

**ACTIVITIES REPORT OF THE  
BOARD OF DIRECTORS AND OF  
THE COMMITTEES THEREOF  
FINANCIAL YEAR 2019**

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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.

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## 1. PRESENTATION

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*“The Board of Directors publishes this Report to show its commitment to transparency and to best corporate governance practices”*

**Miguel Ángel López**

**Chair of the Board of Directors**

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As the new chair of the Board of Directors, it is an honour to submit to you this Activities Report of the Board of Directors and of the committees thereof.

A strong corporate governance system is essential to ensuring the credibility of and compliance with our desire for transparency and communication with Siemens Gamesa’s stakeholders. Based on the Board of Directors’ permanent commitment to improving our governance practices, we are publishing this report for the first time comprehensively covering the main activities of the Board of Directors and its committees during financial year 2019.

During the year we have continued to improve the operation of the Board of Directors and of its consultative committees, for which purpose we have implemented several improvements, including the incorporation of the recommendations contained in *Technical Guide 1/2019 on Nomination and Remuneration Committees*, the preparation of a skills matrix that will allow for improvement in the process of planning the succession of the directors and the approval of specific onboarding plans for the committees.

In turn, the Board of Directors has made a significant effort to review the company’s strategy within the context of a particularly complex and changing market with profound challenges affecting our businesses. In this regard, we have closely supervised the results of the L3AD2020 programme, launched in February 2018, which is one of our main tools to strengthen the leadership of Siemens Gamesa in the wind power industry. We are convinced that progress in the three pillars of the programme (Growth, Transformation and Digitalization) by our business units will be key for assuring our future, based on a strong corporate culture focussed on people.

I would like to end by thanking the members of the Board of Directors and our entire workforce for their excellent work and dedication, which have been and will be indispensable in the pursuit of our goal of redefining the energy system towards a sustainable and clean model for the coming generations. I would also like to thank all of our shareholders, customers and partners for the trust they place in us.

## 2. BOARD OF DIRECTORS

### 2.A Composition

#### 2.A.1 General data

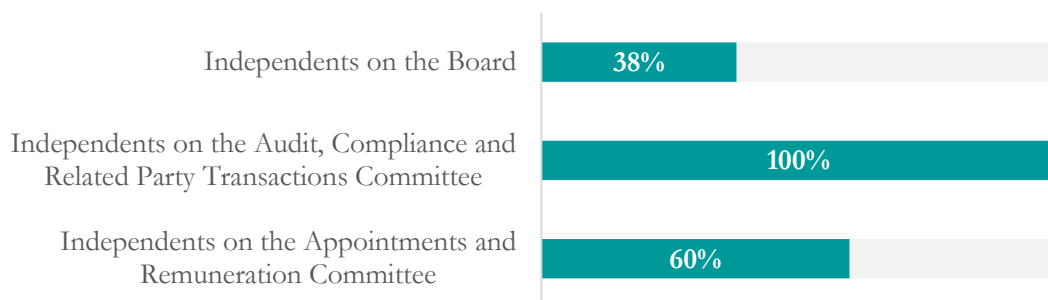
Siemens Gamesa Renewable Energy, S.A. (hereinafter “Siemens Gamesa” or the “Company”) has a committed, balanced and diverse Board of Directors made up of a large number of independent directors, with high professional qualifications and broad experience, and aligned with the needs of the business. The high-level dedication required of its members, together with the significant diversity of their profiles, combining different areas of knowledge as well as a diversity of origin and gender, enriches the decision-making process and ensures the contribution of plural viewpoints. Our Board of Directors is made up of 13 directors, of whom 11 are external and only 2 are classified as executive. The classification of each of the directors has been verified by the Appointments and Remuneration Committee and submitted for the approval of the Board of Directors.

To regulate the process for selecting candidates who will act as directors of the Company, Siemens Gamesa has a *Director Selection Policy* that defines the objectives of the selection, the procedure to be followed, the conditions that they should ideally meet and the characteristics to be avoided. The Company reports the results on verification of compliance with this policy in the Annual Corporate Governance Report.

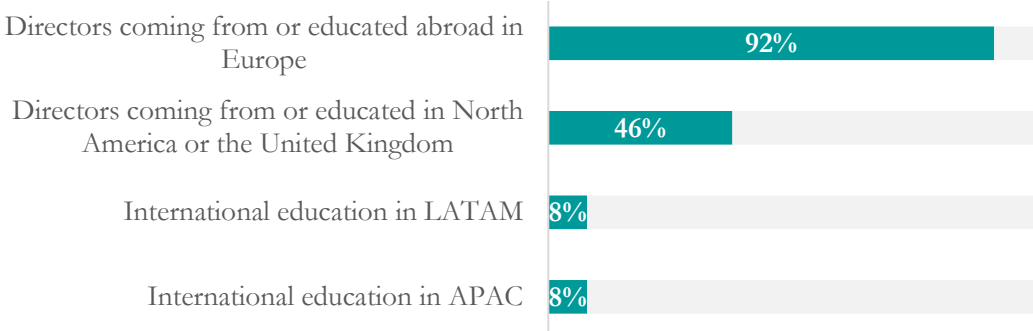
[Link to the \*Director Selection Policy\*](#)

In order to ensure effective corporate governance, the Board of Directors has two committees that are specialised in specific areas and that advise and assist the Board in its supervisory work: the Audit, Compliance and Related Party Transactions Committee and the Appointments and Remuneration Committee.

