

**ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED COMPANIES**

IDENTIFYING DATA OF THE ISSUER

END DATE OF THE REFERENCE YEAR: 09-30-2017

TAX ID NO. A01011253

Company Name:

SIEMENS GAMESA RENEWABLE ENERGY, S.A.

Business Address:

PARQUE TECNOLÓGICO DE BIZKAIA, EDIFICIO 222, 48170 ZAMUDIO (VIZCAYA)

**ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED COMPANIES**

A STRUCTURE OF THE PROPERTY

A.1 Fill out the following table on the Company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
04-03-2017	115,794,374.94	681,143,382	681,143,382

Indicate whether or not there are different kinds of shares with different associated rights.

Yes No

Type	Number of shares	Denomination per unit	Unitary number of voting rights	Different rights

A.2 Detailed information of the direct and indirect holders of significant shares, of their company at the year end date, excluding directors:

Shareholder's name or company name	Number of direct voting rights	Indirect voting rights		% of the total voting rights
		Direct shareholder	Number of voting rights	
SIEMENS AKTIENGESELLSCHAFT	205,178,132	SIEMENS BETEILIGUNGEN INLAND GMBH	196,696,463	59.00
IBERDROLA, S.A.		IBERDROLA PARTICIPACIONES, S.A. (SOCIEDAD UNIPERSONAL)	54,977,288	8.071

Indicate the most significant changes to the shareholder structure throughout the year:

Shareholder's name or company name	Operation date	Operation description
NORGES BANK	01/19/2017	Decreased its shareholding under 3% down to 2.992%
NORGES BANK	01/24/2017	Increased its shareholding more than 3% up to 3.087%
NORGES BANK	01/25/2017	Decreased its shareholding under 3% down to 2.866%

NORGES BANK	03/13/2017	Increased its shareholding more than 3% up to 3.128%
NORGES BANK	03/14/2017	Decreased its shareholding under 3% down to 2.631%
SIEMENS AKTIENGESELLSCHAFT	04/03/2017	Increased its shareholding more than 50% up to 59.00%

See note (A.2) in Section H of this report.

- A.3 Fill out the following tables on the members of the Company's Board of Directors who have rights to vote on the Company's shares:

Director's name or company name	Number of direct voting rights	Indirect voting rights		% of the total voting rights
		Direct shareholder	Number of voting rights	
Hernández García, Gloria	1,200		0	0.000 %
Rubio Reinoso, Sonsoles	1,030		0	0.000 %
Rodríguez-Quiroga Menéndez, Carlos	315		0	0.000 %
Cendoya Aranzamendi, Andoni	300		0	0.000 %
García García, Rosa María	0		0	0.000 %
Tacke, Markus	0		0	0.000 %
Davis, Lisa	0		0	0.000 %
Thomas, Ralf	0		0	0.000 %
Conrad, Swantje	0		0	0.000 %
Rosenfeld, Klaus	0		0	0.000 %
Von Schumann, Mariel	0		0	0.000 %
Sen, Michael	0		0	0.000 %

Total % of voting rights in the power of the Board of Directors	0.000 %
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Fill out the following tables on the members of the Company's Board of Directors who have rights over the Company's shares:

Director's name or company name	Number of direct rights	Indirect rights		Number of equivalent shares	% of the total voting rights
		Direct holder	Number of voting rights		

See note (A.3) in Section H of this report.

- A.4 Indicate, where relevant, family, commercial, contractual or corporate relationships between the significant shareholders, as the Company is aware of them, unless they are hardly relevant or derived from normal commercial traffic or activity:

Related name or company name	Type of relationship	Brief description

- A.5 Indicate, where relevant, family, commercial, contractual or corporate relationships between the significant shareholders and the Company and/or its group unless they are hardly relevant or derived from normal commercial traffic or activity:

Related name or company name	Type of relationship	Brief description
IBERDROLA, S.A. / Siemens Gamesa Renewable Energy Eolica, S.L.	CONTRACTUAL	SEE SECTION D.2.
SIEMENS AKTIENGESELLSCHAFT / Siemens Gamesa Renewable Energy A/S	CONTRACTUAL	SEE SECTION D.2.
SIEMENS AKTIENGESELLSCHAFT / Siemens Wind Power AB	CONTRACTUAL	SEE SECTION D.2.
SIEMENS AKTIENGESELLSCHAFT / Siemens Gamesa Renewable Energy Limited	CONTRACTUAL	SEE SECTION D.2.
SIEMENS AKTIENGESELLSCHAFT / Siemens Wind Power GmbH & Co. KG	CONTRACTUAL	SEE SECTION D.2.
SIEMENS AKTIENGESELLSCHAFT / Siemens Wind Power GmbH & Co. KG, Hamburg	CONTRACTUAL	SEE SECTION D.2.
SIEMENS AKTIENGESELLSCHAFT / Siemens Wind Power Inc.	CONTRACTUAL	SEE SECTION D.2.
SIEMENS AKTIENGESELLSCHAFT / Siemens Wind Power Limited, Oakville	CONTRACTUAL	SEE SECTION D.2.

SIEMENS AKTIENGESELLSCHAFT / Siemens Gamesa Renewable Energy d.o.o.	CONTRACTUAL	SEE SECTION D.2.
SIEMENS AKTIENGESELLSCHAFT / Siemens Gamesa Renewable Pty Ltd	CONTRACTUAL	SEE SECTION D.2.
SIEMENS AKTIENGESELLSCHAFT / Siemens Wind Power Blades (Shanghai) Co., Ltd.	CONTRACTUAL	SEE SECTION D.2.
SIEMENS AKTIENGESELLSCHAFT / Siemens Wind Power B.V.	CONTRACTUAL	SEE SECTION D.2.
SIEMENS AKTIENGESELLSCHAFT / Siemens Wind Power Blades, SARL AU	CONTRACTUAL	SEE SECTION D.2.

A.6 Indicate whether or not the Company has been notified of shareholders' agreements which affect it according to the provisions in Articles 530 and 531 of the Capital Companies Law. Where applicable, describe them briefly and list the shareholders bound by the agreement:

Yes

No

Members of the shareholder's agreement	% of affected share capital	Brief description of the agreement
IBERDROLA, S.A., IBERDROLA PARTICIPACIONES, S.A.(SOCIEDAD UNIPERSONAL) and SIEMENS AKTIENGESELLSCHAFT	67,071%	In fulfillment of article 531 of the restated text of the Capital Companies Law, approved by the Royal Legislative Decree 1/2010, of July 2 (the "Capital Companies Law"), IBERDROLA, S.A. ("IBERDROLA") informed Gamesa Corporación Tecnológica, S.A. ("GAMESA") on June 17, 2016 of the signature of a shareholders' agreement between IBERDROLA and Iberdrola Participaciones, S.A. (Sociedad Unipersonal), as shareholders (non-direct and direct, respectively) of GAMESA, on one hand, and Siemens Aktiengesellschaft ("SIEMENS AG"), on the other hand. The contract was signed in the context of the process of combination of the wind energy businesses of GAMESA and SIEMENS AG through the merger by absorption of Siemens Wind Holdco, S.L. (Sociedad Unipersonal) ("Siemens

		Wind Holdco”) by GAMESA (the “Merger”). This shareholders’ agreement governs, among other matters, the relationships of the parties as future shareholders of GAMESA after the Merger (the “Shareholders’ Agreement”). The Merger became finally effective on April 3, 2017.
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Indicate whether or not the Company is aware of the existence of shares agreed on between its shareholders. Where applicable, describe them briefly:

Yes

No X

Members of the agreed on share	% of affected share capital	Brief description of the agreement

If, throughout the year, there was an amendment to or termination of these agreements or agreed on shares, indicate this expressly:

- A.7 Indicate whether or not there is a natural or legal person who exercises or may exercise control over the Company according to Article 5 of the Securities Market Law. Where applicable, identify it:

Yes X

No

Name or company name
SIEMENS AKTIENGESELLSCHAFT

Observations
The significant shareholder SIEMENS AG owns 59% of the share capital of SIEMENS GAMESA RENEWABLE ENERGY, S.A. (“SIEMENS GAMESA” or the “Company”, and the group of companies of which Siemens Gamesa is the parent company, the “Siemens Gamesa Group” or simply the “Group”) and therefore can exercise control over it according to article 42 of the Commerce Code. The Company has five external proprietary directors representing SIEMENS AG in the Board of Directors.

- A.8 Fill out the following tables on the Company's treasury shares:

At the year end date:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
1,707,508	0	0.251

(*) Using the:

Direct shareholder's name or company name	Number of direct shares
Total:	

Explain the significant variations, in accordance with the provisions in Royal Decree 1362/2007, occurring throughout the year:

Explain the significant variations
<p>Pursuant to article 40 of <i>Royal Decree 1362/2007 of 19 October, implementing the Spanish Securities Market Act (Law 24/1988 of 28 July), regarding the transparency requirements in relation to information about issuers whose securities are admitted to trading on an official secondary market or other regulated market in the European Union (the "Royal Decree 1362/2007")</i>, these issuers must inform the National Securities Market Commission (<i>Comisión Nacional del Mercado de Valores</i> or "CNMV") of the proportion of voting rights held when, from the last treasury stock acquisition announcement, they acquire their own shares amounting to at least 1% of the voting rights via either a single or successive transactions.</p> <p>In this regard, during the 2017 fiscal year SIEMENS GAMESA made four announcements of direct acquisitions of treasury stock, which three of them exceeded the 1% threshold of the voting rights since the previous similar announcement, and one of them was an update resulting from the change of the number of voting rights of the Company after the effectiveness of the capital increase derived from the Merger. The announcements made are detailed below:</p> <ul style="list-style-type: none">• Announcement dated on January 13, 2017, with a total number of directly acquired shares of 2,858,279, representing a capital share of 1.02%.• Announcement dated on March 7, 2017, with a total number of directly acquired shares of 2,835,806, representing a capital share of 1.02%.• Announcement dated on April 19, 2017, with a total number of directly acquired shares of 1,482,733, representing a capital share of 0.22%.• Announcement dated on August 24, 2017, with a total number of directly acquired shares of 6,857,220, representing a capital share of 1.01%.

See note (A.8) in Section H of this report.

- A.9 Provide detailed information on the terms and conditions and period of the current mandate from the Shareholders' Meeting to the Board of Directors to issue, repurchase or transfer own shares.

On this report's approval date, the authorization given by the Ordinary General Meeting of the Company's Shareholders held on May 8, 2015, under point nine of its agenda, by virtue of which the Board of Directors was authorized to acquire own shares. The content of the agreement adopted at the referred to Meeting in point nine of the agenda is transcribed below:

"To expressly authorise the Board of Directors, with the express powers of substitution, as per the dispositions in article 146 of the Companies Law for the derivate acquisition of the Gamesa Corporación Tecnológica, Sociedad Anónima's ("Gamesa" or the "Company") own shares in the following terms:

- a.- The acquisitions may be made by Gamesa or by any of its depending companies in the same terms of this agreement.*
- b.- The share acquisitions will be made through sales, swaption or any other legally permitted operations.*
- c.- The acquisitions may be made, at each time, up to the legally allowed maximum figure.*
- d.- The minimum share price will be their nominal value and the maximum will not be 110% above their market quotation value on the date of acquisition.*
- e.- The shares acquired may subsequently be transferred in freely decided conditions.*
- f.- The present authorisation is awarded for a maximum period of 5 years, expressly repealing the unused part of the authorisation awarded by the Company Shareholders' Ordinary General Meeting held on May 28, 2010.*
- g.- The shareholders' equity resulting from the acquisition of shares, including those that the Company or the person acting in their own name but for the account of the Company has previously acquired and holds as treasury shares, shall not be less than the amount of share capital plus the reserves that are restricted under the law or the By-Laws, all pursuant to the provisions of letter b) of section 146.1 of the Companies Law.*

Lastly, and in relation to the dispositions in article 146.1.a) last paragraph of the Companies Law, it is stated that the shares that are acquired under the present authorisation, may be used by the Company for, amongst other purposes, giving to Company employees or administrators either directly or deriving from the exercise of option or other rights contemplated in incentive plans of which they are holders and/or beneficiaries as considered in the relevant legislation, statutes or regulations."

- A.9 bis Estimated free float:

	%
Estimated free float	32,678

A.10 Indicate whether or not there is a restriction on the transfer of securities and/or any restriction on the right to vote. Specifically, notify the existence of any other kind of restrictions which may make it hard to take control of the Company by acquiring its shares in the market.

Yes

No

Description of the restrictions

A.11 Indicate whether or not the general meeting has agreed on adopting neutralization measures regarding a public acquisition offer pursuant to the provisions in Law 6/2007.

Yes

No

Where applicable, explain the approved measures and the terms and conditions in which the restrictions will not be effective:

A.12 Indicate whether or not the Company has issued securities that are not traded in a regulated community market.

Yes

No

Where applicable, indicate the different kinds of shares and, for each kind of share, the conferred rights and obligations.

B GENERAL MEETING

B.1 Indicate and, where applicable, detail if there are differences between the minimum quorum given in the Capital Companies Law (LSC) regarding the quorum required to hold the general meeting.

Yes No

	% of quorum different from the provisions in Art. 193 LSC for general circumstances	% of quorum different from the provisions in Art. 194 LSC for special circumstances in Art. 194 LSC
Required quorum in the 1st call		
Required quorum in the 2nd call		

Description of the differences

B.2 Indicate and, where applicable, detail if there are differences between the quorum given in the Capital Companies Law (LSC) for entering into social agreements:

Yes No

Describe how it differs from the minimum quorum given in the LSC.

	Enhanced majority different from the one established in Article 201.2 of the LSC for the circumstances in 194.1 of the LSC.	Other enhanced majority circumstances
% established by the entity for adopting agreements		
Describe the differences		

- B.3 Indicate the standards applicable to amending the Company's bylaws. Specifically, the majorities laid down for amending the bylaws will be communicated as well as, where applicable, the set standards for enforcing the rights of partners when amending the bylaws.

The amendment of the Siemens Gamesa Bylaws is governed by: (i) articles 285 through 290 of the Capital Companies Law; (ii) the Company's own Bylaws; and (iii) the Shareholders' General Meeting Regulations.

Articles 14 h) of the Bylaws and 6.1 h) of the Shareholders' General Meeting Regulations state that this capacity pertains to the Siemens Gamesa's General Shareholders Meeting.

Articles 18 of the Bylaws and 26 of the Shareholders' General Meeting Regulations include the quorum requirements and articles 26 of the Bylaws and 32 of the Shareholders' General Meeting Regulations stipulate the majorities necessary for adopting decisions by the Shareholders' General Meeting. All mentioned articles refer to the legal provisions on these matters.

Article 31.4 of the Shareholders' General Meeting Regulations states that the Board of Directors, in accordance with the law, will submit proposals for different agreements regarding matters that are substantially independent, so the shareholders may separately exercise their voting rights. In the context of Bylaws' amendments, this rule implies that each article or group of articles which are substantially independent will constitute a separate proposal which will be individually submitted for approval.

Finally, in accordance with article 518 of the Capital Companies Law, with the notice convening the Shareholders' General Meeting which agenda contains a proposal to amend the Bylaws, the Company's website will post the complete text of the agreement proposals referring to such amendment, and the reports from the competent bodies in relation thereto.

- B.4 Indicate the data regarding attendance at the general meetings held throughout the year referred to in this report and those of the previous year:

General meeting date	Attendance data				
	% physical presence	% represented	% distance voting		Total
			Electronic vote	Others	
06-20-2017	9.42	75.46	0.00	0.00	84.88
10-25-2016	23.13	34.80	0.00	0.00	57.93
06-22-2016	24.41	34.83	0.00	0.00	59.24

See note (B.4) in Section H of this report.

B.5 Indicate if there is a restriction in the by-laws which establishes a minimum number of required shares to attend the general meeting:

Yes

No

Number of required shares to attend the general meeting	1
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B.6 Repealed paragraph.

B.7 Indicate the address and mode of access to the Company's website and to the information on corporate governance and other information on the general meetings which should be available to the shareholders through the company's website.

The Bylaws of SIEMENS GAMESA rule in its article 48 the Company's website according to the current legislation.

The Company's website holds all the mandatory information and content which must be published (directly accessible at <http://www.gamesacorp.com/en/investors-and-shareholders/>) according to the restated Text of the Law on the Securities Market, approved by Royal Legislative Decree 4/2015, of October 23, ("**Securities Market Act**"), by the Capital Companies Law and by the Order ECC/461/2013, dated March 20, by which the content and structure of the annual corporate governance report, the annual report on remunerations and other informative instruments of the listed companies, of savings accounts and other entities that issue securities traded in official securities markets are determined, and completed by Circular 3/2015, dated June 23, of the CNMV on the technical and legal specifications that the webpage of the issued companies and the saving accounts that issue securities admitted in the official secondary securities markets must include.

Regarding this mandatory content, the Company pursues to continuously improve its accessibility by the public, particularly the shareholders and investors, and is continuously updated in accordance with the applicable law.

Mandatory content can be accessed through the home page of the Company's website. Access is located on the top of the webpage, under the title "Shareholders and Investors", which contains a drop-down index with all the content that needs to be included on the listed companies' websites pursuant to the legislation mentioned above.

Moreover, such index is also available on the bottom of the home page of the website, being fully displayed, to that each item on the index can be directly clicked on.

