not compromise the company's interest by revealing confidential or commercially sensitive information, below you will find a comprehensive response to your detailed questions.

The transaction volume related to purchases of goods and services with SIEMENS in fiscal year 2018 is ~€496 million as published in the Siemens Gamesa Annual Accounts of fiscal year 2018 (note 30. Related party balances and transactions). This amount includes various different positions such as payments for transitional services, purchases based on the Strategic Supply Agreement and other related party transactions.

Some of the questions to be addressed below deviate from the mandatory related party transaction reporting and disclosures of Siemens Gamesa. Therefore, answers given cannot be exclusively addressed based on our standard accounting and reporting systems and thus additional procedures are required in order to be able to answer which require to process manually the related information. The information herein presented is therefore the result of such analysis, compilation and presentation of such information as of today. Without prejudice to the above, pursuant to the company's commitment to transparency, if any additional information is revealed in relation to these matters or you might consider necessary any clarification in its respect, you will be provided this information in due form.

Related Party Transactions in general (excluding TSAs)

The management of Siemens Gamesa is committed to establish an independent, stand-alone company that can operate in a competitive manner compared to other market participants. Management therefore evaluates for each transaction and service required the most beneficial solution for the company. Proposed transactions with Siemens pass a strict and diligent related party transaction approval process, ensuring that such transactions are entered into in accordance with the corporate interest of Siemens Gamesa without affecting the full autonomy and decision-making capacity of the Company, and on an arm's length basis, ensuring the transparency of the process and observing the principle of equal treatment of shareholders in the same conditions, as well as in accordance with applicable laws and regulations.

Regarding your question about the number of certain transactions or services, and its financial value thereof, there were 16 related party transactions approved by the Board of Directors, following a favourable report issued by the ACRPTC, since the date of the merger until September 2018 which had a total approved transaction value of ~€65m with accounting impact in FY17, FY18 and successive fiscal years. Based on the request they could be categorized as follows:

(a) There were two transactions with a total volume of ~€5 Million which can be categorized as "new transactions" (section 1 (i) a) of your question).

(b) There were ten transactions with a total volume of ~€34 Million which can be categorized as "transactions that Siemens Wind Power carried out internally with Siemens" (section 1 (i) b) of your question). Other maintained transactions e.g TSAs are mentioned below.

(c) There were four transactions with a total volume of ~€26 Million which can be categorized as "recurring transactions carried out internally by Gamesa or with external supplier" (section 1 (i) c) of your report) as well as "transactions that Siemens Wind Power carried out internally with Siemens" (section 1 (i) b) of your question) as both companies had similar agreements previous to the merger.

For the above-mentioned transactions, no useful baseline can be calculated to validate an increase or decrease of the associated spending as these transactions are rather unique in nature, and therefore a comparison to the pre-merger situation is not possible or meaningful. As you may analyse in the Report of the ACRPTC on operations with related parties, the transactions relate to very different aspects which are not necessarily repetitive and do not admit comparison.

Transactions relating to the strategic supply agreement

Apart from the above, and in relation to your request on separate information regarding transactions related to the so named strategic supply agreement, indeed on June 17, 2016, Siemens Gamesa and Siemens Aktiengesellschaft (SIEMENS) signed a strategic alliance agreement, featuring a strategic supply contract by virtue of which SIEMENS became the strategic Siemens Gamesa supplier of gears, segments, and other products and services offered by the SIEMENS Group, so that the supply transactions in this field were approved in their day by Gamesa and SIEMENS within the frame of the merger which explains the special regime applicable thereto as described in section 1 of the Transitory provision of the Policy on related party transactions with Directors, significant shareholders and other people related thereto (the "**Policy**").

The award system ensures that the supplies will be carried out under market conditions, as well as the involvement of and access to other suppliers, the aforementioned strategic partnering with SIEMENS being considered of great interest for Siemens Gamesa. In close cooperation with our experts, we leverage on the technological expertise, innovation and creativity of SIEMENS to enhance quality of our products and unlock meaningful cost reductions and performance improvements as agreed within the frame of the merger. The aggregated volumes purchased under the strategic supply agreement in fiscal year 2018 totalled ~€380m. The purchase volumes of components mostly depend on the level of projects sold and installed during a year and therefore the purchase volumes between years are not fully comparable. In comparison with 2017 purchase volume (i.e. total volume of purchase orders) has decreased significantly. A further breakdown (by categories of components) of the total value of the strategic supply agreement shall not be disclosed due to its commercially sensitive nature.