#### Independence



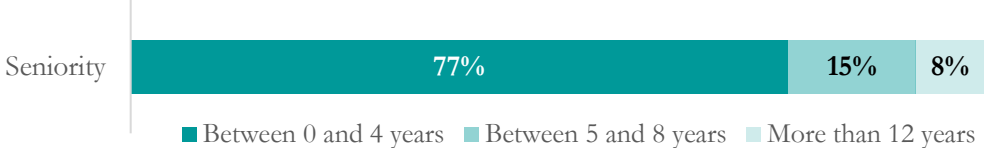
**Geographic origin or international education:**



**Women**



**Seniority**



## 2.A.2 Skills and experience

Skills and experience	Director 1	Director 2	Director 3	Director 4	Director 5	Director 6	Director 7	Director 8	Director 9	Director 10	Director 11	Director 12	Director 13
<b>A. General</b>													
<b>Administration, top management and experience on boards of directors (100%)</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Experience and knowledge in sectors of <b>energy, engineering or industries related to the business (77%)</b>	✓	✓	✓			✓	✓	✓		✓	✓	✓	✓
<b>International skills or experience (100%)</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Knowledge and experience in <b>strategy (46%)</b>		✓	✓	✓		✓		✓		✓			
<b>Accounting and finance knowledge (77%)</b>	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓	
Knowledge and experience in <b>auditing, internal control and risk management (62%)</b>	✓				✓	✓	✓	✓	✓	✓		✓	
<b>Institutional, regulatory and legal/corporate governance (38%)</b>				✓	✓		✓					✓	✓
<b>B. Specific</b>													
<b>Digitisation and Information Technology (31%)</b>	✓			✓		✓	✓						
<b>Human resources, culture, talent and remuneration systems (31%)</b>			✓	✓							✓		✓
<b>Corporate social responsibility and sustainable development (46%)</b>			✓	✓		✓	✓		✓				✓

## 2.A.3 Profiles<sup>1</sup>



**Miguel Ángel López**  
**Chair of the Board of Directors**



Appointment: 2018  
Nationality: Spain

Currently holds the position of Chair of the Board of Directors of Siemens Gamesa.

### Academic training

Degree in Business Administration from the Berufsakademie Mannheim, Dipl. Betriebswirt (Germany) and MBA from the University of Toronto (Canada).

### Noteworthy experience in the automotive industry

He began his professional career as plant controller at VDO AG. He was subsequently appointed CFO of VDO Instruments in Spain and of VDO's Instruments division at the global level. At Siemens Group he was Chief Financial Officer in the Interior & Infotainment Division of Siemens VDO AG.

### Noteworthy experience in other industries, industrial automation and industrial software

Likewise, within the Siemens Group he has held the position of Chief Financial Officer in the Low Voltage Controls & Distribution department – in the Automation & Drives area – and in Industry Automation division – belonging to Industrial sector -. In 2014 he was appointed CFO on a global level of the Digital Factory division of Siemens.

Further to the position mentioned above, along his professional career he has been appointed for different positions in several Boards of Directors worldwide. Among them, he has been member of the Management Board of Primetals Technologies in Austria and UK; member of the managing board of Valeo Siemens eAutomotive and has held several positions in China and other countries like France and Portugal.

Currently he holds the Chair of the Board of Directors of Siemens Holding, S.L.U., and Siemens, S.A., he is member of the Board of Directors of Siemens Rail Automation, S.A.U. and Siemens, S.A. (Portugal), and member of the Advisory Board of Siemens Healthineers, S.L.U.

He is also member of the Managing Board of the German Chamber of Commerce in Spain and of the Basque Innovation Agency (Innobasque).

### Experience in the renewable energy industry

He held the position of Chief Financial Officer of Siemens Gamesa between 2017 and 2018. Since 2018 he is Chair of the Board of Directors of Siemens Gamesa.



**Markus Tacke**  
**CEO**



Appointment: 2017  
Nationality: Germany

Currently holds the position of CEO of Siemens Gamesa.

### Academic training

Degree in Mechanical Engineering from the Technical University of Darmstadt (Germany), Master's degree in Engineering from Cornell University (USA) and PhD in Engineering from the Technical University of Darmstadt (Germany).

### Noteworthy experience in the industrial sector

He has significant experience in the industrial sector. He began his professional career at Ways&Freytag AG, and joined the Siemens group in 1998, having held various positions of responsibility, including Head of Rotor Segment Manufacturing at Siemens AG's turbine plant in Berlin, Head of Industrial Applications, Steam Turbines production division, and subsequently head of this branch, followed by appointment to CEO of the business unit Industrial Power within the Oil & Gas division.

### Experience in the renewable energy industry

Markus Tacke has more than 20 years of experience in the energy industry and power generation, and has held management positions in Germany, the Czech Republic, India, Brazil and Sweden.

From 2014 to 2016, Mr. Tacke served as Chairman of the European Wind Energy Association (EWEA)/Wind Europe, the industry association for Europe's wind power businesses.

From August 2013 until April 2017, Mr. Markus Tacke served as CEO of Siemens Wind Power.

<sup>1</sup> Note: Circles with the letters "P", "E" and "I" refer to Proprietary Director, Executive Director and Independent Director, respectively.



**Lisa Davis** P  
Member of the Board of Directors

Appointment: 2017 Nationality: USA

**Academic training**

- Degree in chemical engineering from the University of Berkeley (California, USA).

**Current positions**

- Member of the Managing Board of Siemens AG.
- Member of the Board of Directors of Penske Automotive Group Inc., USA.
- Member of the Board of Directors of Kosmos Energy Limited, USA.

**Previous positions**

- Chair and CEO of Siemens Corporation, USA.
- Management posts at Exxon Corporation and Texaco, and more recently at Royal Dutch Shell.
- Vice President, Refinery Operations, Vice President, Hydrocarbon Supply Europe, Vice-President of Sales and Executive Vice-President of Strategy, Portfolio and Alternative Energy of Royal Dutch Shell.



**Gloria Hernández** I  
Member of the Board of Directors and of the Audit, Compliance and Related Party Transactions Committee

Appointment: 2015 Nationality: Spain

**Academic training**

- Degree in Economic Sciences, specialising in Economic Theory, from Complutense University of Madrid.