In addition to the above, the Company's website contains other of information of interest for shareholders and investors and news referring to the Company's activity

See note (B.7) in Section H of this report.

C THE COMPANY'S ADMINISTRATION STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the by-laws:

Maximum number of directors	15
Minimum number of directors	5

C.1.2 Fill out the table below with the board members:

Director's name or company name	Representative	Directors's category	Position on the board	Date of first appointment	Date of last appointment	Election procedure
García García, Rosa María		External Proprietary	Chairwoman	04-03-2017	04-03-2017	General Meeting
Tacke, Markus		Executive	Chief Executive Officer	05-08-2017	06-20-2017	General Meeting
Rodríguez-Quiroga Menéndez, Carlos		Executive	Director and Secretary	09-27-2001	06-20-2017	General Meeting
Davis, Lisa		External Proprietary	Director	04-03-2017	04-03-2017	General Meeting
Conrad, Swantje		Independent	Director	04-03-2017	04-03-2017	General Meeting
Rosenfeld, Klaus		Independent	Director	04-03-2017	04-03-2017	General Meeting
Rubio Reinoso, Sonsoles		External Proprietary	Director	12-15-2011	06-22-2016	General Meeting
Thomas, Ralf		External Proprietary	Director	04-03-2017	04-03-2017	General Meeting
Von Schumann, Mariel		External Proprietary	Director	04-03-2017	04-03-2017	General Meeting
Hernández García, Gloria		Independent	Director	05-12-2015	05-12-2015	General Meeting
Cendoya Aranzamendi, Andoni		Independent	Director	05-12-2015	05-12-2015	General Meeting
Sen, Michael		External Proprietary	Director	05-10-2017	06-20-2017	General Meeting

Total number of directors	12
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Indicate any resignations in the Board of Directors during the period subject to information:

Director's name or company name	Condition of the director at the time of resignation	Leave date
Villalba Sánchez, Francisco Javier	External Proprietary	03-29-2017
Arregui Ciarsolo, Juan Luis	Independent	04-03-2017
Vázquez Egusquiza, José María	Independent	04-03-2017
Lada Díaz, Luis	Independent	04-03-2017
Aracama Yoldi, José María	Independent	04-03-2017

Aldecoa Sagastasoloa, José María	Independent	04-03-2017
Codes Calatrava, Gerardo	External Proprietary	04-03-2017
Martin San Vicente, Ignacio	Executive	05-08-2017
Helmrich, Klaus	External Proprietary	05-08-2017
Cortés Dominguez, Luis Javier	Independent	08-30-2017

See note (C.1.2) in Section H of this report.

C.1.3 Fill out the following tables on the board members and their different conditions:

EXECUTIVE DIRECTORS

Director's name or company name	Position in the company's organizational chart
Tacke, Markus	CEO
Rodríguez-Quiroga Menéndez, Carlos	Director-Secretary of the Board of Directors and Legal Counsel

Total number of executive directors	2
% of the total of the board	16,67

EXTERNAL PROPRIETARY DIRECTORS

Director's name or company name	Name or company name of the significant shareholder acting as representative or who approved his/her appointment
Rubio Reinoso, Sonsoles	IBERDROLA, S.A.
García García, Rosa María	SIEMENS AKTIENGESELLSCHAFT
Davis, Lisa	SIEMENS AKTIENGESELLSCHAFT
Von Schumann, Mariel	SIEMENS AKTIENGESELLSCHAFT
Thomas, Ralf	SIEMENS AKTIENGESELLSCHAFT
Sen, Michael	SIEMENS AKTIENGESELLSCHAFT

Total number of proprietary directors	6
% of the total of the board	50

INDEPENDENT EXTERNAL DIRECTORS

Director's name or company name	Profile
Conrad, Swantje	<p>Born in Stuttgart (Germany), she holds the position of Member of the Board of Directors, of the Audit, Compliance and Related Party Transactions Committee and of the Appointments and Remunerations Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>Dual degree in Business Administration and in Industrial Engineering from the University of Karlsruhe (Germany) and Master in International Business Studies from the University of South Carolina (USA) as a fellow of the D.A.A.D. (German Academic Exchange Service).</p> <p>She has extensive experience in the financial and banking sectors, as she worked for more than 25 years at J.P. Morgan in Germany, the United Kingdom and the United States of America, in the areas of corporate finance, mergers and acquisitions, capital markets and institutional asset servicing. Likewise, she has a wide experience as a highly ranked equity research analyst and specialist sales leading the pan-European diversified industrials, automotive and aerospace team.</p> <p>She is also a Non-Executive Director and Member of the Audit and Nomination Committees of the F&C Private Equity Investment Trust plc (Edinburgh) and a trustee and member of the Finance Sub-Committee at the not-for-profit Whitechapel Gallery (London).</p>
Rosenfeld, Klaus	<p>Born in Bonn (Germany), he holds the position of Member of the Board of Directors and of the Appointments and Remuneration Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>After an apprenticeship at Dresdner Bank and his military service he graduated in Business Administration from the University of Münster (Germany).</p> <p>Currently, he is the CEO of Schaeffler AG, a leading automotive and industrial supplier, a position he was appointed to in June 2014.</p> <p>He started his professional career in 1993 holding several positions in the Investment Banking Division in Dresdner Bank AG. In 2002 he became member of the Board of Directors, being responsible for Finance and Controlling, Compliance and Corporate investments Dresdner Bank AG.</p>

	<p>He joined the Schaeffler AG in March 2009 as Chief Financial Officer. During this period he led the corporate and financial restructuring of the group, after the takeover bid for Continental AG, and led, in 2012, Schaeffler AG's access to the debt markets and its IPO in October 2015.</p> <p>He is also a member of the management and supervisory bodies of various industrial companies. In particular, he is a member of the Supervisory Board and the Audit Committee of Continental AG, in Hanover (Germany), and the Board of Directors of Schaeffler India Ltd., in Mumbai (India). He is also a member of the Executive Committee of the Federation of German Industries (BDI) in Berlin.</p>
<p>Hernández García, Gloria</p>	<p>Born in Madrid, she holds the position of Member of the Board of Directors and Chairwoman of the Audit, Compliance and Related Party Transactions Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>She studied at the Complutense University of Madrid, where she obtained a degree in Economic Sciences with a specialty in Economic Theory.</p> <p>She is currently the General Director of Finance and Capital Markets of Bankinter, S.A., manager of the treasury of the company, of balance sheet risk management, of solvency and calculation, and of the management of the resources of the Bankinter Group, as well as responsible for the budget control and the efficiency, the investors relations, accountancy policies and the financial control, the accounts and the financial information of the Bankinter group and the coordination of the relationship of the entity with the ECB.</p> <p>She is member of the Management Committee of Bankinter, S.A., Director as representative of Bankinter in Linea Directa Aseguradora, S.A., Bankinter Consumer Finance and Bankinter Global Services.</p> <p>Before joining Bankinter, S.A., she served for over seven years as the Financial Director of Banco Pastor, S.A.</p> <p>Doña Gloria Hernández García is Commercial Technician and State Economist on personal leave, and as such she worked until 2003 in different public posts connected to the Directorate General of the Treasury and Financial Policy, where she also held the position of General Manager of the Treasury. She also was <i>nata</i> Director of the CNMV and the Bank of Spain.</p>

	At last, she has had significant international experience by being, among others, a representative member of Spain on Committees of the European Union and Director of the subsidiary of Bankinter in Luxembourg.
Cendoya Aranzamendi, Andoni	<p>Born in in Deba (Gipuzkoa), he holds the position of Member of the Board of Directors and Chairman of the Appointments and Remunerations Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>He holds a Master's in Electrical Engineering from the Escuela de Armería in Eibar, and a Master's in Human Resources from CEREM.</p> <p>Andoni Cendoya Aranzamendi has broad experience in the industrial sector, having undertaken the majority of his career in a leading group of the aeronautical sector (the ITP Group). He also adds to his sectoral knowledge with experience in other sectors, with his role in the negotiation of restructuring the naval sector and the renewal of the bank agreement being particularly outstanding.</p> <p>He has experience in the senior management of international companies, acquired during his time as the Executive Director of Human Resources of the ITP Group, where he was also a member of the Management Committee of the Group. He also has experience in the management of international companies, as he was part of the management team of ITP's subsidiaries in England and Mexico. Specifically, he started up the operations of the latter.</p>

Total number of independent directors	4
Total % of the board	33,33

Indicate if any director qualified as independent receives from the Company, or from its same Group, any amount or benefit for an item other than remuneration as director or maintains or has maintained, throughout the past year, a business relationship with the Company or any other company of its Group, whether in his/her name or as a significant shareholder, director or senior manager of an entity which maintains or would have maintained this relationship.

Where applicable, a reasoned statement from the Board on the reasons why it considers this director can perform its duties as an independent director shall be included.

Director's name or company name	Relationship description	Reasoned statement

OTHER EXTERNAL DIRECTORS

Other external directors will be identified and the reasons because they cannot be considered external proprietaries or independents and its entails, with the company, its managers, or its shareholders, will be detailed:

Director's name or company name	Reasons	Company, manager or shareholder with whom the entail is maintained

Total number of other external directors	0
Total % of the board	0

Indicate the variations which, where applicable, have occurred during the period in each director category:

Director's name or company name	Date of the change	Previous category	Current category

See note (C.1.3) in Section H of this report.

C.1.4 Fill out the following table with the information related to the number of female board members at the closing of the last 4 years, as well as the category of each one:

	Number of female board members				% of the total directors of each category			
	Year t	Year t-1	Year t-2	Year t-3	Year t	Year t-1	Year t-2	Year t-3
Executive	0	0	0	0	0%	0%	0%	0%
Proprietary	4	1	2	1	66.67%	33.33%	66.67%	50%
Independent	2	1	1	0	50%	14.29%	14.29%	0%
Other External	0	0	0	0	0%	0%	0%	0%
Total:	6	2	3	1	50%	16.67%	25%	10%

C.1.5 Explain the measures that, where applicable, were adopted to include a number of women on the Board of Directors which permits reaching a balanced presence of men and women.

Explanation of the measures
In the procedures for the appointment of new directors, the Appointments and Remunerations Committee actively seeks, either directly or with external advice from outsourced companies, to include female candidates pursuant to the guidelines included in the "Policy on selecting Directors" approved by the Board of Directors on 23 September 2015.

Article 7.5 of the Regulations of the Appointments and Remunerations Committee contemplates that the duties of the Committee include to “*set a representation target for the gender that is least represented on the Board of Directors and prepare guidelines on how to achieve it*”.

In this regard, section 4 of the Director Selection Policy refers to the requirements that the candidates must meet to be appointed as a director. This section includes the “Diversity principle” which establishes that the procedures for the appointment of directors must be free from any implicit bias that might imply any discrimination or prevent the selection of female directors. Additionally, it includes the objective that female directors represent, in 2020, at least 30 % of the Board of Directors.

This objective matches Recommendation 14 of the Code of good governance for listed entities approved by the CNMV on 18 February 2015 (the “Good Governance Code”).

During the 2017 fiscal year, four female were appointed as members of the Board of Directors after the effectiveness of the Merger, once the public deed of Merger between GAMESA and SIEMENS WIND HOLDCO was registered with the Biscay Commercial Registry. The appointments took place on the Extraordinary Shareholders’ General Meeting held on October 25, 2016 but their effectiveness, as aforementioned, was conditional to the registration of the Merger. These four new directors were:

- Ms. Rosa María García García, as non-executive proprietary director.
- Ms. Mariel von Schumann, as non-executive proprietary director.
- Ms. Lisa Davis, as non-executive proprietary director.
- Ms. Swantje Conrad, as non-executive independent director.

After the effectiveness of these appointments and taking into account the corporate governance issues included in the Shareholders’ Agreement (see section A.6), the post-Merger Board of Directors was made up of 46% of women but it shall be pointed out that at September 30, 2017 a vacancy existed in the Board of Directors (which was fulfilled on October 20, 2017 with the appointment by cooption of Mr. Alberto Alonso), so that the percentage rises to 50% of women. Anyway both percentages surpass, three years in advance, the 30% target.

See note (C.1.5) in Section H of this report

C.1.6 Explain the measures that, where applicable, the Appointment Committee agreed on so the selection procedures do not suffer from any implicit discriminatory bias which interfere with selecting female directors, and that the Company deliberately seeks and includes among the potential candidates, women who meet the sought after professional profile:

Explanation of the measures
<p>The Appointments and Remunerations Committee, in application of article 14 of the Regulations of the Board of Directors, has established that director selection criteria shall entail recognized reputation/credibility, solvency, competence and experience, procuring that female candidates meeting this profile are selected in this selection process.</p> <p>Article 7.4 of the Regulations of the Appointments and Remunerations Committee stipulates also a further duty of the Committee, namely to <i>“ensure that the selection procedures are not implicitly biased so as to imply discrimination”</i>.</p> <p>Section 4 c) of the “Policy on selecting Directors” likewise states that <i>“the selection of directors must be safeguarded from any implicit bias that could entail discrimination of any sort and, in particular, interfere in the selection of female directors”</i>.</p>

When, despite the measures adopted, where applicable, the number of female board members is little or null, explain the reasons which justify this:

Explanation of the reasons
N/A

C.1.6 bis Explain the conclusions of the Appointments Committee regarding the verification of compliance with the director selection policy. And, in particular, how this policy is promoting attainment of the target to have the number of female directors represent at least 30% of the total members of the board of directors by the year 2020.

The Appointments and Remunerations Committee arrived at the following conclusions in 2017 insofar as verification of compliance with the Director Selection Policy:

- During the 2017 fiscal year, the Company met that stipulated in the law, the Siemens Gamesa Corporate Governance Standards and the recommendations of the *Code of Good Governance* in its selection processes and appointment of directors.

- Specifically, the Appointments and Remunerations Committee expressly verified that the selection of candidates for director and their subsequent appointment as members of the Board of Directors during the 2017 fiscal year was made in accordance with that stipulated in the "Director Selection Policy," approved by the Board of Directors during its session on September 23, 2015.
- With respect to gender diversity in the composition of the Board of Directors, Siemens Gamesa currently exceeds the aim of having the presence of at least 30% women in 2020, established in the *Policy*. To this respect, on the date of this report, the Company has 6 women on its Board of Directors, representing 46% of its members, calculated on 13 members although at September 30, 2017 a vacancy pending to be fulfilled existed.
- The Company commits to continue improving the application of the criteria, principles and standards of good governance applicable when selecting directors and will promote these selection processes having independent profiles, with international, specialized and trustworthy professional experience in the business areas of Siemens Gamesa.

C.1.7 Explain the form of representation on the Board of shareholders with significant shareholdings.

Shareholders holding significant stock are represented on the Board of Directors as Non-Executive Proprietary Directors. According to article 11 of the Regulations of the Board of Directors of SIEMENS GAMESA, directors are categorized into *“(a) Executive Directors; and (b) Non-executive Directors. Non-executive Directors may also be Independent, Proprietary or other External Directors.*

The status of each Director will be determined in accordance with legal provisions and must be explained by the Board of Directors before the General Shareholders' Meeting that will carry out or approve their appointment and confirm or, where applicable, revise it annually in the Annual Corporate Governance Report after being verified by the Appointments and Remunerations Committee.”

Moreover, it should be mentioned that article 9.4 of the Regulations of the Board of Directors states that *“the Board of Directors shall attempt to include Proprietary and Independent Directors in the majority group of Non-executive Directors, maintaining a balance regarding the complexity of the Group, the ownership structure of the Company, the absolute and relative importance of significant shares, as well as the degree of continuity, commitment and strategic links with the owners of these stocks with the Company.”*

Further, article 13.4 of the cited Regulations establishes that *“the provisions in this chapter will be understood notwithstanding the complete freedom of the General Shareholders' Meeting to make decisions on the appointment of Directors.”*

Currently, the Board of Directors of Siemens Gamesa is integrated by the following external proprietary directors:

- Ms. Sonsoles Rubio Reinoso, appointed on December 14, 2011 by motion of Iberdrola and last re-elected at the General Shareholder Meeting on June 22, 2016.
- Ms. Rosa María García García, appointed at the Extraordinary Shareholders' General Meeting on October 25, 2016 by motion of Siemens AG and her appointment became effective on April 3, 2017.
- Ms. Lisa Davis, appointed at the Extraordinary Shareholders' General Meeting on October 25, 2016 by motion of Siemens AG and her appointment became effective on April 3, 2017.
- Mr. Ralf Thomas, appointed at the Extraordinary Shareholders' General Meeting on October 25, 2016 by motion of Siemens AG and his appointment became effective on April 3, 2017.
- Ms. Mariel von Schumann, appointed at the Extraordinary Shareholders' General Meeting on October 25, 2016 by motion of Siemens AG and her appointment became effective on April 3, 2017.
- Mr. Michael Sen, appointed by cooption by the Board of Directors on May 8, 2017 by motion of Siemens AG as substitute of Mr. Klaus Helmrich and last re-elected at the Shareholders' General Meeting on June 20, 2017.

See note (C.1.7) in Section H of this report.