Transitional Service Agreements

Transitional service agreements, commonly known as TSAs, are normal agreements in all sale or merger processes. Certain transitional services agreements (TSAs) between Siemens Gamesa and SIEMENS Group were signed on occasion of the merger in functional areas being integrated on account of the merger, in order to ensure continuity of the business until Siemens Gamesa begins establishing or adapting its own capabilities to provide such services or to cover the transition, until the services are internalized or can be engaged with an external supplier. With this scope and purpose the TSAs are also regulated in section 3 of the Transitory provision of the Policy.

a) Current cost of TSAs and comparison to cost planning as at the date of the merger.

The spending for TSAs in fiscal year 2018 was at ~€68 Million. The second half of fiscal year 2017 is the first period in which the TSAs existed for Siemens Gamesa due to the merger in April 2017 with spending for TSA of ~€39 Million. In the first and second half of fiscal year 2018 TSA spending were each ~€34 Million reflecting a decrease from second half of fiscal year 2017. For fiscal year 2019 a further reduction is planned, as a series of TSAs will expire during fiscal year 2019, for which an extension is not planned. Reduction in TSA costs does not automatically imply overall cost reduction as many services now have to be rendered directly within SGRE through additional resources.

Management is committed to reduce the volume of TSAs significantly and constantly, however, only in a reasonable manner not to endanger operations of the company. At the date of the merger TSA cost planning was included in the overall functional cost planning, however, it was not planned per line item on central level. The comparison requested with the planning on the merger date is therefore not possible.

b) Extensions of the TSAs that have been approved, stating the monetary value thereof, the reason for the extension and expected term of extension.

The merger agreement contemplated the initial duration of the TSAs (6 months) and their possible extension, at the request of Siemens Gamesa, until a maximum duration of 4 years. Therefore, TSAs were initially concluded with a maximum duration of six months after merger date (exceptionally longer terms existed - e.g. related to IT) of which some have extended by further six-months periods after review of its business need. The respective function had to launch an extension request which was then reviewed by the Integration Office. Generally, the extensions were approved to ensure smooth implementation of the transition plan.

Mid of fiscal year 2018 the Policy on related party transactions was implemented specifying further the process of TSA extensions including e.g. the possibility of an extension of additional 6 months based on the previous process and thereafter only with the ACRPTC being previously informed of any extension or renewal indicating the rationale therefore In fiscal year 2018 TSA extensions did happen under the frame approval of the Board of Directors provided for in the Policy.

Now the majority of remaining TSAs have a duration until 30 September 2019 (exceptionally, longer terms exist e.g. related to IT and negotiated pre-merger) and further potential extensions might be approved, if and when required after adequate justification of the respective functional area. Any such extensions, according to the Policy, must be previously informed to the ACRPTC indicating the rationale therefore.

c) Details of TSAs that have been reconverted into SLAs, stating the monetary value thereof and the reason for the reconversion, as well as the expected term of the SLA.

Since the merger effective date, four Service Agreements (SLA) exist: (i) an SLA for procurement of indirect materials allowing Siemens Gamesa to participate in the bargaining power of Siemens approved for two years, (ii) an SLA for marketing support in United States for one year, (iii) an SLA for Intellectual Property administration services approved for two years, and (iv) an SLA for accounting support services for two years, together totalling ~€25 Million. They are not services that affect critical areas of Siemens Gamesa within the meaning of services that are essential for ensuring the company's capacity to act autonomously and independently.

Regarding the reason for the conversion, TSAs have been converted to service agreements with SIEMENS only when SIEMENS offered the most beneficial and cost competitive solution for the company, a defined term being in all cases determined taking into account the type of service and the possibility and cost to insource them or outsource them to third parties. Any of such agreements, according to our Policy, were and must be approved by the Board of Directors following a favourable report of the ACRPTC.

d) Update of TSA exit strategies and level of achievement of forecasts made in 2018.

TSAs are transitory by nature and are planned to be reduced in fiscal year 2019 and 2020 and current plan is that latest by second quarter of fiscal year 2021 all TSAs are expected to be terminated. TSA exit strategies include outsourcing to third parties, insourcing to Siemens Gamesa and termination of services and are within the responsibility of each function ensuring the most beneficial solution for Siemens Gamesa and that full business continuity is achieved. ~80% of total TSA cost of ~€68 Million in fiscal year 2018 relate to the IT, Finance and Human Resources functions for which details on TSA exit strategy are set out below. In the budget process for fiscal year 2019 TSAs have been included in the central planning. For and in fiscal year 2018 planning for TSAs was only exercised on legal entity level. Therefore, there was no centralized planning on a line-item basis for fiscal year 2018, the requested comparison being therefore not possible.