**Previous positions**

- General Director of Finance and Capital Markets of Bankinter, S.A.
- Member of the Management Committee of Bankinter, S.A. and a director representing Bankinter at Línea Directa Aseguradora, S.A., Bankinter Consumer Finance and Bankinter Global Services.
- CFO of Banco Pastor, S.A. Member of the Board of Directors of Ibersuizas, SCR, representing Sobrinos de J.Pastor.
- General Manager of the Treasury and Financial Policy.
- Ex officio Director of the National Securities Market Commission (CNMV) and of the Bank of Spain.
- Member representing Spain on the Economic and Financial Committees of the European Union and a director of Bankinter's subsidiary in Luxembourg.
- Member of the Board of Autopistas de Navarra, S.A. and Minas de Almaden y Arrallanes representing National Heritage



**Mariel von Schumann** P  
Member of the Board of Directors and of the Appointments and Remuneration Committee

Appointment: 2017 Nationality: Belgium and Germany

**Academic training**

- Degree in Economics and Business Administration and Management from the ICHEC.
- Masters in International Business Administration and Management from EAP-ESCP Europe.
- INSEAD and LBS post-graduate programmes.

**Current positions**

- Member of the Board of Directors of Siemens Ltd. India and of the Siemens Foundation (Siemens Stiftung).

**Previous positions**

- Managing Director, Mergers & Acquisitions of Siemens AG.
- Head of Investor Relations of Siemens AG.
- Siemens AG Chief of Staff and Head of the Governance and Markets area.



**Michael Sen** P  
Member of the Board of Directors

Appointment: 2017 Nationality: Germany

**Academic training**

- Degree in Business and Management Administration from the Technical University of Berlin.

**Current positions**

- Member of the Managing Board of Siemens AG.

**Previous positions**

- Information & Communication Mobile, CFO Solutions (Business unit Siemens AG).
- Information & Communication Mobile, CFO Applications & Solutions (Business unit Siemens AG).
- Senior Vice President of Strategy Transformation and Investor Relations.
- CFO of the Healthcare Sector of Siemens.
- CFO of E.ON SE.
- Chair of the Supervisory Board; Chair of the Chairman's Committee; Member of the Audit Committee and Chair of the Innovation & Finance Committee of Siemens Healthineers AG.





**Andreas C. Hoffmann** P  
Member of the Board  
of Directors

Appointment: 2019 Nationality: Germany

**Academic training**

- Law Degree and Doctoral Degree by the University of Frankfurt.
- Master in International Law by the University of Miami (US).

**Current positions**

- General Counsel and Head of Legal and Compliance of Siemens AG.
- Member of the Supervisory Board, and of the Chairman's Committee and Audit Committee of Siemens Healthineers AG.
- Member of the Board of Trustees of Siemens Stiftung.
- Member of the Board of Trustees of Bucerius Law School.

**Previous positions**

- General Counsel in General Electric.
- Partner in Ashurst and Baker & McKenzie on Private Equity/M&A.



**Pedro Azagra** P  
Member of the Board of Directors  
and of the Appointments and  
Remuneration Committee

Appointment: 2018 Nationality: Spain

**Academic training**

- Degree in Law, Economics and Business Studies (E-3) from Universidad Pontificia Comillas (ICADE). MBA from the School of Business of the University of Chicago (USA).

**Current positions**

- Corporate Development Director of the Iberdrola Group.
- Member of the Management Committee of the Iberdrola Group.
- Member of the Board of Directors and of the Audit Committee of Neoenergia Brazil.
- Professor of Corporate Finance and Mergers and Acquisitions at Universidad Pontificia Comillas (ICADE).

**Previous positions**

- Member of the Boards of Directors of Iberdrola Mexico, Avangrid, Energy East, Rochester Gas and Electric, New York State Electric and Gas Corporation, Iberdrola Portugal and Rokas.



**Rudolf Krämmer** I  
Member of the Board of Directors,  
Chair of the Audit, Compliance, and  
Related Party Transactions Committee  
and Member of the Appointments and  
Remuneration Committee

Appointment: 2019 Nationality: Germany

**Academic training**

- Degree in Business Administration from the University of Munich (Germany).
- Tax consultant (*Steuerberater*). Certified public accountant (*Wirtschaftsprüfer*).

**Current positions**

- Registered with his own practice.
- Member of the Supervisory Board of Médecins Sans Frontières (Doctors without Borders) in Germany.

**Previous positions**

- Worked for Arthur Andersen and Andersen Consulting in Munich, Chicago, Moscow and St. Petersburg in different leadership positions.
- Partner at Ernst & Young Germany, and member of the Executive Committee.



**Klaus Rosenfeld** I  
Member of the Board of Directors  
and of the Appointments and  
Remuneration Committee

Appointment: 2017 Nationality: Germany

**Academic training**

- Degree in Business Administration from the University of Münster (Germany).

**Current positions**

- CEO of Schaeffler AG.
- Member of the Board of Directors of Schaeffler India.
- Member of the Supervisory Board and of the Audit Committee of Continental AG.
- Member of the Board of the Federation of German Industries (BDI).

**Previous positions**

- Member of the Board of Directors of Dresdner Bank AG, responsible for Finance and Controlling, Compliance and Corporate Investments.
- CFO of Schaeffler AG.



**Andoni Cendoya** 1  
Member of the Board of Directors  
and Chair of the Appointments and  
Remuneration Committee

Appointment: 2015 Nationality: Spain

**Academic training**

- Master's degree in Electrical Engineering from the Escuela de Armería in Eibar.
- Master's degree in Human Resources from CEREM.

**Previous positions**

- He has broad experience in the industrial sector, having spent the majority of his career at a leading group in the aeronautical sector (the ITP Group).
- Executive Director of Human Resources of the ITP group, and member of the group's Management Committee.
- Member of the General Councils and member of the Executive Commissions of Spanish National Health Institute (Instituto Nacional de la Salud (INSALUD)), of the National Social Security Institute (Instituto Nacional de la Seguridad Social (INSS)) and of the Institute for the Elderly and Social Services (Instituto de Mayores y Servicios Sociales (IMSERSO)).