C.1.8 Explain, where applicable, the reasons for which the proprietary directors were appointed by the motion of shareholders whose shares are less than 3% of the capital:

Shareholder's name or company name	Reason

Indicate whether or not formal requests for presence on the Board from shareholders whose shares are equal to or greater than that of others whose motion would have designated proprietary directors were taken into account. Where applicable, explain the reasons why they were not taken into account:

Yes

No

Shareholder's name or company name	Explanation

C.1.9 Indicate if any director has resigned from his/her position before the end of his/her term, if said director explained his/her reasons and how, to the Board of Directors, and, if done in writing, at least explain the reasons given below:

Director name	Reason for resignation
Villalba Sánchez, Francisco Javier	Personal reasons
Arregui Ciarsolo, Juan Luis	Fulfillment of the merger agreement and common terms of the Merger (between GAMESA and SIEMENS WIND POWER)
Vázquez Egusquiza, José María	Fulfillment of the merger agreement and common terms of the Merger (between GAMESA and SIEMENS WIND POWER)
Lada Díaz, Luis	Fulfillment of the merger agreement and common terms of the Merger (between GAMESA and SIEMENS WIND POWER)
Aracama Yoldi, José María	Fulfillment of the merger agreement and common terms of the Merger (between GAMESA and SIEMENS WIND POWER)
Aldecoa Sagastasoloa, José María	Fulfillment of the merger agreement and common terms of the Merger (between GAMESA and SIEMENS WIND POWER)
Codes Calatrava, Gerardo	Fulfillment of the merger agreement and common terms of the Merger (between GAMESA and SIEMENS WIND POWER)
Martín San Vicente, Ignacio	Personal reasons
Helmrich, Klaus	Personal reasons
Cortés Domínguez, Luis Javier	Personal reasons

C.1.10 Indicate, if they exist, the powers delegated to him/her or the executive director/s:

Director's name or company name	Brief description
Tacke, Markus	The Board of Directors of SIEMENS GAMESA, in its meeting held on June 20, 2017, unanimously agreed, following a favorable report from the Appointments and Remunerations Committee, to re-elect Mr. Markus Tacke as CEO of the Company delegating in his favor all powers which, according to the law and the By-laws correspond to the Board of Directors, except those which cannot be delegated pursuant the law and the By-laws, an appointment which was accepted by Mr. Tacke in the same act.

C.1.11 Identify, where applicable, the board members who assume positions as administrators or managers in other companies which are part of the listed company's group:

Director's name or company name	Company name of the entity in the group	Position	Has executive functions?
Tacke, Markus	Siemens Gamesa Renewable Energy A/S	Member of the Board of Directors	No

See note (C.1.11) in Section H of this report.

C.1.12 Detail, where applicable, the directors of its company which are members of the Board of Directors of other listed entities in official security markets different from its group, which the Company has been notified of:

Director's name or company name	Company name of the listed entity	Position
Rosenfeld, Klaus	Schaeffler AG	CEO (Chief Executive Officer)
	Continental AG	Member of the Supervisory Board and of its Audit Committee
	Schaeffler India Ltd	Member of the Board of Directors
Conrad, Swantje	F&C PRIVATE EQUITY INVESTMENT TRUST	Member of the Board of Directors

See note (C.1.12) in Section H of this report.

C.1.13 Indicate and, where applicable, explain whether or not the Board of Directors' Regulations has established rules on the maximum number of companies' boards its directors may be a part of:

Yes

No

Explanation of the rules
<p>Article 10 of the Board of Director's Regulations establishes rules on the maximum number of companies' boards its directors may be a part of:</p> <p style="text-align: center;">Article 10. Incompatibilities for becoming a Director</p> <p style="text-align: center;"><i>The following individuals cannot be Directors or, where applicable, natural person representatives of a Legal Entity Director:</i></p> <p style="text-align: center;">(...)</p> <p style="text-align: center;"><i>b) Any individual acting in the position of administrator of three or more companies whose shares are traded in domestic or foreign securities markets.</i></p> <p style="text-align: center;">(...)"</p>

C.1.14 Repealed paragraph.

C.1.15 Indicate the overall remuneration of the Board of Directors:

Remuneration of the Board of Directors (thousands of euros)	8,161
Amount of the rights accumulated by the current directors regarding pensions (thousands of euros)	0
Amount of the rights accumulated by the former directors regarding pensions (thousands of euros)	0

See note (C.1.15) in Section H of this report.

C.1.16 Identify the members of Senior Management who are not also executive directors, and indicate the total accrued remuneration in their favor throughout the year:

Name or company name	Position(s)
Chocarro Melgosa, Ricardo	Onshore CEO
Hannibal, Michael	Offshore CEO
Albenze, Mark	Service CEO
Cortajarena Manchado, José Antonio	General Secretary
Hall, Andrew	Chief Financial Officer
Mesonero Molina, David	Corporate Development, Strategy and Integration Managing Director
Zarza Yabar, Félix	Internal Audit Director

Total remuneration for Senior Management (in thousands of euros)	10,215
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See note (C.1.16) in Section H of this report.

C.1.17 Indicate, where applicable, the identity of the board members which, at the same time, are members of the Board of Directors of other significant shareholder companies and/or entities of its group:

Name or company name of the board member	Significant shareholder's name	Post
García García, Rosa María	SIEMENS AKTIENGESELLSCHAFT	Chairwoman and CEO of SIEMENS, S.A.
	SIEMENS AKTIENGESELLSCHAFT	Chairwoman of SIEMENS HOLDINGS, S.L.U.
Davis, Lisa	SIEMENS AKTIENGESELLSCHAFT	Member of the Managing Board
Thomas, Ralf	SIEMENS AKTIENGESELLSCHAFT	Member of the Managing Board
Sen, Michael	SIEMENS AKTIENGESELLSCHAFT	Member of the Managing Board

Detail, where relevant, the relevant relationships different from those in the previous paragraph, of the members of the Board of Directors which relate them to other significant shareholders and/or in entities of its group:

Related board member's name or company name	Related significant shareholder's name or company name	Relationship description
Rubio Reinoso, Sonsoles	IBERDROLA, S.A.	Internal Audit Director
Von Schumann, Mariel	SIEMENS AKTIENGESELLSCHAFT	Chief of Staff and Head of the Governance & Markets Department
Thomas, Ralf	SIEMENS AKTIENGESELLSCHAFT	CFO

See note (C.1.17) in Section H of this report.

C.1.18 Indicate if any amendment was made to the Board's regulations during the year:

Yes

No

Amendment description
<p>The Board of Directors approved the amendment to the Regulations of the Board of Directors during its session held on April 4, 2017.</p> <p>This amendment of the Regulations of the Board of Directors was carried out to adapt it to the new content of article 529 quaterdecies of the Capital Companies Law regarding the composition of the Audit, Compliance and Related Party Transactions Committee, which shall have a majority of independent directors, and to adapt it to the new name of that Committee including the "related party transactions" in it.</p>

See note (C.1.18) in Section H of this report.

C.1.19 Indicate the selection, appointment, re-election, evaluation and resignation of board members procedures. Detail the competent bodies, processes to be followed and the criteria to be used in each procedure.

Selection and appointment procedure:

Article 30 of the SIEMENS GAMESA's Bylaws states that the members of the Board of Directors are "appointed or approved by the Shareholders' General Meeting" with the provision that "if there are openings during the period for which Directors were appointed, the Board of Directors can appoint individuals to occupy them until the first Shareholders' General Meeting is held", always in accordance with the provisions contained in the applicable Capital Companies Law and Company's Bylaws.

Moreover, in accordance with article 13.2 of the Regulations of the Board of Directors, *“the proposals for appointing Directors submitted by the Board of Directors for consideration by the General Shareholders' Meeting and the appointment decisions adopted using the co-option procedure must be preceded by: (a) for Independent Directors, a proposal from the Appointments and Remuneration Committee; and (b) in other cases, a report from the aforementioned committee.”* In this regard, article 13.3 of the cited regulations states that *“when the Board of Directors declines the proposal or the report from the Appointments and Remuneration Committee mentioned in the above section, it must justify doing so and include a record of it in the minutes.”*

Further, article 13.4 of the cited Regulations states that *“the provisions in this chapter will be understood notwithstanding the complete freedom of the General Shareholders' Meeting to make decisions on the appointment of Directors.”*

Finally, article 14 of the cited Regulations states that *“the Board of Directors and the Appointments and Remuneration Committee shall make an effort, within the sphere of their competencies, to ensure that the proposal and election of candidates falls on individuals of renowned reputation, credibility, solvency, competence and experience”* adding that for *“Legal Entity Director, the natural person representing it in the performance of the duties related to the position will be subject to the conditions included in the previous paragraph.”*

Re-election procedure:

Article 15 of the Regulations of the Board of Directors states that the *“proposals for re-election of Directors submitted by the Board of Directors to the General Shareholders' Meeting must be accompanied by the corresponding explanatory report in the terms set forth by the law. The resolution of the Board of Directors to submit the re-election of Independent Directors to the General Shareholders' Meeting must be adopted upon proposal of the Appointments and Remuneration Committee, while the re-election of other Directors must have a prior favorable report from this committee.”*

In this regard, section 2 of the cited article adds that directors that are part of the Appointments and Remuneration Committee must abstain from taking part in the deliberations and votes that affect them.

Finally, section 3 states that *“the re-election of a Director who is part of a committee or who holds an internal position on the Board of Directors or one of its committees will determine his/her continuity in this position without requiring express re-election and notwithstanding the power of revocation which corresponds to the Board of Directors.”*

Assessment procedure:

Article 25.8 of the Regulations of the Board of Directors addresses the director assessment procedure, establishing that *“the Board of Directors shall evaluate at least once a year: (a) the quality and effectiveness of its operation; (b) the performance of duties of the Chairman of the Board of Directors, and if applicable, of the CEO and Coordinating Director, based on the report submitted to the Appointments and Remuneration Committee; and (c) the operation of the committees based on the reports they submit to the Board of Directors.”*

Removal procedure:

In keeping with Company Bylaws, directors shall serve in their position for a period of four years, so long as the General Shareholders Meeting does not agree on their removal and they do not resign from their position.

Article 16 of the Regulations of the Board of Directors states that “*directors will be removed from their position once the term for which they were appointed has passed, notwithstanding the possibility of being re-elected, and whenever the General Shareholders' Meeting decides to do so as proposed by the Board of Directors or the shareholders, in the terms set forth by law.*”

The removal processes and criteria shall follow the relevant provisions in the Capital Companies Law and Royal Decree 1784/1996 of 19 July, which approved the Mercantile Registry Regulation.

Finally, section 2 of article 16 of the Regulations of the Board of Directors contemplates the circumstances in which directors must place their position at the disposal of the Board of Directors and formalize their resignation, should the Board find it appropriate, subject to a report from the Appointments and Remunerations Committee.

- C.1.20 Explain to which extent the annual evaluation of the Board resulted in important changes in its internal organization and the procedures applicable to its activities:

Amendment description
SIEMENS GAMESA has counted on the support of external advisors for the assessment of the administration bodies in 2017, resulting in no changes in the internal organization and in the procedures applicable to its activities.

- C.1.20.bis Describe the assessment process and areas assessed by the board of directors with the assistance, where pertinent, of an external consultant, regarding the diversity in the composition, capacities and operations thereof; composition of the board's committees; performance of the chairman of the board of directors and chief executive officer of the company; and the performance and contribution of each director.

The assessments conducted during 2017, as well as in the three previous years were carried out with the support of external consultants (in this fiscal year, Lupicinio International Law Firm e Informa Consulting). The assessment process was carried out through work sessions led by the Chairwoman of the Board of Directors and the Chairmen of the Audit, Compliance and related Party Transactions Committee and of the Appointments and Remuneration Committee, assistance from the internal areas responsible for the corporate governance of the Company, the review of minutes and internal Company's documentation, and, finally, through a comparative analysis with the best practices and reference and comparable companies. Likewise the Practical Guide of the Board of Directors elaborated by the *Instituto of Consejeros-Administradores* and the Technical Guide 3/2017 about the Audit Committees of the public interest entities elaborated by the CNMV were also taken as reference.

The areas assessed for the Board of Directors and Committees were the composition, operation, implementation of capacities, discharge of duties, and the relationship with other bodies. Regarding the individual assessments of each director their role's profile, implementation of capacities and discharge of duties has been evaluated. In this fiscal year no assessment regarding the Chairwoman and the CEO has been carried out due to the short period of time in which they have been developing their functions.

C.1.20.ter Provide a breakdown, if necessary, of the business relationships that the consultant or any company of the consultant's group maintains with the company or any company of its group.

N/A

C.1.21 Indicate the circumstances in which directors are required to resign.

As established in Article 16.2 of the Board of Director's Regulations, *“directors or the natural person representing a Legal Entity Director must offer their resignation to the Board of Directors and formalize it, if the Board sees fit, subject to a report provided by the Appointments and Remuneration Committee in the following cases:*

- a) *Concerning Proprietary Directors, whenever these or the shareholder they represent cease to be the owners of significant stocks in the Company, as well as when such shareholders revoke representation.*
- b) *Concerning Executive Directors, when they are removed from the executive positions associated with their appointment as Director and, in all cases, whenever the Board of Directors considers it necessary.*
- c) *Concerning Non-executive Directors, when they join the management of the Company or of any of the companies in the Group.*
- d) *When, due to circumstances beyond their control, they are involved in cases of incompatibility or prohibition as set forth by law or the Corporate Governance Standards.*
- e) *Whenever they are brought to trial for a supposedly criminal act or a court ruling is passed against them to open a trial for any of the offenses set forth in the provisions of the Capital Company Act related to the prohibitions on being an administrator, or whenever they are involved in a sanction for a serious or very serious offense brought by supervisory authorities.*
- f) *Whenever they are issued a serious warning by the Board of Directors or are sanctioned for a serious or very serious offense by a public authority for having breached their duties as Directors in the Company.*
- g) *Whenever their continuity on the Board of Directors could put the Company's interests at risk, or whenever the reasons for their appointment have ceased to exist.*
- h) *When, due to acts attributable to the Director acting in his/her capacity as such, cause significant damage to the Company's assets, or the reputation of the Company, or result in the loss of the business and professional reputation and credibility required for being a Director of the Company.”*

See note (C.1.21) in Section H of this report.

C.1.22 Repealed paragraph.

C.1.23 Are enforced majorities other than the legal majorities required in certain kinds of decisions?

Yes

No

Where applicable, describe the differences.

Description of the differences
The Regulations of the Board of Directors (article 4.4) requires of at least two-thirds of the directors attending the meeting to pass amendment thereof (save for modifications imposed by mandatory standards, in which case a simple majority will be required to adopt the resolution).
Article 18.3 of the Regulations of the Board of Directors stipulates that in case the position of Chairperson of the Board of Directors is held by an Executive Director, "removal from the position of this director will require the absolute majority of the members of the Board of Directors."
In addition, article 29.8 of the cited Regulations states that the formalization of the contract establishing the remuneration and further terms and conditions of Executive Directors for the performance of management duties, must be approved by the Board of Directors with at least a favorable vote of two-thirds of its members.

C.1.24 Explain if there are specific requirements, other than those regarding directors, to be appointed chairman of the Board of Directors.

Yes

No

Description of the requirements

C.1.25 Indicate if the chairman has a casting vote:

Yes

No

Matters in which there is a casting vote
Article 32.4 of the Bylaws and article 28.2 of the Board of Director's Regulations establishes that " <i>in the event of a tie, the Chairman will have the casting vote.</i> "

C.1.26 Indicate if the by-laws or the Board of Director's Regulations establish a limit for the age of directors:

Yes

No

Chairman age limit

CEO age limit Director age limit

C.1.27 Indicate if the by-laws or the Board's Regulations establish a limited term for independent directors, other than that established in the legislation:

Yes

No

Maximum number of term years	
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C.1.28 Indicate if the bylaws or regulations of the board of directors establish specific standards for awarding a proxy vote on the board of directors, how to do so and, specifically, the maximum number of awarded proxy votes a director can have, as well as whether there is any limitation insofar as the categories that can be delegated in addition to the limitations imposed by legislation. Where applicable, detail these standards briefly.

Article 25.3 of the Regulations of the Board of Directors states that *“the Directors must attend the meetings that are held. However, Directors may cast their vote in writing or delegate in writing their representation to another Director, specifically for each meeting, and the number of representations that each Director can receive is not limited. Non-executive Directors may only delegate representation to another Non-executive Director.”*

For the purposes of delegating votes, each time a meeting of the Board of Directors is convened, the specific proxy award model for that meeting is made available to the directors so that they can confer their representation and, where applicable, voting instructions if deemed necessary by the represented director are included. All aforementioned in compliance with article 32.2 of the By-laws of SIEMENS GAMESA which states that *“any Director may cast his/her vote in writing or confer his/her representation to another Director, specifically for each meeting. Non-executive Directors may only do so to another Non-executive Director.”*

C.1.29 Indicate the number of meetings held by the Board of Directors throughout the year. Also indicate, where applicable, the times the board has met without the attendance of its chairman. Representations made with specific instructions shall be considered attendances in the calculation.

Number of board meetings	14
Number of board meetings without attendance of the chairman	0

If the chairman is executive director, indicate the number of meetings held, without the attendance or representation of any executive director and chaired by the lead independent director.

Number of meetings	0
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Indicate the number of meetings held by the different board committees throughout the year:

Number of meetings of the Audit, Compliance and Committee	14
Number of meetings of the Appointment and Remunerations Committee	6

See note (C.1.29) in Section H of this report.