The IT TSAs totalling ~€30 Million in fiscal year 2018 include e.g. Finance Systems, Business Systems, Procurement Systems, Human Resource Systems, Support and Workplace, Network, Security, Cloud and Licenses. The volume of TSAs rendered from Siemens is planned to be reduced gradually with the majority terminating by end of fiscal year 2020 and the remainder by second quarter of fiscal year 2021.
The reduction of TSA volume is achieved by a mix of measures which include outsourcing to third parties (e.g. Infrastructure related topics and Applications) and service agreements with SIEMENS (e.g. License

agreement) which again, if and when they happen, must be approved by the Board of Directors, following a favourable report of the ACRPTC according to our Policy.

The Finance TSAs totalling ~€15 Million in fiscal year 2018 include e.g. Accounting support, operational accounting services, regional accounting services, project & export finance advisory, insurance, hedging advisory & guarantees monitoring, local treasury and hedging execution services, regional and central tax services and risk.

The volume of TSA rendered from Siemens is planned to be reduced significantly with the majority terminating by end of fiscal year 2019. The reduction of TSA volume in Finance is being achieved by a mix of measures which include outsourcing to third parties (e.g. tax services, local treasury services in specific countries), insourcing (e.g. hedging advisory services, insurance) and only in specific cases service agreements with SIEMENS which, if and when they happen, must be approved by the Board of Directors, following a favourable report of the ACRPTC according to our Policy.

The HR TSAs totalling ~€10 Million in fiscal year 2018 include e.g. Payroll, HR related administration services, local HR services, human resource IT systems. The volume of TSAs rendered from SIEMENS is planned to be reduced gradually with the majority terminating by end of fiscal year 2020 and the remainder by end of second quarter of fiscal year 2021. The reduction of TSA volume is being achieved by a mix of measures which include including outsourcing to third parties (e.g. payroll management and HR administration).

The ACRPTC will continue to monitor the TSA exit plans on a regular basis. The Board of Directors ensures, with the support of the ACRPTC, that transactions with SIEMENS required to implement these strategies are made in accordance with the corporate interest of Siemens Gamesa without affecting the full autonomy and decision-making capacity of the company, on an arm's length basis, ensuring the transparency of the process and observing the principle of equal treatment of shareholders in the same conditions, as well as in accordance with applicable laws and regulations.

QUESTION

2. Information relating to the amendment of the LTI Plan

We ask the Company to provide additional information in writing on the following questions:

(i) Whether it is bringing the Siemens Gamesa LTI into line with that of Siemens AG.

(ii) The reasons justifying the change and the rationale therefor from the perspective of Siemens Gamesa's corporate interest.

(iii) Whether external reports have been requested for approval thereof by the Board of Directors.

(iv) The opinion of the external experts, if applicable.

ANSWER

Siemens Gamesa approved the implementation of the Long-Term Incentive Plan for the period running from financial year 2018 to financial year 2020 (the "**Plan**") at the General Meeting of Shareholders 2018. The law firm Garrigues supported the company in the preparation of the Plan and issued a formal opinion confirming, among other aspects, the alignment of the Plan with the recommendations included in the Good Governance Code and with the recommendations of the proxy advisors with respect to long-term variable remuneration plans.

The company is now proposing the improvement of certain aspects of the Plan for the second and third Cycles (that is, Cycles FY2019 and FY2020). As described in the report issued by the Board of Directors and made available to all the shareholders, the objective of and rationale for these improvements is to better align the Plan with the company's new key strategic priorities, such as the L3AD2020 programme. It will also be reconciled with the market dynamic in which the company is operating, which means that the comparison initially established in the Plan with certain competitors who are facing difficult challenges is inappropriate and no longer aligned with Siemens Gamesa's strategic objectives. The improvements also eliminate duplications of the short-term incentive system and strengthen the culture of ownership within the company.

The proposed improvements to the Plan are clearly positive from the perspective of the corporate interest, given that they: (i) introduce metrics that align the management of Siemens Gamesa with its key strategic priorities and with the specific circumstances of the industry. The redesign of the objectives eliminates comparisons with companies in difficult circumstances that could give rise to distortions in the outcome of the evaluation and secures the quality of the long-term results of the Plan, which will now more appropriately reflect Siemens Gamesa's actual performance; (ii) introduce new metrics relating to Corporate Social Responsibility and customer and employee satisfaction, all crucial elements for the success of the company, and therefore also reflected in the L3AD2020 programme; (iii) strengthen protections and limits to prevent excessive or undeserved payments; (iv) increase the requirement for beneficiaries to retain shares, ensuring that a significant part of their assets will remain linked to the success of the company in achieving its business objectives; and (v) finally, but no less importantly, foster the commitment of the senior managers to making an additional effort to outperform the objectives, increasing the creation of value for the company and its shareholders. In this regard, the maximum share award level is revised upwards to 200% (the market level, as confirmed by the reports assessed by the company) if the objectives are achieved to their maximum level, promoting and recognising an additional effort to achieve the objectives to their maximum level and their exceptional contribution to resulting share price increases. It is important to understand that any such increase will occur in the case that the level of achievement of the objectives exceeds the 100% target. Under normal performance levels, the expected overall cost for the company will remain at similar levels already approved in 2018, with the additional benefit of the application of the other improvements introduced (maximum limit on incentive, inclusion of new metrics, more stringent share retention requirements, etc.).