**Alberto Alonso** 1  
Member of the Board of Directors  
and of the Audit, Compliance and  
Related Party Transactions  
Committee

Appointment: 2017 Nationality: Spain

**Academic training**

- Law degree and PhD in Law from Universidad Complutense de Madrid.

**Current positions**

- Founding partner of Ramón y Cajal Abogados, member of its Management Committee and Coordinating Partner of the Commercial Law Area, in Companies, Groups and Corporate Governance.
- Member of the General Codification Committee (*Comisión General de la Codificación*) of the Ministry of Justice since 1997.
- Commercial Law Chaired Professor of the Universidad Rey Juan Carlos.

**Previous positions**

- Leadership of the corporate law practice at the Madrid office of the law firm Baker McKenzie.
- Member of the Board of Directors of Endesa, S.A. and of Zeltia, S.A.
- Professor at Universidad de Castilla-La Mancha and Universidad Complutense de Madrid.



**Carlos Rodríguez-Quiroga** E  
Secretary/Member of the Board of  
Directors and Secretary (non-member)  
of the Appointments and  
Remuneration Committee

Appointment: 2001 Nationality: Spain

**Academic training**

- Law degree from Universidad Complutense de Madrid.
- Diploma in Employment Law from the Legal Practice School of Madrid.
- Diploma in Comparative Industrial Relations and in European Community Relations from the Secretariat of State for Relations with the European Community.

**Current positions**

- Member of the board of the following companies, among others: Audiovisual Española 2000, S.A., Rodríguez-Quiroga Abogados, S.L. and Trustee of Fundación Pro Real Academia de Jurisprudencia y Legislación.



**Juan Antonio García**  
Non-member deputy secretary of the  
Board of Directors and Secretary of  
the Audit, Compliance and Related  
Party Transactions Committee

Nationality: Spain

**Academic training**

- Law degree from the University of Deusto (Spain) and LLM from the Instituto de Empresa (IE).

**Current positions**

- Deputy General Secretary of Siemens Gamesa.

**Previous positions**

- He developed his career at PwC and Clifford Chance.

## 2.B Meetings of the Board of Directors and attendance in financial year 2019

During financial year 2019 the Board of Directors held a total of 18 meetings and one of them was held without a meeting and decisions were made in writing. The meetings took place on the following dates:

Date	Date
16 October 2018	6 May 2019
5 November 2018	20 May 2019
23 November 2018	29 May 2019
12 December 2018	17 June 2019
20 December 2018	1 July 2019 (in writing and without meeting)
28 January 2019	3 July 2019
20 February 2019	29 July 2019
27 March 2019	30 July 2019
24 April 2019	25 September 2019

During financial year 2019 there were absences of one Director from three meetings, of one Director from six meetings, of one Director from seven meetings, of another Director from two meetings, and of one Director from two meetings. In all cases, they delegated their proxy to another Director of the same category.

## 2.C Key topics for financial year 2019

### 2.C.1 Strategy

#### L3AD 2020

- ✓ Regular follow up of the L3AD 2020 Programme in its four modules:

#### Growth

- ✓ Approval of transactions qualified as strategic level for the group.

#### Transformation

- ✓ Monitoring of integration.

#### Digitalization

- ✓ Monitoring of activities relating to digitalization.
- ✓ Monitoring of cybersecurity issues.

#### Change management / People

- ✓ Monitoring of organisational culture.
- ✓ HHRR update / Succession Planning.

### Strategy of the Business Units

- ✓ Monitoring of corporate strategy at each of the business units: Onshore, Offshore and Services.

### Business Plan and Budget

- ✓ Approval of Business Plan 2020-2022 including approval of budget for financial year 2020.

## 2.C.2 Supervision of management

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### Supervision of the company's activities

- ✓ Monitoring of significant event (*hecho relevante*) published by Siemens AG on 7 May 2019 and related analysis.
- ✓ Approval of bank guarantees.
- ✓ Approval of related party transactions.
- ✓ Approval of budget for Internal Audit and for Ethics and Compliance.

### Financial information

- ✓ Presentation to the market of commercial and financial information as at the close of each quarter.
- ✓ Formulation of annual accounts and management report and proposed allocation of profits/losses for financial year 2018.
- ✓ Monitoring of the evolution of Siemens Gamesa in the financial markets.
- ✓ Monitoring of the main activity indicators of the Company, including health and safety indicators.
- ✓ Proposed appointment of statutory auditor.

### Top management

- ✓ Approval of appointments, re-elections and separations within top management.

## 2.C.3 Corporate Governance

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### Composition of the governance bodies

- ✓ Interim appointments (co-option) of Mr. Miguel Ángel López and of Mr. Pedro Azagra as proprietary directors and of Mr. Rudolf Krämmer as independent director.
- ✓ Re-election of Mr. Andoni Cendoya and of Ms. Gloria Hernández.

### Remuneration

- ✓ Proposal to the shareholders at the General Meeting of Shareholders of a new Policy of Remuneration of Directors for financial years 2019-2021.
- ✓ Modification of Long-Term Incentive Plan for the 2018-2020 period.
- ✓ Approval of remuneration of the Board of Directors and of top management.

### Modification of Corporate Governance System

- ✓ Amendment of the *Regulations of the Appointments and Remuneration Committee* including the recommendations of *Technical Guide 1/2019 on Nomination and Remuneration Committees*.
- ✓ Update of existing corporate policies.

### Other powers

- ✓ Approval of Annual Corporate Governance Report and Annual Director Remuneration Report.
- ✓ Approval of the Consolidated Non-financial Information Report.
- ✓ External evaluation of Siemens Gamesa's governing bodies.
- ✓ Action plan deriving from the evaluation of the governing bodies.