C.1.30 Indicate the number of meetings held by the Board of Directors throughout the year which all of its members attended. Representations made with specific instructions shall be considered attendances in the calculation:

Number of meetings with the attendance of all directors	10
% of attendances of the total votes throughout the year	94,94%

See note (C.1.30) in Section H of this report.

C.1.31 Indicate if the individual and consolidated annual financial statements presented to the Board for their approval are previously certified:

Yes **No**

Identify, where applicable, the person/people who certified the company's individual and consolidated annual financial statements for them to be drawn up by the Board:

Name	Position
Tacke, Markus	Chief Executive Officer
Hall, Andrew	Chief Financial Officer
Spannring, Thomas	Head of Accounting, Reporting and Controlling

C.1.32 Explain, if there were any, the mechanisms put in place by the Board of Directors to keep its drawn up individual and consolidated financial statements from being presented in the General Meeting with exceptions in the audit report.

Article 6, the Audit, Compliance and Related Party Transactions Committee Regulations attributes the Audit, Compliance and Related Party Transactions Committee, among others, the following competencies in relation to the account auditing:

“d) Serve as a channel of communication between the Board of Directors and the auditor, ensuring that the Board of Directors holds an annual meeting with the auditor to be informed on the work carried out, the evolution of the accounting position and the risks.

e) *Request from the auditor on a regular basis information about the audit plan and its implementation and any other matters related to the audit process, as well as all other communications provided for in the current audit legislation.*

f) *Assess the results of each audit and the management team's response to its recommendations.*

g) *Review the content of audit reports before they are issued and, where applicable, the content of limited review reports on interim statements, ensuring that said content and the opinions expressed therein regarding the annual financial statements are drafted by the auditor clearly, precisely and without limitations or exceptions and, should any exist, explaining them to the shareholders.”*

Article 8 of the Audit, Compliance and Related Party Transactions Committee Regulations shall also be pointed out, which details the following main functions of the aforementioned Committee in relation to the process of preparing the economic-financial information:

“a) Oversee the preparation, presentation and integrity of economic and financial information relating to the Company and its consolidated Group, as well as the correct delimitation of the latter, and raise the recommendations or proposals to the Board of Directors that may deem convenient in this sense.

b) With regard to economic and financial information that the Company must periodically and mandatorily provide for the markets and their supervisory bodies: (i) review said information to ensure that it is accurate, sufficient and clear; and (ii) inform the Board of Directors before it adopts the corresponding agreement.

c) Verify that all periodic economic and financial information is formulated under the same accounting criteria as the annual financial information and, for this purpose and where appropriate, propose to the Board of Directors that the auditor perform a limited review thereof.

d) Oversee compliance with legal requirements and the correct application of generally accepted accounting principles, and inform the Board of any significant changes in accounting criteria.”

One of the main objectives of the reports from the Audit, Compliance and related Party Transactions Committee, is to highlight those aspects which may be considered, where applicable, exceptions in the audit report of SIEMENS GAMESA and its Group, formulating, where applicable, the appropriate recommendations to prevent them. These reports are submitted to the entire Board of Directors for its consideration, prior to approval of the financial information.

It should also be noted that the External Auditor has appeared before the Audit, Compliance and Related Party Transactions Committee on several occasions throughout the fiscal year which ended September 30, 2017:

- appearance on January 31, 2017 regarding the acquisition by Gamesa of an additional 50% of Adwen.
- appearance on February 21, 2017 regarding drawing up the annual financial statements which refer to the year that ended on December 31, 2016.
- appearance on May 18, 2017 regarding the recommendations to improve the system for internal control over financial information.

- appearance on July 25, 2017 regarding the limited review of interim consolidated financial statements on June 30, 2017.
- appearance on September 11, 2017 regarding the fees for non-audit services rendered.
- appearance on September 11, 2017 regarding the limited review of interim consolidated financial statements on June 30, 2017.

C.1.33 Is the Board secretary a director?

Yes

No

If the secretary is not a member of the Board fill in the following box:

Name or company name of the secretary	Representative

See note (C.1.33) in Section H of this report.

C.1.34 Repealed paragraph.

C.1.35 Indicate, if there were any, the concrete mechanisms put in place by the Company to preserve the independence of external auditors, financial analysts, the investment banks and rating agencies.

Article 6 c) of the Audit, Compliance and Related Party Transactions Committee regulates the function of the aforementioned Committee regarding the independence of the external auditors establishing the following main functions:

“c) Ensure the independence of auditors. For such purposes:

i. It shall establish appropriate relations with the auditor in order to receive information on any matters that could jeopardize the latter's independence.

ii. It shall ensure that the Company, its Group and the auditor comply with the legal provisions established to assure their independence, as well as those expressly provided for in the Company's Corporate Governance Standards.

iii. It shall receive annually from the auditors written confirmation of its independence (both of the audit firm as a whole and the individual members of the work team) from the Company and its Group, as well as detailed and individualized information on additional services of any kind rendered by the auditor (or its connected entities) to the Company or any company of its Group, and the corresponding fees accrued, in accordance with current auditing legislation.

iv. It shall issue an annual report, which it shall submit to the Board of Directors, prior to the issue of the audit report, expressing an opinion on the independence of the auditors. In particular, the report shall refer to services other than those of auditing which the auditor, or any company of its group, has rendered to the Company or its Group, providing an individual and joint assessment thereof.

The report shall also deliver an opinion on compliance with the rules laid down by law and the Company's Corporate Governance Standards to guarantee the independence of auditors.

v. It shall authorize services other than those of auditing to be rendered by the auditor, insofar as the rendering of such services is permitted by law and the Company's Corporate Governance Standards.

vi. In the event of resignation of an auditor, the Committee shall examine the reasons behind this.”

Regarding information provided to the financial analysts and investment banks, the results presentation and other relevant documents which the Company sends, is received by these entities simultaneously after it has been sent to the CNMV.

Specifically, in compliance with the Recommendation from the CNMV dated December 22, 2005, regarding informative meetings with analysts, institutional investors and other professionals, SIEMENS GAMESA announces the meetings with analysts and investors with a prior notice of at least seven workdays, indicating the expected date and time of the meeting, as well as, where appropriate, the technical means (teleconference, webcast) through which any interested party may follow it live.

The supporting documentation for the meeting is made available through the Company's website (www.gamesacorp.com) a few minutes before it starts.

Also, a direct Spanish/English translation service is made available to the participants.

Finally, the recording of the meeting is made available to the investors on the Company's website (www.gamesacorp.com) for one month.

Likewise, *road shows* are held regularly in the most relevant countries and banking centers where individual meetings are held with all market agents. Their independence is protected by the existence of a specific representative dedicated to their service, which ensures objective, equal and non-discriminatory treatment.

At last it shall be pointed out that on September 23, 2015, the Board of Directors approved a “Policy on communications and contact with shareholders, institutional investors and voting advisors” that establishes the appropriate principles and measures that shall govern the management and supervision of the information disclosed to shareholders and the markets and the relationships with the shareholders, institutional investors and proxy advisors, with the aim of protecting the exercise of the Company's rights when it comes to the defense of its corporate interest.

See note (C.1.35) in Section H of this report.

C.1.36 Indicate if the Company has changed external auditors during the year. Where appropriate, identify the outgoing and incoming auditor:

Yes

No

Outgoing auditor	Incoming auditor

Explain the content of disagreements with the outgoing auditor if there were any:

Yes

No

Explanation of the disagreements

C.1.37 Indicate if the auditing firm carries out other tasks for the Company and/or its Group not related to auditing and in that case, declare the amount of fees received for these tasks and the percentage imposed on the fees billed to the Company and/or its Group:

Yes

No

	Company	Group	Total
Amount for other tasks not related to auditing (thousands of euros)	0	11	11
Amount for tasks not related to auditing / Total amount billed by the auditing firm (in %)	0%	0.18%	0.18%

See note (C.1.37) in Section H of this report.

C.1.38 Indicate if the report on the previous year's annual financial statements audit contains reservations or exceptions. Where appropriate, indicate the reasons given by the Audit Committee Chairman to explain the content and scope of these reservations or exceptions.

Yes

No

Explanation of the reasons

C.1.39 Indicate the number of years which the current auditing firm has carried out the audit of the Company's and/ or its Group's annual financial statements without interruption. Likewise, indicate the percentage which represents the number of years audited by the current auditing firm over the total number of years in which the annual financial statements have been audited

	Company	Group
Number of uninterrupted years	4	4

	Company	Group

No. of years audited by the current auditing firm / No. of years that the company has been audited (in %)	14.81%	14.81%
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C.1.40 Indicate and, where appropriate detail, if there is a procedure so the directors may count on having external advice:

Yes

No

Detail of the procedure
<p>Article 36 of the Regulations of the Board of Directors establishes that <i>“the Board of Directors may request the aid of legal, accounting and financial experts, as well as the other external experts at the Company’s expense, when it is deemed necessary or beneficial for the performance of its competencies. 2. Non-executive Directors, in order to be aided in the performance of their duties, may also request contracting external experts at the Company’s expense. 3. The contracting request must be drawn up by the Chairman.”</i></p> <p>Similarly, article 31 of the Regulations of the Audit, Compliance and Related Party Transactions Committee establishes that <i>“in order to be aided in the performance of their duties, the Committee may request the engagement of legal, accounting and financial consultants, as well as the aid of other experts at the Company’s expense.”</i></p> <p>Article 23 of the Appointments and Remunerations Committee Regulations also contemplates that <i>“in order to be aided in the performance of their duties, the Committee may request the engagement of legal consultants or other experts.”</i></p>

C.1.41 Indicate and, where appropriate detail, if there is a procedure so the directors may count on having the necessary information for preparing the meetings of the administrative bodies with enough time:

Yes

No

Detail of the procedure
<p>Article 26.3 of the Regulations of the Board of Directors regulates the procedure for convening the meetings of the cited body, indicating that <i>“ordinary meetings shall be convened by any written means that ensures correct receipt, and shall be authorized by the signature of the Chairman or the Secretary by order of the Chairman. The call to convene shall be a least three days in advance, will always include the meeting agenda and will be accompanied by the relevant information for the meeting. The Board of Directors may not make a decision if such information has not been made available to the Directors with the aforementioned three days advance notice. Directors may exceptionally adopt a decision even if the information was not made available within the aforementioned period if they consider it beneficial and no director opposes it.”</i></p> <p>Likewise, article 30.2 a) of the Regulations of the Board of Directors establishes that directors are required to <i>“inform themselves and prepare</i></p>

themselves diligently for the meetings of the Board of Directors and the committees of which they are members.”

Additionally, article 34 of the Regulations of the Board of Directors states that *“Directors have the right to request and the duty to demand from the Company the necessary and appropriate information for correct the performance of their duties. The right of information is also extended to the companies of the Group in the terms set forth by the law and the Corporate Governance Standards. 2. The exercise of the information powers will be channeled through the Chairman, the CEO or the Secretary of the Board of Directors.”*

C.1.42 Indicate and, where appropriate detail, if the Company has established rules that require directors to inform and, where appropriate, resign in circumstances which may affect the company's credibility/standing and reputation:

Yes

No

Explain the rules

As indicated in previous Section C.1.21, article 16 of the Regulations of the Board of Directors establishes the circumstances in which directors shall place their position at the disposal of the Board of Directors and formalize their resignation if the Board finds it appropriate.

This includes situations which may negatively affect the Company's credibility/standing and reputation.

Specifically, the directors must proceed as indicated:

- a) *“When, due to circumstances beyond their control, they are involved in cases of incompatibility or prohibition as set forth by law or the Corporate Governance Standards.”* (article 16.2.d).
- b) *“Whenever they are brought to trial for a supposedly criminal act or a court ruling is passed against them to open a trial for any of the offenses set forth in the provisions of the Capital Company Act related to the prohibitions on being an administrator, or whenever they are involved in a sanction for a serious or very serious offense brought by supervisory authorities.”* (article 16.2.e).
- c) *“Whenever they are issued a serious warning by the Board of Directors or are sanctioned for a serious or very serious offense by a public authority for having breached their duties as Directors in the Company.”* (article 16.2.f).
- d) *“Whenever their continuity on the Board of Directors could put the Company's interests at risk, (...)”* (article 16.2.g).
- e) *“When, due to acts attributable to the Director acting in his/her capacity as such, cause significant damage to the Company's assets, or the reputation of the Company, or result in the loss of the business and professional reputation and credibility required for being a Director of the Company.”* (article 16.2.h).

Article 35.2 d) of the Regulations of the Board of Directors states that the director must inform the Company of "any legal, administrative or any other type of proceedings that are filed against the Director, and which, due to their significance or characteristics, may negatively affect the reputation of the Company. Particularly, Directors must inform the Company, through the Chairman, if he/she is processed or a court ruling is passed against him/her regarding the opening of trial for any of the offenses set forth in Article 213 of the Capital Company Act. In this case, the Board of Directors will examine the case as soon as possible, and make the decisions it considers the most appropriate regarding the interests of the Company."

C.1.43 Indicate if any member of the Board of Directors has informed the Company that he or she has been involved in judicial proceedings or a court ruling has been passed against him/her for the opening of trial for any of the offenses mentioned in Article 213 of the Capital Companies Law:

Yes

No

Director name	Criminal case	Observations

Indicate if the Board of Directors has analyzed the case. If the response is yes, reasonably explain the decision made on whether or not the director continues in his/her position or, where appropriate, state the actions taken by the Board of Directors to the date of this report or that are planned.

Yes

No

Decision made/action taken	Reasonable explanation

C.1.44 Detail the significant agreements the Company has entered into which enter into force, whether amended or terminated if the Company's control is changed due to a public acquisition bid, and its effects.

In conformity with the framework agreement dated December 21, 2011 (significant event 155308) between IBERDROLA, S.A. and the subsidiary of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., GAMESA EÓLICA, S.L Sole Shareholder Company, the supposed change of control in GAMESA CORPORACIÓN TECNOLÓGICA, S.A. will permit IBERDROLA, S.A. to terminate the framework agreement, and neither party may make any claims subsequently.

On December 17, 2015, Gamesa Energía, S.A.U. (buyer) and GESTIÓN, ELABORACIÓN DE MANUALES INDUSTRIALES INGENIERÍA Y SERVICIOS COMPLEMENTARIOS, S.L., INVERSIONES EN CONCESIONES FERROVIARIAS, S.A.U., CAF POWER & AUTOMATION, S.L.U. y FUNDACIÓN TECNALIA RESEARCH & INNOVATION (seller) signed a purchase-sale

agreement for the shares. On the same date, to oversee the relationship between Gamesa Energía, S.A. Unipersonal and INVERSIONES EN CONCESIONES FERROVIARIAS, S.A.U. (ICF), as future NEM partners (where applicable), the parties signed the Partners' Agreement. By virtue of the terms established in the abovementioned agreement, should control over SIEMENS GAMESA RENEWABLE ENERGY, S.A. (former GAMESA CORPORACIÓN TECNOLÓGICA, S.A.) subsequently take place, Gamesa Energía, S.A.U. must offer the remaining partners direct acquisition of its NEM shares.

On June 17, 2016, effective April 3, 2017, Siemens Gamesa Renewable Energy, S.A. (then "Gamesa Corporación Tecnológica, S.A.") and SIEMENS AKTIENGESELLSCHAFT (Siemens) signed a strategic alliance agreement, featuring a strategic supply contract by virtue of which Siemens became the strategic supplier of gears, segments, and other products and services offered by the Siemens Group to Siemens Gamesa. The abovementioned alliance will continue in force during the period during which Siemens: (a) directly or indirectly holds 50.01% of Siemens Gamesa Renewable Energy, S.A.'s share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Director voting rights, with no shareholders which individually or jointly hold less than 15% of share capital. Therefore, in cases of change of control, the parties are entitled to terminate the strategic alliance, although its minimum duration in any case would be three (3) years (i.e., until April 3, 2020).

On March 31, 2017, Siemens Gamesa Renewable Energy, S.A. (at that time, "Gamesa Corporación Tecnológica, S.A."), and SIEMENS AKTIENGESELLSCHAFT (Siemens) entered into a licensing agreement by virtue of which Siemens Gamesa is entitled to use the Siemens brand in its company name, corporate brand, and product brands and names. The abovementioned alliance will continue in force during the period during which Siemens: (a) directly or indirectly holds 50.01% of Siemens Gamesa Renewable Energy, S.A.'s share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Director voting rights, with no shareholders which individually or jointly hold less than 15% of share capital. Therefore, a change of control might lead to termination of the licensing agreement.

By virtue of certain agreements reached as a result of the merger between Siemens Gamesa Renewable Energy, S.A. and Siemens Wind HoldCo, S.L. (sole shareholder company), the Siemens Group will have and grant certain guarantees with regard to the joint venture. The above agreements may be terminated and their applicable terms granted may be amended should a change of control take place.

Finally, as is customary for large electricity supply infrastructure projects, there are contracts with clients which regulate a supposed change in control, thereby providing each reciprocal power to terminate them should such a situation arise, especially in cases in which the new controlling party is the other party's competitor.

See note (C.1.44) in Section H of this report.

C.1.45 Identify in an aggregated manner and indicate, in a detailed manner, the agreements between the companies and its administrative and management positions or employees which have severance pay, guarantee or redundancy clauses when they resign or are fired unjustly or if the contractual relationship ends due to a public acquisition bid or other kind of operations.