In assessing the proposed improvements to the Plan, the company has relied on the following advice from the law firm Garrigues, focused above all on the drafting of the proposals and the alignment thereof with the recommendations of proxy advisors. In this regard, the Garrigues report analyses the aspects of the Plan that could be perceived more critically by the proxy advisors (modification of an on-going plan, modification of the metrics and scales and increase of the maximum opportunity to 200%) and those other aspects thereof which would be considered positive by proxy advisors (increase of motivation, incorporation of metrics related to sustainability and increase in the retaining requisites of shares). In this regard, in fact, the three most representative proxy advisors have in the meantime recommend voting in favour of the proposed improvements to the Plan. Likewise, the company has also considered a report released by Mercer on European long-term remuneration practices. This report does not provide an overall opinion on the Plan as this was not within its scope but, from the company's standpoint, according to such report the modifications to the Plan have precedents in European practice in comparable companies.

The Plan was originally designed in 2018 and subsequently adapted to produce the proposal submitted to the shareholders at the General Meeting, on an individualised basis for the Siemens Gamesa group, taking into account the company's strategic priorities, the circumstances of our business and the remuneration framework applicable to our senior managers and employees. It is a bespoke Plan, and Siemens Gamesa is seeking through the proposed improvements to tailor it even more to its specific situation, e.g. by reflecting the new L3AD2020 strategic programme also in the LTI, and to reconcile it with the dynamics that characterize the markets in which SGRE operates in. Because of this, we would expect the Siemens AG LTI programme to be significantly different from the one at SGRE (with or without improvements).

For more detail on the content of the proposals and the rationales therefor, please refer to the report of the Board of Directors made available to the shareholders as part of the documentation for the General Meeting.

QUESTION

3. Information on matters reserved to the full Board of Directors

In relation to the informative item regarding the amendments to the Regulations of the Board of Directors, information is requested on the resolutions adopted by the Board of Directors in relation to the determination of the reserved matters that should be within the purview of the full Board of Directors.

ANSWER

With respect to this question, we would like to point out that according to Spanish law and our corporate governance system, the Board of Directors is the highest body of representation, decision-making and administration of Siemens Gamesa. Accordingly, the Board of Directors has the competence to adopt resolutions on any matter that is not conferred by law or the Corporate Governance Standards to the General Shareholder's Meeting (Article 7.1 of the Regulations of the Board of Directors). It should also be noted that, in accordance with Article 7.3.d) i) of the Regulations of the Board of Directors, the Board has in all cases the competence to determine its own organization and functioning, including that of its committees and members. As a result, there is no need for such Regulations to be subject to vote or approval by the shareholders and this is why only an informative comment is contemplated to be issued at the General Shareholders' Meeting.

Matters that must be dealt with by the full Board of Directors, and cannot be delegated, are regulated in Articles 33.5 and 34.2 of the By-Laws and in Article 7 of the Regulations of the Board of Directors. In that context, exercising its power of self-organisation established in Article 7d)(i) of its Regulations, the Board of Directors has adopted an internal resolution with a view to a better identification of the transactions that company management should consider as falling within the purview of Article 7.3a)(vi) of the Regulations. The content and number of transactions approved under this provision of the Regulations is periodically reviewed by the Board of Directors.

According to Article 197.3 of the Company's Act, directors shall provide the information that shareholders request unless, inter alia, where such information is unnecessary for such shareholders' rights to be protected. Bearing in mind that shareholders have no ability to vote on the internal self-organisation rules of the Board of Directors, there is no need for any information to be provided in advance of the briefing that will take place at the General Shareholders' Meeting. Equal treatment of shareholders, as provided for in Article 514 of the Company's Act, is not compromised in any manner by this fact.

DISCLAIMER

The information contained in this document is not audited. Therefore it is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant, any fuller disclosure document published by Siemens Gamesa Renewable Energy and, in particular, with the 2018 individual and consolidated financial statements, 2018 individual and consolidated management reports and 2018 annual corporate governance report, all available on the CNMV's website (www.cnmv.es) and on Siemens Gamesa's website (www.siemensgamesa.com/en/) and also with the 2018 sustainability report available in the aforementioned corporate website.