## 2.D Appearances of senior managers and external parties

Directorate	Ongoing	Occasional
<i>Internal appearances</i>		
CFO	x	
Head of Corporate Development	x	
Head of General Secretariat / General Counsel	x	
Onshore CEO and CFO		x
Offshore CEO and CFO		x
Services CEO and CFO		x
Head of Onshore Sales		x
Head of Offshore Strategy		x
COO		x
Head of Information Technology (IT)		x
Head of Ethics and Compliance		x
Head of Human Resources		x
<i>External appearances</i>		
External experts		x
External auditor		x

## 2.E Training

Training sessions
Competitive environment of the company
Risk management
Digitalization
Business Conduct Guidelines

## 2.F General Meeting of Shareholders

General Meeting of Shareholders	
Quorum	The General Meeting of Shareholders held on 27 March 2019 had the participation of a total of 64,491,503 shares present in person and 506,882,559 by proxy, which equals a quorum of 83.89% of the share capital.
Results	All proposals on the agenda were approved by a broad majority, with the proposals receiving an average support of 98.12%.

[Link to the Siemens Gamesa corporate website](#)

[Link to the Regulations of the Board of Directors](#)

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### **3. AUDIT, COMPLIANCE AND RELATED PARTY TRANSACTIONS COMMITTEE**

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### 3.A Presentation



*“The Committee has focused on its responsibilities, including the oversight of the financial and non-financial reporting, the internal control system, the risk management and compliance system and the critical assessment of related party transactions”*

**Rudolf Krämmer**

**Chair of the Audit, Compliance and Related Party Transactions Committee**

I am pleased to present to you the section of this Report relating to the Audit, Compliance and Related Party Transactions Committee (the “Committee”), where you can find information regarding the principal milestones reached and actions taken by this body during financial year 2019.

In my first year as chair of the Committee, I am pleased to inform you that it has met on 21 occasions, during which it has dealt with the key areas under the supervision of this body, including the financial and non-financial reporting, the internal control, risk management and compliance system, and the critical assessment of related party transactions to report to the Board of Directors, with respect to which the Committee has submitted more than 80 reports on related party transactions to the Board of Directors with assistance of Internal Audit and, involving external experts when needed.

In addition, the Committee has made improvements in its operation, including a specific onboarding plan for new members of the Committee, in line with the recommendations of *Technical Guide 3/2017 on Audit Committees at Public Interest Entities* and focused on continuous improvement of related party transactions processes.

In order for us to carry out our mission, the heads of the Company’s Onshore, Offshore and Services business units have appeared before our Committee in order to explain the main risks and trends of each of the activities.

The Committee has also engaged in continuous monitoring of significant risks currently facing Siemens Gamesa, such as those relating to Brexit, for which we have incorporated an external adviser in the assessment.

Looking towards financial year 2020, the Committee plans to adopt some of the recommendations of *Technical Guide 1/2019 on Nomination and Remuneration Committees* that might improve the operation of this body, as reflected in the Committee’s activities plan for financial year 2020.

### 3.B Composition and attendance of the Committee

Position	Name	Type of Director	Date of Appointment	Attendance
Chair	Rudolf Krämmer	Independent	20/02/2019	13/13
Members	Gloria Hernández	Independent	12/05/2015	21/21
	Alberto Alonso	Independent	20/10/2017	21/21

The non-member secretary of the Committee is Mr. Juan Antonio García.

Mr. Rudolf Krämmer was appointed as a member of the Committee on 20 February 2019, to replace Ms. Swantje Conrad, and was called as such to attend 13 meetings. For her part, Ms. Swantje Conrad attended the 8 meetings to which she was called. Mr. Rudolf Krämmer was appointed as Chair of the Committee on May 27, 2019, to replace Ms. Gloria Hernandez upon expiration of the term of office established in the Regulations thereof. Ms. Gloria Hernandez has been Member of the Committee since such date.

### 3.C Meetings of the Committee during financial year 2019

During financial year 2019 the Committee held a total of 21 meetings and did not adopt any resolutions in writing without a meeting:

Date	Place	Date	Place
3 October 2018	Madrid	26 April 2019	Madrid
30 October 2018	Madrid	6 May 2019	Madrid
14 November 2018	Madrid	20 May 2019	Madrid
3 December 2018	Madrid	21 May 2019	Madrid
19 December 2018	Madrid	24 June 2019	Madrid
22 January 2019	Madrid	23 July 2019	Madrid
11 February 2019	Madrid	24 July 2019	Madrid
12 February 2019	Madrid	30 July 2019	Madrid
18 March 2019	Madrid	16 September 2019	Madrid
25 and 26 March 2019	Madrid	24 September 2019	Pamplona
9 April 2019	Madrid		

### 3.D Key topics for financial year 2019

#### 3.D.1 Statutory Auditor

- ✓ Analysis of the results of the audit and of the independent auditor's report on the individual and consolidated annual accounts for financial year 2018, and regular follow-up on the audit works of the financial statements for 2019.
- ✓ Analysis of the results of the external auditor's review report on the Interim Condensed Individual and Consolidated Financial Statements and Management Report for the 6-month period ended March 31, 2019.
- ✓ Analysis of the external auditor's review of quarterly financials made in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Company".



- ✓ Supervision of the audit approach and organization of the group audit plan by the statutory auditor for financial year 2019.
- ✓ Supervision of the audit tender and recommendation of appointment of statutory auditor, analysis and report on the independence of the external auditor and annual assessment of the statutory auditor (including the analysis of the results of EY's Audit Satisfaction Questionnaire).
- ✓ Supervision and approval of non-audit services of EY and compliance of non-audit services' fees with the fee caps under the applicable law and the applicable internal policies with the support of Internal Audit.
- ✓ Analysis and follow up on management team's response to the recommendations of the statutory auditor.