Number of beneficiaries	131
<u>Type of beneficiary</u>	<u>Description of the agreement</u>
CEO, Top Management and Managers	<p>CEO (1 agreement): The CEO, as executive director and in accordance with the “Policy of remunerations of the members of the Board of Directors” approved by the Shareholders’ General Meeting on June 20, 2017, has a one year fixed salary severance pay.</p> <p>Top Management (5 agreements): The policy currently applied by the Company to the Top Management recognizes the right to receive a severance pay equal to one year of remuneration in case of non-voluntary labor termination, but not applying in case of decease, retirement, disability or serious breach of his functions.</p> <p>However, some members of the Top Management whose relationship with the Company is prior to the implementation of the current policy have a recognized severance pay of different amount regarding the specific post of each beneficiary, which varies between 12 and 18 months of the fixed remuneration and the last annual variable remuneration received. The cited severance pay operates mainly in cases of termination for a cause not attributable to the beneficiary and, in some cases, also if a change of control of the Company occurs.</p> <p>In certain cases the severance pay is established with respect to the legal rights foreseen in the labor regulation if these were more beneficial.</p> <p>Employees (125 agreements): On the other hand, the Company has severance payment clauses for a unfair dismissal with some employees and its amounts are calculated in</p>

	relation to the remuneration and professional conditions of each of them. A lot of these agreements have been agreed in jurisdictions where this severance pay is a common labor market practice. These contracts are not approved by the Board of Directors unlike the contract of the CEO and those of the Top Management.
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Indicate if these contracts must be communicated and/or approved by the bodies of the Company or of its Group:

	Board of Directors	General Meeting
Body which authorizes the clauses	X	

	YES	NO
Is the Board informed of the clauses at the General Meeting?	X	

See note (C.1.45) in Section H of this report.

C.2 Committees of the Board of Directors

C.2.1 Detail all committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external directors on them:

AUDIT, COMPLIANCE AND RELATED PARTY TRANSACTIONS COMMITTEE

Name	Position	Category
Hernández García, Gloria	Chairwoman	Independent External
Conrad, Swantje	Member	Independent External

% of executive directors	0%
% of proprietary directors	0%
% of independent directors	100%
% of other external directors	0%

Explain the duties attributed to this committee, describing committee procedures and rules of organization and operations; and summarize the most significant engagements carried out during the year.

Functions:

SIEMENS GAMESA's Audit, Compliance and Related Party Transactions Committee is a permanent internal body of the Board of Directors for information and consultation, entrusted with informing, advising and making recommendations.

Articles 5 through 12 in chapter II of the Regulations of the Audit, Compliance and Related Party Transactions Committee establish the duties of this Committee. The full text of the Company's internal rules and regulations are available at www.gamesacorp.com

The duties of the Audit, Compliance and Related Party Transactions Committee primarily refer to the oversight of the Company's internal audit, at the review of the internal control systems for drawing up economic and financial information, auditing accounts and compliance in the terms established in its regulations.

Organization:

- a) It will comprise at least three (3) and at most (5) non-executive directors, with a majority of independent directors, appointed for a maximum term of four (4) years by the Board of Directors, as proposed by the Appointments and Remunerations Committee. On September 30, 2017 there was a vacancy in the Committee and the information on the third member is included in Section H (C.2.1).
- b) The Board will procure that at least one of the appointed independent directors has knowledge and experience in accounting, auditing or both.

- c) The Committee shall appoint a Chairperson among its independent directors for a maximum term of four (4) years, after which he or she may not be re-elected as Chairperson until one year has elapsed since the conclusion of said term. A Secretary shall also be appointed, though this officer does not need to be a director.
- d) Members shall no longer hold their office: a) when they cease to be non-executive directors of the Company; b) when independent directors lose that category, if that means the number of independent directors in the Committee is less than two; and c) when agreed on by the Board of Directors.
- e) Directors sitting on the Committee who are re-elected as Directors of the Company shall continue to hold their positions within the Committee unless the Board of Directors resolves otherwise.

Operation:

- a) It shall meet as often as necessary to perform its duties, at the Chairperson's behest. Meetings shall also be held whenever two of the members so request it.
- b) It shall be validly constituted when more than half of its members are present or represented at the meeting.
- c) Agreements shall be adopted by the absolute majority of members present at the meeting.
- d) When the issues to be dealt with during the Committee meetings directly affect some of its members or individuals related thereto and, in general, when this member enters into a conflict of interest, he or she must leave the meeting until the decision is made, being removed from the number of members of the Committee in order to calculate the quorum and majorities related to the item in question.

Most significant actions:

Articles 5 through 12 of the Regulations of the Audit, Compliance and Related Party Transactions Committee and article 529 quaterdecies of the Capital Companies Law limit the duties of the Audit and Compliance Committee. During 2017, the Audit, Compliance and Related Party Committee was informed of all the matters within its capacity and, in this context, has satisfactorily fulfilled the duties assigned thereto by law, Bylaws, Regulations of the Board of Directors and the own Committee's organizational and operating regulations.

Identify the director member of the Audit Committee that has been appointed taking into account his/her knowledge and experience in accountancy, auditing or in both and inform about the number of years that the Chairman of this Committee is in his/her post.

Name of the director with experience	Gloria Hernández García
Number of years of the chairman in the post	Since May 27, 2015

APPOINTMENTS AND REMUNERATIONS COMMITTEE

Name	Position	Category
Cendoya Aranzamendi, Andoni	Chairman	Independent External
Conrad, Swantje	Member	Independent External
Davis, Lisa	Member	Proprietary External
Rosenfeld, Klaus	Member	Independent External
Rubio Reinoso, Sonsoles	Member	Proprietary External

% of executive directors	0%
% of proprietary directors	40%
% of independent directors	60%
% of other external directors	0%

Explain the duties attributed to this committee, describing committee procedures and rules of organization and operations; and summarize the most significant engagements carried out during the year.

Functions:

This Committee is an internal body of the Board of Directors for information and consultation, albeit with no executive functions, entrusted with informing, advising and making recommendations regarding matters within its capacities.

Articles 5 through 8 in chapter II of the *Regulations of the Appointments and Remunerations Committee* establish the duties of this Committee. In particular, its primary functions are to oversee the composition and functioning, as well as the remuneration, of the Company's Board of Directors and of the Senior Management.

The full text of the Company's internal rules and regulations are available at www.gamesacorp.com

Organization:

- a) It will comprise at least three (3) and at most (5) non-executive directors, with at least two of them being independent directors, appointed for a maximum term of four (4) years by the Board of Directors, as proposed or with prior report of by the Appointments and Remunerations Committee.
- b) A Chairperson shall be appointed among the independent directors for a maximum term of four (4) years, after which he or she may not be re-elected as Chairperson until one year has elapsed since conclusion of said term. A Secretary shall also be appointed, though this officer does not need to be a Director.
- c) Members shall no longer hold their office: a) when they cease to be non-executive directors of the Company; b) when independent directors lose that category, if this means the number of independent directors within the Committee is less than two; and c) when agreed on by the Board of Directors.

- d) Directors sitting on the Committee who are re-elected as Directors of the Company shall continue to hold their positions within the Committee unless the Board of Directors resolves otherwise.

Operation:

- a) It shall meet as often as necessary to perform its duties, at the Chairperson's behest. Meetings shall also be held whenever two of the members so request.
- b) It shall be validly constituted when more than half of its members are present or represented at the meeting.
- c) Agreements shall be adopted by the absolute majority of members present at the meeting.
- d) When the issues to be dealt with during the Committee meetings directly affect some of its members or individuals related thereto and, in general, when this member enters into a conflict of interest, he or she must leave the meeting until the decision is made, being removed from the number of members of the Committee in order to calculate the quorum and majorities related to the item in question.

Most significant actions:

During 2017 the Appointment and Remunerations Committee (and previously to the Merger both the Appointments Committee and the Remunerations Committee) was informed of all the matters inside its capacity and, in this context, satisfactorily fulfilled the duties assigned thereto by law, Bylaws, Regulations of the Board of Directors and the own Committee's organizational and operating regulations.

See note (C.2.1) in Section H of this report.

C.2.2 Fill out the following table with the information related to the number of female board members on the Board of Directors' committees over the closing of the last four years:

	Number of female board members							
	Year t		Year t-1		Year t-2		Year t-3	
	Number	%	Number	%	Number	%	Number	%
Audit, Compliance and Related Party Transactions Committee	2	100%	2	50.00%	2	50.00%	1	25.00%
Appointments and Remunerations Committee	3	60.00%	N/A		0	0.00%	0	0.00%

C.2.3 Repealed paragraph.

C.2.4 Repealed paragraph.

C.2.5 Indicate, where appropriate, the existence of regulations for the Board's committees, the place where they can be reached for consultation, and amendments made throughout the year. In turn, it shall be indicated whether an annual report on the activities of each committee was drawn up voluntarily.

Audit, Compliance and Related Party Transactions Committee

The Audit, Compliance and Related Party Transactions Committee is regulated in the Bylaws, in the Board of Directors Regulations and in the Audit, Compliance and Related Party Transactions Committee Regulations, all of which are available for consultation on the Company's website (www.gamesacorp.com).

The Regulations of the Audit, Compliance and Related Party Transactions Committee were approved by the Company's Board of Directors on 29 September 2004 and were subsequently amended on 21 October 2008. A new revised text was approved on 15 April 2011, subsequently amended on 20 January 2012 and 24 March 2015.

In its session held on 22 February 2017, the Board of Directors of GAMESA endorsed the amendment of the Regulations of the Audit and Compliance Committee. The cited amendment was essentially of a technical nature and its purpose was to adapt the powers of this Committee to the new content of article 529 quaterdecies of the Capital Companies Law. A series of reforms were also included to make further progresses in the implementation of the Recommendations of the Good Governance Code.

Finally, the Company's Board of Directors approved the version of the revised text of these Regulations on 4 April 2017, which is currently in force.

This last amendment of the Regulations of the Audit, Compliance and Related Party Transactions Committee was carried out to also adapt it to the new content of article 529 quaterdecies of the Capital Companies Law regarding the composition of the Committee, which shall have a majority of independent directors, and to adapt it to the new name of the Committee after the effectiveness of the Merger including the "related party transactions" in it.

In accordance with article 12 g) of the Regulations of the Audit, Compliance and Related Party Transactions Committee, this Committee has the duty to draw up an annual report on its activities, which shall be submitted to the Board of Directors for approval and which shall subsequently be made available to the shareholders when the Ordinary General Shareholders Meeting is convened.

Appointments and Remunerations Committee

The Appointments and Remunerations Committee is regulated in the Bylaws, in the Regulations of the Board of Directors and in the Regulations of the Appointments and Remuneration Committee, all of which have been posted and are available on the Company's website (www.gamesacorp.com).

The current Appointments and Remunerations Committee Regulations were approved by the Company's Board of Directors on April 4, 2017 after having approved to merge the former Appointments Committee with the former Remuneration Committee into one Committee and consolidate its respective Regulations.

This new text of the Regulations includes the new name of the Audit, Compliance and Related Party Transactions Committee.

Article 19 of the Regulations of the Appointments and Remunerations Committee establishes the obligation of said committee to draw up a yearly report on its activities to be made available to the Company shareholders and investors following approval thereof by the Board of Directors when the Ordinary General Shareholders Meeting is convened.

See note (C.2.5) in Section H of this report.

C.2.6 Repealed paragraph.

D RELATED PARTY TRANSACTIONS AND INTERGROUP TRANSACTIONS

D.1 Explain, where appropriate, the procedure for approving related party transactions and intergroup transactions.

Procedure for approving related party transactions
<p>Article 33 of the Regulations of the Board of Directors, which regulates the transactions of the Company with shareholders holding significant stock and directors, establishes that <i>“the performance of any transaction by the Company with Directors or shareholders with significant participation, or who have proposed the appointment of any Director of the Company, is subject to the approval of the Board of Directors or the General Shareholders' Meeting, after receiving a report from the Audit, Compliance and Related Party Transactions Committee, in the terms established by law.</i></p> <p><i>If there are transactions that fall within a general line of business and are of a habitual or recurring nature, a general and prior authorization of the line of transactions by the Board of Directors will suffice.</i></p> <p><i>The transactions must be performed in market conditions and with respect for the principle of equal treatment of shareholders.”</i></p> <p>In this regard, article 12 a) of the Regulations of the Audit, Compliance and Related Party Transactions Committee refers to the report that this Committee must submit with the operations or transactions that could represent a conflict of interests.</p>

D.2 Detail the transactions which are significant due to their amount or which are relevant due to their nature made between the society or entities of its Group and the Company's significant shareholders:

Significant shareholder's name or company name	Name or company name of the company or entity of its group	Type of relationship	Type of transaction	Amount (thousands of euros)
Iberdrola, S.A.	Siemens Gamesa Renewable Energy Eolica, S.L.	Contractual	Sale of goods terminated or not	392,183
Siemens AG	Siemens Gamesa Renewable Energy A/S	Contractual	Purchase of goods terminated or not	211,802
Siemens AG	Siemens Gamesa Renewable Energy A/S	Contractual	Receipt of services	236,207
Siemens AG	Siemens Wind Power AB	Contractual	Receipt of services	1,424
Siemens AG	Siemens Gamesa Renewable Energy Limited	Contractual	Receipt of services	49,527

Siemens AG	Siemens Wind Power GmbH & Co. KG	Contractual	Receipt of services	41,260
Siemens AG	Siemens Wind Power GmbH & Co. KG, Hamburg	Contractual	Receipt of services	1,232
Siemens AG	Siemens Wind Power Inc.	Contractual	Receipt of services	121,603
Siemens AG	Siemens Wind Power Limited, Oakville	Contractual	Receipt of services	1,914
Siemens AG	Siemens Gamesa Renewable Energy d.o.o.	Contractual	Receipt of services	1,543
Siemens AG	Siemens Gamesa Renewable Pty Ltd	Contractual	Receipt of services	1,681
Siemens AG	Siemens Wind Power Blades (Shanghai) Co., Ltd.	Contractual	Receipt of services	1,835
Siemens AG	Siemens Wind Power B.V.	Contractual	Receipt of services	3,136
Siemens AG	Siemens Wind Power Blades, SARL AU	Contractual	Receipt of services	1,507

See note (D.2) in Section H of this report.

- D.3 Detail the transactions which are significant due to their amount or which are relevant due to their nature made between the society or entities of its Group and the company's administrators or managers:

Name or company name of the administrators or managers	Name or company name of the related party	Relation	Type of transaction	Amount (thousands of euros)

- D.4 Report on the significant transactions made by the Company with other entities belonging to the same group, whenever they are not deleted in the process of drawing up the consolidated financial statements and do not form part of the normal traffic of the Company regarding its purpose and conditions.

In any case, any intergroup transaction made with entities established in countries or regions which are considered a tax haven shall be reported:

Company name of the entity in its group	Brief description of the transaction	Amount (thousands of euros)

See note (D.4) in Section H of this report.

D.5 Indicate the amount of transactions made with other related parties.

1,816,997 thousand euro.

See note (D.5) in Section H of this report.

D.6 Detail the mechanisms put in place to detect, determine and resolve any conflicts of interest between the Company and/or its Group, and its directors, executives or significant shareholders.

Mechanisms:

a) *Possible conflicts of interest between the Company and/or its Group, and its directors:*

Article 31 of the Regulations of the Board of Directors regulates the conflicts of interest between the Company or any other company within its group and its directors. In particular, paragraphs 1 and 2 define the situations in which a director has a conflict of interest and lists persons who, given that they are considered linked thereto, could generate situations of conflicts of interest.

Likewise, the following sections in this article regulate the mechanisms for resolving situations of conflict of interest. In particular, paragraphs 3 and 4 establish that any director who incur in a situation of conflict of interest or who notices the possibility thereof shall notify it to the Board of Directors through its Chairperson and refrain from attending and intervening in the deliberations, voting, decision-making and execution of transactions and matters affecting the said conflict. The votes of Directors affected by the conflict and who, therefore, had to abstain, will not be taken into account in order to calculate the required majority of votes to adopt the relevant resolution.

The following paragraph in article 31 of the Regulations of the Board of Directors clarifies that *“in unique cases, the Board of Directors or the General Shareholders’ Meeting, as appropriate and in accordance with the terms provided by law, may waive the prohibitions arising from the duty to avoid conflicts of interest”*.

Paragraph 6 specifies that such waive shall follow the corresponding report from: (a) the Audit, Compliance and Related Party Transactions Committee on the operation subject to a potential conflict of interest, proposing the adoption of a resolution in this regard; or (b) the Appointments and Remunerations Committee when referring to waiving the performance of contractual obligations.

Paragraph 7 of the cited article states that *“the Chairman of the Board of Directors must include the transaction and the conflict of interest in question on the agenda of the next corresponding meeting of the Board of Directors so that it may adopt a resolution as soon as possible regarding the issue, on the basis of the report drawn up by the corresponding Committee, deciding to approve or not the transaction, or the alternative that may have been proposed, as well as the specific measures to be adopted.”*

Finally, paragraphs 8 and 9 state that the Company's Annual Corporate Governance Report shall include conflict-of-interest situations involving Directors or persons related thereto, and that the report of the annual financial Statements shall detail the transactions incurring in conflict of interest that have been authorized by the Board of Directors, as well as any other existing conflict of interest pursuant to the provisions of current legislation during the financial year of the financial statements.

b) *Possible conflicts of interest between the Company and/or its Group, and its managers:*

The senior management and professionals of the Company or its group who, given their activities or information to which they may have access, are classified as Affected Persons (as defined in article 6 of SIEMENS GAMESA's Internal Regulations for Conduct in the Securities Markets) by the Ethics and Compliance Division, will be subject to the Internal Regulations for Conduct in the Securities Markets, which most recently revised version was approved on 19 September 2016.

In this regard, article 20 of these Internal Regulations for Conduct in the Securities Markets establishes that managers and professionals considered to be Affected Persons must immediately inform either their supervisor or senior manager or the Ethics and Compliance Division of situations that could potentially give rise to a conflict of interest and keep such bodies permanently up to date with regard to said situations. Any concerns regarding the actual existence of a conflict of interest must be addressed with the Ethics and Compliance Division.

c) *Possible conflicts of interest between the company and/or its group and significant shareholders:*

The procedure for resolution of conflicts of interest with significant shareholders is set forth in article 33 of the Regulations of the Board of Directors, according to which any operation between the Company and a significant shareholder *"is subject to the approval of the Board of Directors or the General Shareholders' Meeting, after receiving a report from the Audit, Compliance and Related Party Transactions Committee, in the terms established by law."*

The cited article states that if the previous transactions fall within the ordinary course of business and are of a regular or recurring nature, *"a general and prior authorization of the line of transactions by the Board of Directors will suffice."*

In any case, *"the transactions must be performed in market conditions and with respect for the principle of equal treatment of shareholders."*

d) *Relationships of the directors and/or significant shareholders with companies of the Group:*

Article 37 of the Regulations of the Board of Directors states that *"the obligations of the Directors of the Company and of the shareholders that own a significant stake which are referred to in this Chapter will be understood as applicable, analogically, regarding their possible relations with companies of the Group."*

D.7 Do you list more than one company of the Group in Spain?

Yes

No

Identify the subsidiary companies listed in Spain:

Listed subsidiary companies

Identify if the respective areas of activity and possible business relationships between them, as well as relationships between the listed subsidiary and other Group companies have been accurately and publicly defined;

Yes

No

Define any business relationships with the parent company and listed subsidiary company, and between it and other companies of the Group

Identify the mechanisms in place for resolving any conflicts of interest between the listed subsidiary and other companies of the Group:

Mechanisms for resolving possible conflicts of interest

E RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the Company's Risk Management System, including tax-related risks.

Siemens Gamesa Renewable Energy (hereinafter, “the Company” or “Siemens Gamesa”) has some **Risk Control and Management Systems** encompassed within the standards of **Corporate Governance** within an internal benchmark framework that we refer to as **ERM** (Enterprise Risk Management). ERM is considered at the top level of management on the basis of, firstly, the guidelines established in the Regulations of the Board of Directors (Arts. 6 and 7), and in the Regulations of the Audit, Compliance and Related Party Transactions Committee (Arts. 9 and 11); and secondly, in international methods of recognized repute (COSO 2004 and ISO/CD 31000).

The **Risk Control and Management Systems in ERM** are promoted by the Board of Directors and Senior Management and implemented throughout the entire organization.

The basis for these systems is contained in the **Risk and Internal Control Policy**. This policy lays the foundation and general context for key ERM elements, which are summarized below.

The risk management process classifies the risks into four dimensions:

- **Strategic:** Risks that are directly influenced by strategic decisions, arise from long-term strategies or relate to high-level goals
- **Operations:** Risks arising from the day-to-day business and relating to effectiveness and efficiency of the entity’s operations, including performance and profitability goals
- **Financial:** Risks arising from finance operations, non-compliance with tax authorities or accounting and reporting requirements
- **Compliance:** Risks arising from non-compliance with the code of conduct, legal, contractual or regulatory requirements

The ERM process is a continuous cycle with the objective of proactively managing business risks and it is based on 6 phases:

- **Identify:** Aims at detecting relevant risks and opportunities (R/O) that could have a negative or positive impact on the achievement of strategic, operations, financial and compliance objectives of the company. The identification of R/O lies in everyone’s responsibility and is inherent in day-today business. It is based on the "Top-down" and "Bottom-up" perspectives throughout the entire organization, representing corporate and regional **R/O maps** backed by specific risk management systems and the appropriate consistency between “micro- and macro-risks”
- **Assess:** Evaluates and prioritizes the identified R/O and focuses management’s attention and resources on the most important matters. All identified R/O are assessed by means of impact and likelihood considering a time horizon of three years and different perspectives, including business objectives, reputation, regulatory and economic matters. ERM is based on a net approach, addressing risks and opportunities remaining after the execution of existing control measures
- **Respond:** Focuses on the definition, agreement and implementation of response plans to manage the identified risks choosing one of our general response strategies to address risks (avoidance, transfer, reduction or acceptance). Our general response strategy for opportunities is to seize the relevant opportunities.

- **Monitor:** Deals with appropriate controls and continuous monitoring to enable the timely notification of fundamental changes in the R/O situation, the progress of the indicators (KRIs) and response plans
 - **Report and escalate:** Focuses on the standardized and structured reporting of identified R/O. This process provides relevant risk information to the management
- Sustain and continuously improve:** Risk management in Siemens Gamesa's ERM develops on the basis of the application of the principle of continuous improvement, audits, self-assessments, benchmarking, etc. and it means reviewing the efficiency and effectiveness of the ERM process and its compliance with legal and regulatory requirements to ensure sustainability

E.2 Identify the bodies of the Company that are responsible for developing and implementing the Risk Management System, including tax-related risks.

As the Company's top decision-making, oversight and control body, the **Board of Directors** examines and authorizes all relevant operations. It is also responsible for establishing the general policies and strategies, including the Risk and Internal Control Policy and tax strategy of the Company, and likewise oversee and implement the supervision of internal information and control systems.

The Company's Risk Control and Management Systems are applied through an **organization structured into the following 4 tiers of protection and defense:**

1º Property and risk control

Executive Committee (ExCo) as Top risk owner is responsible, among other aspects, for:

- Ensuring and promoting compliance with relevant legal requirements and internal policies
- Applying the Risk and Internal Control Policy and R/O management strategy as basis for R/O management process
- Ensuring an integrated risk and internal control and management in the business and decision-making processes
- Defining and proposing for approval the specific numerical values for the risk limits stated in the specific policies and/or in the annually set objectives
- Informing the Audit, Compliance and Related Party Transactions Committee of the Board of Directors concerning all company-related issues regarding strategy, planning, business development, risk management and compliance

Executive Committees of each region: As owners of the regional R/O, they have duties at this level that are similar to those of the Group's ExCo

Finance Division: In accordance with the Investment and Financing Policy, it centralizes financial risk management throughout the Siemens Gamesa Group

Tax Department: Reporting to the Finance Division, it ensures compliance with the tax strategy and policy, apprising control and oversight bodies of tax-related criteria and policies applied during the year and the tax risk control. This role manages and ensures due compliance with the tax obligations throughout the Group

2º Tracking and Compliance

- **Risk and Internal Control Department (RIC):** Integrated in the Finance Division but reporting functionally, directly to the Audit, Compliance and Related Party Transactions Committee of the Board of Directors, the RIC Organization integrates the ERM and Internal Control functions, participates in defining the risk strategy, the good operation and efficiency of the control systems and in mitigating the detected risks and ensures that the executive line evaluates everything related to the risks of the company, including the operational, technological, financial, legal, social, environmental, political and reputational risks.
- **Ethics and Compliance Division:** Reporting directly to the Audit, Compliance and Related Party Transactions Committee of the Board of Directors, this division applies the Code of Conduct and Internal Regulations for Conduct in the Securities Markets, and supervises the implementation and compliance with the Crime Prevention and Fraud Policy and manuals.

3º Independent assurance

Reporting to the Audit, Compliance and Related Party Transactions Committee of the Board of Directors, the **Internal Audit Division** is responsible, among others, for informing, advising and reporting on the following matters:

- The Company's application of generally accepted accounting principles, as well as any significant accounting change in relation thereto
- Risks associated with the balance sheet and functional areas of activity with identification, measurement and control existing thereon
- Transactions between the Company and third parties, whenever they imply a conflict of interest or are transactions involving shareholders that own a significant stake
- Information of a financial nature that is submitted regularly or periodically to investors and market agents as well as Securities Market Regulators
- Adaptation and integration of internal control systems

4º Supervision

The Audit, Compliance and Related Party Transactions Committee of the Board of Directors has formal responsibility to:

- Periodically review the effectiveness of internal control and risk management systems, including those related to tax, in order to adequately identify, analyze and report on the key risks, as well as collaborate with the auditors in analyzing the significant weaknesses in the internal control system detected when carrying out the audit, without affecting its independence. As a result of this review, the Committee may submit recommendations or proposals to the Board of Directors
- Review all risk policies and propose amendments thereof or the adoption of new policies to the Board of Directors
- Ensure that policies on the control and management of risks identify at least: the different types of risk affecting the Company and the Group, including financial or economic risks, contingent liabilities and other off-balance sheet risks; the levels of risk that the Company and the Group deem acceptable; the planned measures to mitigate the impact of identified risks
- Ensure that the RIC Department participates in defining the risk strategy, in the correct functioning and effectiveness of the control systems and in mitigating the risks detected

The **Board of Directors** approves the specific policies from which the risk levels that the Corporation considers acceptable are derived and are aimed at maximizing and protecting the economic value of Siemens Gamesa within a controlled variability.

E.3 Indicate the principal risks, including tax-related risks, that could affect the achievement of the business objectives.

In the deployment of the company's strategic and operational planning, Siemens Gamesa faces a broad range of risks inherent to the sector in which it carries out its activities and in countries where it operates that could affect the achievement of business objectives.

In general, the term "risk" is defined as the potential for loss caused by an event (or series of events) that can adversely affect the achievement of the company's business objectives, hence the Risk Control and Management Systems are clearly linked to the strategic planning process and setting of company objectives.

Below there is a brief summary of the main risks that could affect the achievement of the business objectives which have been monitored in 2017.

Strategic

- **Pressure on contribution margin and MW volumes**, due to factors such as changes in governmental political decisions, cost of wind energy situation versus solar and other energy sources, evolution of the business model towards auctions in an increasing number of countries, a temporary halt in the Indian market and the effects of decisions after changes of government such as in the US
- As a result of geographical diversification and a large customer and supplier base, Siemens Gamesa is exposed to "**Country Risk**", understood as an environment where social-political and security conditions could affect the local interests of Siemens Gamesa, such as the effect on the Brazilian wind market affected by the macro situation of that country, processes such as Brexit in UK or terrorist attacks in several countries

Operations

- **Risks of cyber-attacks**: Like other large multinational companies, Siemens Gamesa is exposed to the growing threat of ever more professionalized cybercrime
- **Supply chain risk**: The geographic diversity of suppliers and potential failures in the delivery of critical components and services could affect the business continuity
- **Risk that the cost reduction processes of some products do not occur at the appropriate pace** to compensate the price pressure

Financial

- **Risks that may affect balance sheet soundness**, working capital control and structure and/or results (including the continuous improvement of costs), such as strategic and/or operational matters that could lead to impairment of assets
- **Market Price risk**: Siemens Gamesa is exposed to risks relating to fluctuations in the prices of the commodities used in the supply chain
- **Foreign exchange rate**: Siemens Gamesa conducts transactions with international counterparties in the ordinary course of its business, leading to revenues and income generation in currencies different from EUR, and to future cash flows generation in Siemens Gamesa entities in a currency other than their functional currencies, and is therefore exposed to risks from changes in foreign currency exchange rates

- **Interest rate risk:** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk arises whenever interest terms of financial assets and liabilities are different. Siemens Gamesa uses external sources to finance parts of their operations. Loans at variable rates expose the Group to interest rate risks, while loans at fixed rates expose the Group to fair value interest rate risk. The variable rates are mainly linked to the LIBOR or the EURIBOR
- **Credit risk:** is the risk that a counterparty or customer does not meet his or her contractual payment obligations and that leads to a loss for Siemens Gamesa
- **Fiscal risks** derived from local and/or global requirements and direct or indirect impositions

Compliance

- **Risk of occurrence of severe and/or fatal accidents** with additional effects of delays, damage to assets and reputational loss, caused by, among others, the high risk profile of some projects, potential failures in the selection, monitoring and qualification processes of contractors, as well as work in emerging market environments where the culture towards environmental and health and safety Standards is less mature.
- **Risk of regulatory uncertainty and compliance** of the applicable and potentially applicable legal requirements, as well as control of risk of commission of crimes, including, among others, fraud, bribery and corruption.

The Management Report in the annual report corresponding to 2017 contains an additional description of some of the risks associated with Siemens Gamesa activities.

E.4 Identify whether the entity has a risk tolerance level, including tax-related risks.

The risk strategy and tolerance are established by Senior Management based on quantitative variables (indicators) or qualitative variables that let them establish the amount of risk that the company is willing to assume to reach its objectives.

Siemens Gamesa uses 3 levels of risk tolerance, "risk acceptance", "risk monitoring" and "risk escalation". The tolerance is updated regularly and at least whenever there are changes in the strategy and/or policies.

Siemens Gamesa essentially has 3 ways of establishing risk tolerance levels, which are complementary to one another:

- 1) Through specific and regularly revised policies and internal rules and regulations, including, among other:
 - Risk and Internal Control Policy
 - Corporate Tax Policy
 - Investment and Financing Policy (exchange rate, credit and interest risks)
 - Excellence Policy (Health & Safety, environmental respect, quality and energy efficiency)
 - Codes of Conduct
 - Crime Prevention and Fraud Policy

- 2) The establishment of objectives, annually or in conformity with strategic regularity, for indicators used in monitoring some risks. Some of these indicators are:
- EBIT, net amount of the business figure, net financial debt, CAPEX, working capital
 - MW sold and new orders
 - Non-quality costs and other costs
 - Frequency index, severity index

In this context, during 2017, an update of the specific numerical values of the limits of the most significant risks has been done.

- 3) The use of different perspectives for assessing the impact according to a series of criteria so that the result, once combined with their likelihood of occurrence, can assess risks as major or high when they are considered to exceed the tolerance and thus require mitigation plans.

For a certain risk identified and assessed as major or high, and for which there is also a policy and/or risk limit that has been or is expected to be exceeded/breached, as many mitigation actions as necessary should be established until the risk returns to its tolerance level.

Each Group company is responsible for approving, in their corresponding governing bodies, the specific risk limits applicable to each one and implements the necessary control mechanisms to ensure compliance with the Risk and Internal Control Policy and the specific limits that affect them.

Once the risks, including tax-related risks, threatening achievement of the objectives have been identified, the risk owners or their delegated parties, backed by the RIC Department and other support roles, assess these risks with a view to ascertaining their priority and measuring the levels of exposure in terms of tolerance levels to thus establish the required treatment (risk mitigation plans).

E.5 Indicate the risks, including tax-related risks, arising during the period.

The risk factors which have materialized in the countries and markets in which Siemens Gamesa does business during 2017 have had a significant impact on the group's financial results and has not made it possible for the favourable performance of some businesses, markets and activities to offset the negative effects of others. The key risks that have materialized include:

- The transition to fully competitive renewable energy models - in particular, the temporary halt in the Indian Market, the Group's second-largest Onshore market, after the introduction of wind auctions in February 2017, and the reduction in onshore installations in the UK after wind was excluded from the contract for differences mechanism in 2016. The transition enhances wind power's long term potential but the return being demanded of wind power projects is declining as the renewable energy industry matures, creating higher demand volatility in key markets.
- The transition effects seen in 2017 impacted not only sales volumes but saw downward pressure on prices as a result of which the Group booked an inventory impairment of Eur 134m to adapt to new market conditions.

It should be noted that activities in 2018 will be subject to a continuation of these same risk factors in the development of the wind market. In addition the Group expects to face uncertainties from:

- The process of negotiation of the United Kingdom's withdrawal from the European Union and the policies adopted by the US government both towards the renewable energy sector, and on fiscal reform, which may impact on exchange rate volatility and increases in interest rates

E.6 Explain the response and supervision plans for the main risks of the entity, included tax-related risks.