### 3.D.2 Process of preparing financial information

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- ✓ Oversee the preparation, presentation and integrity of economic, financial and non-financial information related to the company and the consolidated group including the internal control over financial reporting system and the evaluation of the effectiveness thereof.
- ✓ Report to the Board of Directors on the individual and consolidated annual accounts for financial year 2019, the Interim Condensed Individual and Consolidated Financial Statements and Management Report for the 6-month period ended March 31, 2019 and the quarterly financial reporting.
- ✓ Oversee the compliance and application of accounting principles and significant management judgements and estimates.
- ✓ Oversee the application of alternative performance measures used by the company in its public information and annual accounts and in its management report.

### 3.D.3 Internal control and risk management systems

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- ✓ Oversee the effectiveness of the internal control system based on regular reports by the management with the assistance of Internal Audit.
- ✓ Amendment and update of the *General Risk Control and Management Policy* and of the *Investment and Finance Policy* that further develops and supplements it.
- ✓ Supervise the implementation of the Risk Management System, analyzing also the assessment made by the statutory auditors on such Risk Management System.
- ✓ Analysis of the statutory auditor's "agreed upon procedures" report on internal control over financial reporting included in Section F of the Corporate Governance Report.
- ✓ Review on a quarterly basis the risks and opportunities report including the analysis of the company's top risks.
- ✓ Monitoring of trends and risks relating to the business units and of the tax risks, legal risks and other specific risks including cybersecurity, exchange rates and employee benefits.
- ✓ The heads of the Company's Onshore, Offshore and Services business units have also appeared before our Committee in order to explain the main risks and trends of each of the activities.

### 3.D.4 Internal Audit Area

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- ✓ Ensure the independence and effectiveness of the internal audit function.
- ✓ Continuous monitoring of the area's activities, audit results evaluation and recommendations.

- ✓ Coordination and integration between the respective internal audit plans of Siemens Gamesa and Siemens AG as majority shareholder.
- ✓ Approval of the annual activities plan for the area and proposal to the Board of Directors of the budget for financial year 2019. Report on activities of this area for financial year 2018.
- ✓ Evaluation of performance of the Director of Internal Audit.
- ✓ Approval of the Internal Audit Charter.

### 3.D.5 Ethics and Compliance Directorate

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- ✓ Proposal to the Board of Directors of the budget and approval of the principal activities of the Ethics and Compliance Directorate during financial year 2019.
- ✓ Information regarding compliance with the Internal Regulations for Conduct and the Business Conduct Guidelines.
- ✓ Supervision of whistle-blower channel: information provided by the Ethics and Compliance Directorate regarding activities within the whistle-blower channels.
- ✓ Oversee the efficiency and functioning of the Ethics and Compliance Division, including the appropriate implementation of an effective compliance system and the appropriate management of compliance cases.

### 3.D.6 Related party transactions

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- ✓ Critical assessment of related party transactions proposed by management with assistance of Internal Audit and, involving external experts when needed, regarding their compliance with the conditions set forth in the law, the regulations and the internal policy. Preparation of more than 80 reports on related party transactions to the Board of Directors.
- ✓ Specific focus on the related party transactions in the context of the announced Siemens spin-off, including the engagement of KPMG as regular external advisor on such transactions.
- ✓ Review of the status of agreements for the provision of transitory services by Siemens AG and the future strategy regarding such services.
- ✓ Regular supervision of various agreements with Siemens AG (Merger Agreement, Strategic Supply Agreement, External Services Agreement, Framework Agreement) and with Iberdrola S.A. (Framework Agreement), involving external experts when needed.
- ✓ Assisted by Internal Audit and the Statutory Auditor, oversight on reporting on related party transactions and review and assessment of the internal overall control system around related party transactions.
- ✓ Assisted by Internal Audit and the Company's management, the Committee has prepared the related party transactions report referred to in Recommendation 6 of the Good Governance Code of Listed Companies of the National Securities Market Commission of 18 February 2015

### 3.D.7 Other responsibilities

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#### Corporate social responsibility (CSR)

- ✓ Follow up on the Corporate Social Responsibility Master Plan 2018-2020 and annual update of the Global Corporate Social Responsibility Policy.
- ✓ Report on the level of compliance with the Global Corporate Social Responsibility Policy.

- ✓ Oversee the preparation, presentation and integrity of the “Consolidated Non-Financial Statement 2019” including the analysis of independent limited scope review made by Ernst & Young in accordance with International Standard on Assurance Engagements (ISAE 3000).

#### Corporate governance and other powers and matters within the Committee’s purview

- ✓ Proposed amendment of different internal rules, including annual review of the corporate policies.
- ✓ Review of the Annual Corporate Governance Report in the context of the Committee’s responsibilities.
- ✓ Oversight of the annual report on the application of the Policy for communication and contacts with shareholders, institutional investors and proxy advisors.
- ✓ Assisted by Internal Audit, supervise quarterly that financial information published in the corporate website coincides with the information approved.

### 3.E Appearances of senior managers and external parties

Directorate	Ongoing	One-time
<i>Internal appearances</i>		
General Financial Directorate	x	
COO	x	
General Secretariat	x	
Related Party Transactions Team	x	
Internal Audit Directorate	x	
Ethics and Compliance Directorate	x	
Risk Internal Control (RIC) Directorate/ERM	x	
CEO		x
Head of Tax Area		x
Head of Human Resources		x
Litigation Directorate		x
Corporate Procurement Directorate		x
Information Technology (IT) Systems Directorate		x
Treasury Directorate		x
Corporate Technology Directorate		x
Social Responsibility Directorate		x
Onshore CEO		x
Offshore CEO and CFO		x
Services CEO and CFO		x
Adwen CFO and Management		x
<i>External appearances</i>		
Statutory Auditor	x	
Internal Audit Directorate of Siemens AG		x
Advisers (experts)		x

### 3.F Training

Training sessions
Individual and consolidated financial statements
IFRS 16. Leases
Alternative Performance Measures
Consolidation.
Accounting for derivatives
Supervision of IBEX financial information in 2017 by the CNMV
CIFRADOCC/CNMV
Deferred taxes
Transposition of Directive 2017/828 in Spain and market practices in relation to related party transactions
Cybersecurity
Exchange rates and conversion differences

### 3.G Conclusion

The ultimate goal of all of the activities performed by the Audit, Compliance and Related Party Transactions Committee is to provide value and contribute to the basic management principles formulated by the Board of Directors, as well as to comply with the duties delegated to this body by both legal provisions and internal regulations.