As particular response and supervision actions that apply to significant risks, including tax-related risks, (whether materialized or not), the following stand out:

Strategic

- Development of new business opportunities, entry into new countries and cost reduction programs in all units to mitigate pressure risk in margin and volumes
- The potential effects of downward "country risk" business are mitigated by the balanced diversification of the sales in other countries/regions and a Security Model that ensures the continuity and security of the business, people and assets in the countries in which the Company operates, managing early warnings and through contingency and emergency Plans
- Development of a new Business Plan

Operational

- Information Security Model leaded and continuously improved by a holistic and cross functional security committee capable of preventing and mitigating the external threats of cyber-attacks
- In order to minimize risks within the Supply Chain, there are carried out various control activities in the different phases of the relationship with suppliers, including development of multiple sourcing and the Ethics and Compliance controls
- Continuous reduction of costs is carried out through specific programs with objectives deployed in all regions, under the control from the corporation looking for the improvement in the profitability in terms of Cost of Energy and contribution margin

Financial

- Balance-sheet risks are prevented/mitigated by a continuous monitoring of the cash flow and relevant matters that could cause deterioration of assets
- The market risk related to the price of commodities is mitigated in some cases by using derivatives instrument
- In order to reduce the exposure to exchange rate, several actions are carried out, including but not limited to: the increase in local content, coverage by means of derivative financial instruments, monitoring of open exposure to fluctuation fulfilling the coverage of the Group and sensitivity analysis for different currencies
- Siemens Gamesa continuously analyses the split of external financing at variable and fixed rates to optimize the interest rate exposure. The Group uses derivative financial instruments to mitigate the interest rate risk

- Siemens Gamesa deals with customers that have an appropriate credit history and rating, companies within the energy sector with an above average credit rating, and in cases of customers with no or an below average rating or credit history a variety of mitigation measures are used, such as irrevocable letters of credit or export insurances to cover the increased credit risk
- Fiscal risks are controlled through various mechanisms established in the Fiscal Risks Control and Analysis Framework, among which are: periodic information to the management and supervision bodies of the Company on compliance with good tax practices; Application of the Corporate Tax Policy and a specific control of the compliance with the legal requirements in fiscal matters by region

Compliance

- The mitigation of severe accidents and fatalities risk are developed with several actions, among which we highlight: reinforcement of zero tolerance policy; Specific shock plans for each severe accident and global prevention plans for those regions with worse outcomes; Preventive measures for H&S before operating in a new geographical location
- Siemens Gamesa has Systems of monitoring of regulatory changes and Manuals for the prevention of crimes as requirements of the main regions in which it operates, in which corresponding specific controls are included in detection and prevention

In the Management Report and in the Financial Statements corresponding to 2017 additional information regarding response and supervision plans is addressed.

In addition to the specific response measures, continuous global supervision and monitoring processes operate to ensure an adequate response to the principle risks of the company. These include, among others:

- Control exercised by unit and regional area managers and by the Executive Committee with respect to the evolution of the R/O maps and mitigation plans
- Reports to the Audit, Compliance and Related Party Transactions Committee of the Board of Directors regarding developments in the R/O maps by the responsible of RIC and individually for significant risks and opportunities by the R/O owners
- Operational risk insurance by third parties with annual updates and revision of coverage
- External certificates for the management system according to OHSAS18001, ISO 14001 and ISO9001
- Internal certificates from the Management related to the ERM process considering ERM process as part of the RIC System is implemented and ensures that material risks and opportunities are properly managed
- Declaration of conformity over ERM System according to ISO/CD 31000.
- Assessments, including independent assessment, by management, internal audit and external audit of the effectiveness of the internal controls over financial reporting
- Regular training sessions for managers and executives on the Risk and Internal Control Policy, integrated R/O management methods and implementation of the ERM Methodology
- Internal audits of significant risks made by the Internal Audit Division

F INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE PROCESS FOR ISSUING FINANCIAL INFORMATION (FIICS)

Describes the mechanisms that make up the internal control and Risk Management Systems related to the process for issuing the financial information (FIICS) of the entity.

F.1 Entity control setting

A report indicating the main features of at least the following:

- F.1.1. Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFRS; (ii) its implementation; and (iii) its supervision.

In accordance with the Bylaws of the Company, the Board of Directors shall be responsible specifically for drawing up the financial statements and the management report which correspond to both the Company and its consolidated Group, proposal for the application of results, and overseeing and approving the regular financial information that should be made public in the company's condition as a publicly traded company.

Within this framework, therefore, the ultimate responsibility corresponds to the Siemens Gamesa Board of Directors for guaranteeing the existence and maintenance of an adequate ICFRS, supervision which is in accordance with the competencies established in the Regulations of the Board of Directors and in the Regulations of the Audit, Compliance and Related Party Transactions Committee of the Board of Directors has delegated to it and it constitutes, furthermore, responsibility of the Management of the Siemens Gamesa Group, through its Financial Department, its design, implantation and maintenance.

In turn and in support of the Audit, Compliance and Related Party Transactions Committee of the Board of Directors, it has the function of the Internal Audit that with direct access to the mentioned Committee and in the fulfilling of its annual work plan promotes the control relating to the reliability of financial information.

The Regulation of the Audit, Compliance and Related Party Transactions Committee of the Board of Directors establishes, as its scope of competence, the supervision of the effectiveness of the internal control system of the Company and risk management systems including those regarding taxes, as well as the analysis along with the external account auditors of significant internal control weaknesses identified and, where appropriate, in the performance of the auditing and monitoring of the drawing up and submission process of regulated financial information.

In relation to the competencies relating to the process of drawing up the economic-financial information, the Audit, Compliance and Related Party Transactions Committee of the Board of Directors performs, among others, the following functions:

- Supervises the process of drawing up, presentation and integrity of the economic-financial information relating to the Company and its consolidated Group, as well as the correct marking of the latter, and raising the recommendations or proposals to the Board of Directors deemed appropriate in this regard.

- With regard to economic and financial information that the Company must periodically and mandatorily provide for the markets and their supervisory bodies: (i) review said information to ensure that it is accurate, sufficient and clear; and (ii) inform the Board of Directors before it adopts the corresponding agreement.
- Verify that all periodic economic and financial information is formulated under the same accounting criteria as the annual financial information and, for this purpose and where appropriate, propose to the Board of Directors that the auditor perform a limited review thereof.
- Oversees compliance with legal requirements and the correct application of generally accepted accounting principles, and informs the Board of any significant changes in accounting criteria.

In relation to the internal control and risk management systems:

- Periodically reviews the effectiveness of internal control and risk management systems, including those related to taxes, in order to adequately identify, analyze and report on the key risks, as well as to analyze along with the account auditors the significant weaknesses in the internal control system detected when carrying out the audit, all of this without affecting its independence. As a result of this review the Committee may raise recommendations or proposals to the Board of Directors.
- Reviews the risk policies and proposes their modification or the adoption of new policies to the Board of Directors.
- Ensure that policies on the control and management of risks identify at least:
 - The different types of risk (operational, technological, financial, legal, fiscal, reputational, etc.) affecting the Company and its Group, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
 - The risk levels that the Company and the Siemens Gamesa Group deem acceptable in accordance with the Corporate Governance Standards.
 - The planned measures to mitigate the impact of identified risks, should they materialize.
 - The information and internal control systems used to control and manage risks.
- Ensure that the Risk Department participates in defining the risk strategy, in the correct functioning and effectiveness of the control systems and in mitigating the risks detected.

Siemens Gamesa has an Internal Control and Risk Department (RIC), with direct responsibility of the Finance Department and that depends functionally on the Audit, Compliance and Related Party Transactions Committee of the Board of Directors. The responsibilities of the Internal Control and Risk Department are to set and monitor the effectiveness of an integrated risk and internal control system, including the ICFRS.

F.1.2. If they exist, especially regarding the process for drawing up financial information, the following elements:

- Departments and/or mechanisms responsible: (i) for the design and review of the organizational structure; (ii) for clearly defining the lines of responsibility and authority, adequately delegating tasks and functions; and (iii) for ensuring that sufficient procedures are in place for correct dissemination within the entity.

Regarding the definition of the organizational structure, the Regulations of the Board of Directors establish that the Appointments Committee must report to the Board of Directors regarding the proposals for appointment and dismissal of Senior Management, and the Remuneration Committee must report, prior to their approval by the Board, regarding their remuneration conditions and terms and conditions of their employment contracts.

The Management Committee of the Group is responsible for defining, designing and revising the organizational structure. It also assigns functions and tasks, guarantees adequate separation of functions and ensures that the areas of the different departments are coordinated in order to meet the Company objectives.

Furthermore, the Human Resources Division is responsible for supervising the Company organizational design and ensuring its homogeneity. The Communications Division communicates the relevant changes in the organization through the means of internal communication, primarily the corporate intranet and email.

Additionally, the Human Resources Division maintains and publishes the organizational chart of the company on the corporate intranet.

For the purpose of drawing up financial information, the Group has clearly defined lines of authority and responsibility. The General Finance Division (GFD) has the main responsibility for drawing up financial information.

The General Finance Division ensures the existence and correct dissemination throughout the Group of the internal control policies and procedures necessary to guarantee that the process of drawing up financial information is reliable. Moreover, the General Finance Division schedules the key dates and reviews to conduct by each responsible area.

The Group has financial organizational structures adapted to local needs in every region where it operates headed by a Financial Director, whose duties include yet are not limited to the following:

- Design and establish local organizational structures appropriate for developing the assigned financial tasks.
- Integrate Group-defined corporate financial policies into local management.
- Adapt corporate accounting and management systems to local needs.
- Comply with the procedures delimited within the Group's Internal Control over Financial Reporting System (ICFRS) and guarantee the proper separations of functions at the local level.
- Implement and maintain the control models through corporate technology tools.

In particular and referring to the model for the Financial Information Internal Control System, the existing organizational structure has sufficient resources for proper operation thereof with centralized guidelines that are controlled and supervised at a central level at the group, but with local implementation in each region to expand processes considered to be key for the Company.

- Code of Conduct, approving body, level of dissemination and instruction, principles and values included (indicating if there is specific mention of the record of operations and drawing up of financial information), body responsible for analyzing breaches and proposing corrective actions and penalties.

Siemens Gamesa has a Code of Conduct, the current version of which is approved by its Board of Directors on April 5, 2016. The Code of Conduct represents the development and formal expression of the values, principles, attitudes and standards governing the conduct of the Companies which make up the Group and the people subject to this Code during the fulfillment of their functions and in their work, commercial and professional relationships, with the purpose of consolidating a universally accepted business ethic.

The Code of Conduct is available in several languages and copies of it are disseminated among its intended recipients and posted on the corporate website (www.siemensgamesa.com) and on the intranet, in the area reserved for the Ethics and Compliance Division; being open to the possibility of any other medium for its dissemination.

Among the principles and values included in the Code, general conduct rule 3.11 expressly states that the information conveyed to shareholders will be transparent, clear, truthful, complete, consistent, simultaneous and adhere to the principles of the Communication Policy and contact with shareholders, institutional investors and vote advisers, which pertains the Corporate Governance standards.

In particular, in general conduct standard 3.24 of the aforementioned Code it expressly indicates that "the economic-financial information of Siemens Gamesa and its Group - in particular, the Annual Accounts-, is a faithful reflection of its economic, financial and equity-related reality, in accordance with generally accepted accounting principles and applicable international standards on financial reporting. For these purposes, no Group Professional shall hide or distort the information in the records and accounting reports of Siemens Gamesa and its Group, which shall be complete, accurate and truthful. Group professionals will apply the controls established by the Internal Control over Financial Reporting System (ICFRS) at all Group companies and in their respective fields of responsibility for the purpose of ensuring the reliability of Company financial information".

The Ethics and Compliance Division, with functional dependence on the Audit, Compliance and Related Party Transactions Committee of the Board of Directors, is responsible for, among other aspects and regarding the Code of Conduct, proposing its revision and regular updating, for resolving the concerns that may arise and receiving any questions or complaints regarding unethical actions, actions lacking in integrity or against the included principles.

Finally, general standard 3.25 in the Code of Conduct also expressly refers to the principles and values concerning risk management in connection with the general risk management and control policy and sets forth that Group Professionals, within the scope of their duties, must be proactive agents in the culture of risk prevention through the integrated management of risks in their activities and projects, and indicates and details the corresponding principles of action.

- Whistleblower channel, for notifying the audit committee of financial or accounting-related irregularities, in addition to possible noncompliance with the Code of Conduct and illegal activities in the organization, and informing whether they are confidential in nature, when applicable.

According to the Code of Conduct and Article 10.g of the Regulations of the Audit, Compliance and Related Party Transactions Committee of the Board of Directors regarding the functions of this Committee insofar as Corporate Governance, Siemens Gamesa has enabled the Whistleblower Channel as a mechanism enabling employees to confidentially report significant irregularities, including yet not restricted to, and as expressly indicated thereby, finance and accounting-related irregularities detected within the company.

The Audit, Compliance and Related Party Transactions Committee of the Board of Directors is responsible for establishing and supervising the Whistleblower Channel through the Ethics and Compliance Division, which Siemens Gamesa manages according to the conditions and powers set forth in the written procedure regulating the "Whistleblower Channel Operating Rules" as part of the internal regulations, which set out its operation and conditions for use, access, scope and other aspects.

In accordance with our internal regulations, a function of the Ethics and Compliance Division as regards the Code of Conduct/Whistleblower Channel is to evaluate the level of compliance with the Code of Conduct and draw up a report thereon for submission to the Audit, Compliance and Related Party Transactions Committee, informing on suggestions, concerns, proposals and non-compliance.

Upon receipt of a written complaint with a series of requirements and minimum content, the Ethics and Compliance Division decides whether to process or file the complaint.

Should signs of a potential infringement of the Code of Conduct appear, a case file will be processed confidentially and may initiate as many actions as may be required, especially interviews with the people involved and witnesses or third parties considered capable of providing useful information. Other roles within the Company may be called on, as appropriate, to provide assistance.

Having processed the complaint, the Ethics and Compliance Division will draw up a report, establishing predefined deadlines for the conclusion thereof, content and method of communication.

The Human Resources Division establishes the pertinent disciplinary measures for Code of Conduct infringement cases that should in any case be equitable to the severity of said infringements.

If upon processing the disciplinary proceeding and drafting the report, the Ethics and Compliance Division concludes that signs of illegal conduct exist they will make it known to the Litigation Division for the purposes of assessing where necessary to inform the competent legal or administrative authorities.

- Periodical training programs and updates for personnel involved in drawing up and reviewing financial information, and assessing the ICFRS, that shall at least include accounting standards, auditing, internal control and risk management.

Siemens Gamesa has procedures and processes for contracting personnel to identify and define all milestones of the selection and contracting process used to guarantee that new employees are qualified to undertake the responsibilities associated with the position.

The management of its employees' knowledge through the required detection, retention and development of talent and knowledge, along with ensuring its correct transmission, is a main line of action for Siemens Gamesa.

In this context, it has processes and tools to determine the level of performance and development needs of the persons who Siemens Gamesa incorporates.

Personnel directly and indirectly responsible for actions related to the financial and accounting scope have been the object of previously outlined selection and contracting processes, furthermore, their trainings needs to have the purpose of analyzing in the internal development processes. In this context, they have the qualifications and competence necessary for executing their duties, both in the applicable accounting standards and in the principles concerning internal control. Personnel is kept continuously informed of the legislative requirements in force.

Specifically and in relation to the Code Of Conduct, the standard on the prevention of conflicts of interest, crime prevention and fraud policy, and the whistleblower channel references the Ethics and Compliance Division has developed various training sessions in fiscal year 2017.

F.2 Risk assessment of financial information

A report including at least the following:

F.2.1. What are the main characteristics of the risk identification process, including error or fraud, regarding:

- Whether the process exists and is documented.

The Company developed ICFRS on the basis of the international standards established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As mentioned further below, there is a model for identifying the effects of the different risk types. However and, in particular, regarding financial information, an internal control model is applied with a top-down approach of risk identification based on the most significant accounts in the financial statements and considering parameters related to impact, probability, characteristics of the accounts and the business process.

The risk identification process, whose potential impact on the Financial Statements is significant, considers quantitative aspects such as the percentage represented at an aggregate level by the individual company/account regarding assets, sales, income and other qualitative aspects.

The qualitative risk factors consider aspects related to:

- Characteristics of the account: Volume of transactions, required judgment, complexity of the accounting principle, external conditions.
- Characteristics of the process: Complexity of the process, centralization vs. decentralization, automation, third-party interaction, experience/maturity of the process.
- Risk of fraud: Degree of estimation and judgment, common schemes and frauds in the sector/market in which it operates, geographic regions, unusual and complex transactions, type of automation, urgent transactions, relationship with compensation systems.
- Whether the process covers the whole of financial information-related objectives (existence and occurrence; integrity; assessment; presentation; itemization and comparability; and rights and obligations), whether it is updated and how frequently.

The process was designed in consideration of the financial reporting objectives contemplated in the internal control document on financial reporting for listed companies issued by the Spanish Securities Market Commission (CNMV) in June 2010.

In the previous context, and in the case of the processes associated with the economic-financial information, the process has focused on analyzing the events that could affect the objectives of financial information related to:

- Integrity.
- Validity.
- Evaluation.
- Deduction.
- Record.
- Presentation and breakdown.

The risk assessment model for attaining objectives linked to the reliability of financial information systematically and objectively identifies the critical risks and processes of an annual nature.

- The existence of a process for identifying the consolidation perimeter, taking into account, among other aspects, the possible existence of complex corporate structures or special purpose entities.

As per the recommendations of the Unified Code of Good Governance of the Board Directors in Article 7 of its Regulations, the authority is established to approve the creation or acquisition of shares in special purpose companies or companies that are domiciled in countries or territories that are, under current legislation, considered tax havens.

Moreover, and in this context, the corporate tax policy of the Group indicates that Siemens Gamesa, in carrying out its activities, will attend to the principles of an ordered and diligent tax policy embodied in the commitment to:

- Avoid the use of artificial and/or obscure structures for tax purposes, understanding that the latter are intended to prevent understanding, on the part of the Tax Administration personnel, of the final responsibility for the activities or the last owner of the property rights involved.
- Not construct or acquire resident companies in tax havens with the aim of evading tax obligations.