The Audit, Compliance and Related Party Transactions Committee believes that it has been reasonably informed during financial year 2019 of the matters within its purview, and evaluates its operations as effective, based on the responsibilities assigned thereto by law, the By-Laws of Siemens Gamesa, the Regulations of its Board of Directors and its own Regulations.

To perform its duty, the Committee has had direct and continuous contact with various areas of the group, including collaboration and communication with the Chief Financial Officer and Financial Reporting Directorate, the Risk Internal Control Directorate, the Ethics and Compliance Directorate, the Social Responsibility Directorate, the Related Party Transaction Team with the COO and the Internal Audit Area, as well as the Statutory Auditor and other independent external advisers.

The positive conclusions of the Statutory Auditor regarding the consolidated annual accounts and the consolidated condensed interim financial statements for the half-year is also a confirmation of the effective financial control and supervision systems established within the Company and encourage us to maintain our path along this line of self-imposed rigour and constant improvement in our internal and market reporting procedures, which we have been following in recent years.

For financial year 2020, the Committee plans to continue reviewing and monitoring the status of all matters within its responsibilities, according to its schedule of meetings and its annual work plan. In this regard, it is a priority to continue to focus on strictness and transparency in transactions between the Company and its Group with its Directors or significant shareholders, as well as with related persons, ensuring that they are conducted in accordance with the company interest, strictly complying with applicable law and the Company's Corporate Governance Rules.

This Report was prepared by the Audit, Compliance and Related Party Transactions Committee on 10 December 2019, and approved by the Board of Directors of Siemens Gamesa Renewable Energy, S.A. on 17 December 2019.

All of the aforementioned internal rules of Siemens Gamesa (By-Laws, Regulations of the Board of Directors and Regulations of the Audit, Compliance and Related Party Transactions Committee) are available to the public on the website.

[\*Link to the Company's corporate website\*](#)

[\*Link to the Regulations of the Audit, Compliance and Related Party Transactions Committee\*](#)

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## **4. APPOINTMENTS AND REMUNERATION COMMITTEE**

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## 4.A Presentation



*“The Committee has engaged in a profound review of the recommendations of the Guide for the inclusion thereof in its Regulations”*

**Andoni Cendoya**

**Chair of the Appointments and Remuneration Committee**

I am pleased to submit to you this section of the Report regarding the Appointments and Remuneration Committee (the “Committee”).

The Committee held 10 meetings during financial year 2019 at which it covered its main responsibilities relating to appointments of directors and members of top management, the remuneration thereof, and the evaluation of the governance bodies. This year, special emphasis has also been placed on the inclusion within our governance system of the recommendations contained in *Technical Guide 1/2019 on Nomination and Remuneration Committees*, published by the CNMV in February 2019. In the amendment of the *Regulations of the Appointments and Remuneration Committee* on 19 July, the Committee included the vast majority of the guidelines contained in this Guide, thus becoming one of the first companies to include these best practices in its governance system.

The recommendations include the development of a skills matrix of the Board of Directors by this Committee, which was developed during this year with the help of an independent external expert. With this matrix, it is intended to identify potential needs for skills within the Board of Directors and it will be useful on the one hand, as the foundation for the plan for succession of the members of the Board of Directors, helping the work of this Committee on future appointments of directors and on the other hand, as diagnosis for the development of future training plans for the Board of Directors.

In turn, the Committee has continued to improve its operation, including specific training sessions for the Committee and developing an onboarding or orientation plan for new members.

For financial year 2020, the Committee must complete the implementation of the main recommendations of the Technical Guide already included in the new Regulations and continue monitoring best practices in the area of appointments and remunerations. All of this has been included in an Activities Plan for 2020 that will guide the agenda of the Committee for the year, planning its actions in various areas.

## 4.B Composition and attendance of the Committee

Position	Name	Type of Director	Date of Appointment	Attendance
<b>Chair</b>	Andoni Cendoya	Independent	12/05/2015	10/10
<b>Members</b>	Mariel von Schumann	Proprietary	03/04/2017	10/10
	Rudolf Krämmer	Independent	20/02/2019	3/3
	Klaus Rosenfeld	Independent	03/04/2017	9/10
	Pedro Azagra	Proprietary	14/12/2018	5/5

The non-member secretary of the Committee is Mr. Carlos Rodríguez-Quiroga.

Mr. Pedro Azagra was appointed as a member of the Committee on 12 December 2018 (he accepted his appointment on 14 December 2018), to replace Ms Sonsoles Rubio, and was called as such to attend 5 meetings. For her part, Ms. Sonsoles Rubio attended the 5 meetings to which she was called.

In turn, Mr. Rudolf Krämmer was appointed as a member on 20 February 2019, to replace Ms Swantje Conrad, and was called as such to attend 3 meetings. Ms Swantje Conrad attended the 7 meetings to which she was called.

## 4.C Meetings of the Committee during financial year 2019

The Committee held ten meetings during financial year 2019, and did not adopt any resolutions without a meeting.

Date	Place	Date	Place
8 October 2018	Madrid	22 January 2019	Madrid
29 October 2018	Zamudio	12 February 2019	Zamudio
13 November 2018	Zamudio	11 April 2019	Madrid
23 November 2018	Zamudio	21 May 2019	Madrid
5 December 2018	Zamudio	19 July 2019	Hamburg



## 4.D Key topics for financial year 2019:

### 4.D.1 Composition of the Board and of its committees and process for designating internal positions and top management

- ✓ Favourable report on the proposed interim appointment (co-option) of Mr. Miguel Ángel López as proprietary director.
- ✓ Favourable report on the proposed interim appointment (co-option) of Mr. Pedro Azagra as proprietary director.
- ✓ Favourable report on the proposed interim appointment (co-option) of Mr. Rudolf Krämmer as independent director.
- ✓ Proposed re-election of Mr. Andoni Cendoya as independent director and as chair of the Appointments and Remuneration Committee.
- ✓ Proposed re-election of Ms. Gloria Hernández as independent director.
- ✓ Favourable report on appointments, re-elections and separations within top management:
  - Separation of Mr. Ricardo Chocarro as Onshore CEO.
  - Interim appointment of Mr. Mark Albenze as Onshore CEO.
  - Appointment of Mr. David Mesonero as CFO.
  - Appointment of Mr. Christoph Wollny as COO.
  - Appointment of Mr. Alonso Faubel as Onshore CEO.
- ✓ Update of succession plan for top management.
- ✓ Report on proposed definition of the duties of the CFO and the COO.
- ✓ Preparation of a skills matrix of the Board of Directors to help the Committee define the duties and skills of candidates to cover vacancies that occur and to evaluate the composition thereof.
- ✓ Update of *Director Selection Policy*.
- ✓ Report on compliance with the Director Selection Policy.

### 4.D.2 Evaluation of the board, its committees and top management

- ✓ Promotion and coordination of the annual evaluation of the governance bodies, with the assistance of an external expert.
- ✓ Definition of an action plan deriving from the 2019 evaluation of the governance bodies and monitoring of compliance with the action plan defined after the evaluation of the preceding financial year.

### 4.D.3 Remuneration of the directors

- ✓ Approval of the remuneration of the Board of Directors for financial year 2020.
- ✓ Proposal to the Board of Directors of the *Annual Report on Remuneration of Directors*.
- ✓ Proposal to the Board of Directors of the *Policy of Remuneration of Directors 2019-2021*.

#### 4.D.4 Remuneration of top management

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- ✓ Analysis of contract terms, remuneration and strategic incentive of the CFO.
- ✓ Setting of fixed salaries and objectives of top management for financial year 2019.
- ✓ Establishment of objectives for the Onshore CEO and evaluation of achievement of objectives of the interim Onshore CEO.
- ✓ Approval of the 2019-2021 Long-Term Incentive.

#### 4.D.5 Other activities

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- ✓ Amendment of the Committee's Regulations to include the recommendations contained in the *Technical Guide*<sup>2</sup>.
- ✓ Favourable report on the items of the Annual Corporate Governance Report relating to director remuneration.
- ✓ Approval of training plan for the Committee and the Board and onboarding plan for the Committee.
- ✓ Report on Sustainability Report.
- ✓ Definition of a refresher programme for all members of the Board of Directors and another specific one for the members of the Committee.

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<sup>2</sup> *Technical Guide 1/2019 on Nomination and Remuneration Committees.*

## 4.E Appearance of senior managers and external consultants (experts).

Directorate	Ongoing	One-time
CEO	x	
Director of Human Resources	x	
Director of Internal Audit		x
Head of Corporate Social Responsibility		x
Deputy General Secretary		x
External Experts		x

## 4.F Training

Training sessions	Session
Emerging trends and analysis of remuneration practices in the market and recommendations on Corporate Governance	16/01/2019
Remuneration of the directors at listed companies: current status and trends	21/05/2019
Technical Guide 1/2019 on Nomination and Remuneration Committees	21/05/2019
Skills Matrix	19/07/2019

## 4.G Conclusion

It is found that the Appointments and Remuneration Committee has satisfactorily performed the duties assigned thereto by the By-Laws and by its own Regulations throughout the financial year 2019, which ended on 30 September.

For financial year 2020, this Committee plans to continue reviewing and monitoring the status of all those matters within its purview and the implementation of *Technical Guide 1/2019 on Nomination and Remuneration Committees*. Along these lines, the Committee has established an Activities Plan for 2020 describing and planning the activities to be performed by the Committee during the financial year, planning its actions in various areas.

This Report was prepared by the Appointments and Remuneration Committee on 19 November 2019, and approved by the Board of Directors of Siemens Gamesa Renewable Energy, S.A. on 17 December 2019.

All of these internal rules of Siemens Gamesa (By-Laws, Regulations of the Board of Directors and Regulations of the Appointments and Remuneration Committee) are available to the public on the website.

[Link to corporate website of Siemens Gamesa](#)

[Link to Regulations of the Appointments and Remuneration Committee](#)

## 5. EVALUATION

The Board of Directors evaluates its performance on an annual basis. Thus, on 29 July 2019 the Board approved the commencement of the process of evaluation of the Board of Directors itself, of the Audit, Compliance and Related Party Transactions Committee, of the Appointments and Remuneration Committee, of the chair of the Board of Directors and of the CEO. This financial year, it was decided to hire PricewaterhouseCoopers Asesores de Negocios, S.L. (“PwC”) as an external adviser in the evaluation process.

During this process, more than 180 indicators were analysed, and individual interviews were held with the chair of the Board, the chairs of the committees and the secretary of the Board.

The conclusions of the evaluation process show a high degree of compliance with the indicators reviewed and that the operation of the Company’s governance bodies continued to positively evolve during the financial year.

In turn, this evaluation has helped to highlight the main advances achieved during the current financial year, including the following:

- As to operation, there has been a significant reduction in the duration of the meetings of the Board of Directors.
- The process for approving the minutes has been streamlined.
- The time that the Board of Directors has dedicated to the Company’s strategic issues has continued to increase considerably.
- A specific onboarding plan for directors has been established for each of the committees.
- As to skills development, an amendment of the Regulations of the Appointments and Remuneration Committee has been approved to include changes required to align this body with the new *Technical Guide 1/2019 on Nomination and Remuneration Committees*.
- A matrix of competencies of the members of the Board of Directors has been approved in order to improve the planning and evaluation of future appointments of directors.  
As to composition, another member with experience in auditing and accounting has been added to the Audit, Compliance and Related Party Transactions Committee.