Likewise, the Siemens Gamesa group maintains a record, continuously updated, of all legal entities that contains all of the shares, whatever their nature, whether direct or indirect, including, where applicable, both instrumental companies as well as special purpose companies.

For the purpose of identifying the scope of consolidation, in accordance with the criteria contemplated in international accounting legislation, the company maintains and regularly updates a database of all companies which constitute the Siemens Gamesa Group.

The Group has an established process within the Finance department which ensures the necessary flow of authorizations regarding the modifications of the consolidation perimeter and updates to the database of companies.

In this context, in the internal control system establishment of the financial information and forming part of the consolidation priority process, the sub process of identifying the consolidation perimeter is developed.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax-related, reputational, environmental, etc.) insofar as they have an impact on the financial statements.

Siemens Gamesa has incorporated a risk management process based on the COSO method and standard ISO/CD 31000 in an internal benchmark framework that we call ERM (Enterprise Risk Management) and that, in accordance with the Internal Control and Risk Policy are considered four risk categories that group other sub-categories within each one:

- Strategic: Risks that are directly influenced by strategic decisions that arise from long-term strategies or are related with high-level objectives.

- Operational: Risks arising from the daily activity and regarding the efficiency and effectiveness of the operations of the company, including the performance and profitability objectives.
- Financial: Risks arising from financial operations, from non-compliance with tax requirements, accounting and/or reporting.
- Compliance: Risks arising from failure to comply with the Code of Conduct, legal, contractual or regulatory requirements.

The applied methodology is embodied as a regularly updated risk map (normally quarterly).

- What governing body of the entity oversees the process.

The supervision of the process is ultimately done by the Audit, Compliance and Related Party Transactions Committee of the Board of Directors, that supports in the Internal Audit Division to execute its responsibility.

F.3 Control activities

A report indicating its main characteristics, if it has at least the following:

- F.3.1. Procedures for review and authorization of financial information and a description of the ICFRS to be published in the stock market, indicating the responsible parties, and including descriptive documentation on flows of activities and controls (including those related to the risk of fraud) of different types of transactions which may have a material effect on the financial statements, including the accounting close process and a specific review of relevant judgments, estimates, assessments and projections.

The Board of Directors is the highest body in charge of supervising and approving the financial statements of the Siemens Gamesa Group.

The Group sends quarterly information to the stock market. This information is prepared by the Finance Division, who does a series of control activities during the accounting closing to ensure reliability of the financial information. These controls are contained in the "Consolidation and Financial Closing" process in the ICFRS model of the Group.

On a monthly basis, the Finance Department provides the different departments involved in the accounting closings with planning and guides for drawing up financial information by each department and the date on which they should be reported.

The financial statements of the Group have the following review levels:

- Finance Division review.
- Audit, Compliance and Related Party Transactions Committee of the Board of Directors review.
- Approval of the Board of Directors (biannually and annually).

Moreover, the financial statements and interim financial statements summarized biannually are subject to auditing and limited review, respectively, by the external account auditor.

Quarterly, an internal certification process is carried out in the entire Siemens Gamesa group. The Management of the different levels of the organization, backed by the confirmations of the management of each of the regions and entities under their responsibility, confirms the accuracy of the financial information communicated to the corporate division of Siemens Gamesa and reports, likewise, the effectiveness of the corresponding Internal Control System.

Additionally, an assessment of the design and the effectiveness of the implemented control system operation is performed at the end of each fiscal year. The Management of the different levels of the organization, backed by the confirmations of the management of each of the regions and entities under their responsibility, confirms compliance with the responsibility of establishing and maintaining an effective internal control system. Conduct reports on the effectiveness of the internal control systems including the deficiencies that could impede the achievement or development of key objectives in business or those that have a material effect on the financial statements.

The financial statements are drawn up based on a reporting calendar and deadlines that are known to all participants in the process, considering the legally established terms.

The control activities designed to cover the previously identified risks, as mentioned in the previous chapter, are performed both at the Division level in a Corporate environment, with analytical reviews of the reported information, and at the level of each business unit from a more operational and specific point of view by identifying the relevant processes and subprocesses according to the different local organizational structures.

The processes considered with material impact risk in the drawing up of financial information are represented through risk and control flowcharts and matrices that identify the relevant control activities.

The control activities of particular relevance are understood to be related to the following aspects:

- Earnings recognition, degree of progress and collection.
- Capitalization of promotion expenses.
- Provision for guarantees.
- Material assets.
- Coverage management.
- Purchasing.
- Consolidation and Financial Closing.

During 2017 and within the context of continually improving the model, Siemens Gamesa has continued working on optimizing and adapting the model to the best practices in the sector.

The established system entails a continuous process, to the extent that the managers and the owners of the internal control processes draw up, review and update the activities and control procedures with support from the RIC Department.

F.3.2. Internal control policies and procedures regarding information systems (including access security, change control, operation thereof, operational continuity and segregation of functions) supporting the entity's relevant processes relating to the preparation and publication of financial reporting.

The Management of Siemens Gamesa recognizes information as strategic assets for the business and the assets that they support for which it expresses its resolve to attain the safety levels necessary to guarantee their protection, in terms of availability, confidentiality, integrity, authentication and traceability. As part of this commitment, Siemens Gamesa has a security policy manual for the information that applies in all areas that comprise the company and whose objective is to preserve the confidentiality, integrity and availability of the information.

Specifically, within the scope of the Siemens Gamesa ICFRS model, the process of general controls of the Information Systems has been developed. This process has been broken down into different sub-processes, for which various controls have been designed and established.

For the member companies of the Group, these sub-processes, as well as their main control activities are as follows:

- Backups: Business continuity as regards the timely recovery of essential business data in the event of a disaster via the duplication of critical infrastructures and periodic backup copies of the information in separate physical locations, and a policy review and control of the integrity of the copies made.
- Security of physical access to the Data Processing Center (CPD): Among other physical control activities, the information technology department restricts access to authorized personnel in different areas where key information elements of the Company are located, and these locations are monitored with the appropriate control and security systems.
- Security of software access, both internal and external: At the software security level, there are the techniques and tools that are defined, configured and implemented that restrict, to only authorized personnel based on their role-duty, access to computer applications and information databases, through procedures and control activities. These include, among others, review of users and assigned roles, encryption of sensitive information, managing and regularly changing access passwords, control of unauthorized downloads of applications, and analysis of identified security incidents.
- Controls relating to the maintenance and implementation of computer applications: Among others, the request and approval processes are defined and implemented at the appropriate level of new computer applications, of definition of versioning policies and maintenance of existing applications and their associated action plans, of definition of the various plans for implementation and application migration, of validation and monitoring of changes in the creation of applications, and of risk management through separate environments for the operation, testing and simulation. Controls relating to guaranteeing that applications have been verified and updated by the respective competent authorities before its live launch.

- Controls relating to the segregation of duties: Approved matrix of segregation of duties, in accordance that different roles are assigned to users based on the identified needs, without allowing exceptions. Periodic review and approval of the various roles assigned, as well as reassignments, updates, user deletion, verification of infrequent or unused users, etc.

F.3.3. Internal control policies and procedures for monitoring the managing activities subcontracted to third parties, and aspects related to the evaluation, calculation or appraisal entrusted to independent experts that may have a material effect on the financial statements.

Siemens Gamesa subcontracts the execution of certain routine transaction processing activities with an impact on financial information (accounts payable, payroll, invoice register, etc.) to internal shared service centers or suppliers of external services. In cases in which this subcontracting occurs, in all cases it is supported by a service contract in conditions of full competition clearly indicated by the service rendered and the means that the supplier to be used to furnish the services; guaranteeing reasonably technical training, independence and competence of the subcontracted party.

In any case, the aforementioned outsourced activities are mainly different administrative processes in offices and small subsidiaries supported by a service contract that clearly indicates the service provided and the means that the supplier, a high-level external professional, will use to provide the services; reasonably ensuring technical training, independence and competence of the subcontracted party.

Likewise, there is an internal procedure for contracting services that establishes the requirement for certain levels of approval depending on the amount in question.

The Siemens Gamesa ICFRS model identifies the control activities in which the valuation of a third party is required. In this regard, outsourced activities have been identified mainly relating to the appraisal of derivatives, legal aspects, assets and payments based on shares.

These services are contracted by the managers of the corresponding areas, reasonably ensuring the competence and technical and legal training of the subcontracted parties, reviewing as applicable the assessments, calculations or appraisals performed by external agents.

F.4 Information and communication

A report indicating its main characteristics, if it has at least the following:

F.4.1. A specific function responsible for defining and updating accounting policies (area or department of accounting policies) and resolving questions or disputes regarding their interpretation, maintaining fluid communication with those responsible for operations in the organization, as well as an accounting policy manual updated and communicated to the units through which the entity operates.

The Finance Division, among other functions, is in charge of identifying, defining, updating and communicating the accounting policies that affect Siemens Gamesa, and responding to accounting inquiries raised either by subsidiaries or different geographical areas and business units. In this context,

it maintains a close and smooth relationship with the management control areas of the various geographical areas and business units.

Additionally, the Finance Department is responsible for reporting to the Audit, Compliance and Related Party Transactions Committee of the Board of Directors and/or any other appropriate body regarding specific aspects of accounting standards, the results of their application and their impact on the financial statements.

The company has an accounting manual that defines and explains the standards for preparing the financial information and how such standards should be applied to the specific operations of the company. This document is updated regularly and the companies in which they apply are notified of the possible amendments or significant updates made.

On those occasions on which the application of accounting standards is particularly complex, the conclusion of the accounting analysis undertaken is communicated to the External Auditors, requesting their position on the conclusion that was reached.

The accounting policies applied by the Group are broken down into the financial statements and are consistent with those applicable under current regulations.

In case of legislative changes regarding financial reporting that affect the Financial Statements, it is the responsibility of the Finance Department to revise, examine and update the accounting standards, and supervise the adoption of new or revised standards from the International Financial Reporting Standards (IFRS) and those standards, amendments and interpretations that have yet to enter into force. Likewise, this Division is responsible for communicating the modifications or updates to the company departments and subsidiaries.

- F.4.2. Mechanisms for capturing and preparing the financial information using standardized formats, applicable to and to be used by all the units of the entity or Group, which support the main financial statements and their notes, as well as the information detailed on the ICFRS.

The process for consolidating and preparing the financial information is centralized. In this process they use the financial statements reported by the Group's subsidiaries as inputs in the established formats, as well as the rest of the financial information required for both harmonizing the accounting process and for covering the established information needs.

The Siemens Gamesa Group uses a software tool that collects individual financial statements and facilitates the process of consolidation and drawing up of financial information. This tool allows centralizing all information resulting from the accounting of individual companies of the Group into a single system.

In this context, the the Consolidation and Reporting Division establishes, in a centralized manner, a quarterly, biannual and annual closure plan which distributes to all of the groups and subgroups the appropriate instructions regarding the scope of the required work, key reporting dates of standard documentation to send, and deadlines for reception and communication. The instructions include, among other aspects, a reporting/consolidation package, preliminary closure, inter-company billing, physical inventories, confirmation and inter-group balance reconciliations, final closure and pending matters.

The content of the aforementioned reporting is reviewed regularly in order to respond to the appropriate requirements for breakdown in the financial statements.

F.5 Monitoring the operation of the system

A report indicating its main characteristics, of at least the following:

F.5.1. Activities related to supervision of the ICFRS carried out by the audit committee, and whether the entity has an internal audit function that includes, among its capacities, support to the committee in its task of overseeing the internal control system, including the ICFRS. It will also report the scope of the ICFRS assessment conducted during the fiscal year and the procedure whereby the person responsible for the assessment communicates the results, whether the entity has an action plan detailing possible corrective measures, and whether its impact on financial information has been considered.

There is fluid communication between the Audit, Compliance and Related Party Transactions Committee of the Board of Directors, Senior Management, Internal Control and Risk Director, Internal Audit Director and External Auditors of accounts so that they have the information necessary to perform their functions relating to the responsibility of supervising the ICFRS.

Specifically, regarding ICFRS monitoring activities undertaken by the Audit, Compliance and Related Party Transactions Committee of the Board of Directors during the year, it has performed, among others, the following activities:

- Review of the Group's financial statements and periodical, quarterly and biannual financial reporting, which the Board of Directors must provide to the markets and their supervisory bodies, monitoring compliance with legal requirements and the correct application in their elaboration of the generally accepted accounting principles.
- During supervision of the Internal Audit Department, approval of the annual audit plan and its budget to enable the internal and external human and material resources in the cited department.
- Analysis of the audit plan for External Auditors, which includes the auditing objectives based on the financial reporting risk assessment and the main areas of interest or significant transactions reviewed in the year.
- Has reviewed with the external auditors and with Internal Auditing the detected weaknesses of internal control, where appropriate, in the implementation of the different auditing and review tasks.

Siemens Gamesa has an Internal Audit Department, that has among its competencies, to support the Committee in its supervisory work of the internal control system. In order to ensure its independence, Internal Audit is hierarchically dependent on the Board of Directors and, on its behalf, its Chairman, and functionally the Committee.

With the aim of enabling this supervision of the internal control system, the Internal Audit services tend to the requirements of the Committee in the exercise of its functions, participating on a regular basis and as required in the Audit, Compliance and Related Party Transactions Committee of the Board of Directors.

The annual internal audit plan presented and approved by the Committee includes revisions of the ICFRS, establishing revision priorities on the basis of the identified risks.

The Internal Audit function has conducted audits on certain significant risks according to its annual audit plan for 2017, and submitted the corresponding reports to the Management Committee and the Audit, Compliance and Related Party Transactions Committee of the Board of Directors.

Regarding the ICFRS, the Internal Audit function performs analytical review procedures in each of the monthly closings of the consolidated financial statements entailing, among other aspects, variations analysis, unusual transactions, global calculations, etc. In addition, they have carried out various independent assessments of the key controls of the ICFRS in the entire Siemens Gamesa group, in support of the operational effectiveness assessment of the design within the general ICFRS framework established by the RIC Department.

In addition, there are meetings held among the Audit, Compliance and Related Party Transactions Committee of the Board of Directors, the Finance Division and External Auditors for queries related to important issues or when an area of generally accepted accounting principles is particularly complex.

- F.5.2. When having a discussion procedure whereby the auditor (in accordance with the provisions of the NTA), the internal audit function and other experts inform senior management and the audit committee or company officers of significant internal control weaknesses identified during the annual accounts review processes, or others which may have been entrusted to them. Likewise, information will be provided as to the availability of an action plan for correction or mitigation of the observed weaknesses.

The Audit, Compliance and Related Party Transactions Committee of the Board of Directors holds regular meetings with the external auditors, internal auditing, RIC and the division responsible for drawing up financial information to comment on relevant aspects and, as the case may be, discussing significant weaknesses identified in internal control.

In the meetings of the Committee with the account auditors they review the annual accounts of the Group as well as the periodical financial information that the Board of Directors must provide to the markets and their supervisory bodies, monitoring compliance with legal requirements and the correct application in their drawing up of the generally accepted accounting principles.

F.6 Other relevant information

There is no other relevant information respect to ICFRS that has not been included in this report.

F.7 Report of the external auditor

Report of:

F.7.1. Whether the ICFRS information supplied to the markets has been reviewed by the external auditor, in which case the entity should include the report as an annex. Otherwise, it should report the reasons.

Siemens Gamesa has requested an external auditor to issue a report on the review of the information regarding the ICFRS included in section F of the Annual Corporate Governance Report corresponding to fiscal year 2017.

G DEGREE OF COMPLIANCE WITH THE RECOMMENDATIONS OF CORPORATE GOVERNANCE

Indicates the degree of compliance by the Company with respect to the recommendations of the Good Governance Code of issued companies.

In the event that any recommendation is not followed or is partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general have sufficient information to evaluate the behavior of the Company. General explanations will not be acceptable.

- 1. The bylaws of listed companies do not limit the maximum number of votes that can be cast by a single shareholder, nor impose other restrictions to obstruct the takeover of the Company through the purchase of shares on the market.**

Comply Explain

- 2. When the parent company and a subsidiary are listed, both clearly and publicly define:**

a) Their respective areas of activity and possible business relations between them, as well as relations between the listed subsidiary and other Group companies;

b) The mechanisms in place to resolve possible conflicts of interest that could arise.

Comply Partially Comply Explain Non applicable

- 3. During the ordinary shareholders meeting, in addition to a written dissemination of the annual corporate governance report, the chairman of the board of directors verbally apprises shareholders, with sufficient details, of the most relevant corporate governance aspects of the company and, in particular:**

a) Changes made since the previous ordinary general shareholders meeting.

b) Reasons for which the company failed to follow any of the recommendations in the Code of Good Governance and the alternative rules, if any, that may apply in this regard.

Comply Partially Comply Explain

- 4. The company defines and promotes a communication and contact policy with shareholders, institutional investors and voting advisers in full adherence to the rules and regulations in place regarding market abuse, and treats shareholders of the same class equally.**

The company also makes said policy public on its website, includes information regarding how the policy is put into practice and identifies the points of contact or persons responsible for discharging such duties.

Comply Partially Comply Explain

5. The board of directors does not pass proposals onto the General Shareholders Meeting for delegating powers to issue shares or convertible securities with exclusions on first refusal rights at amounts over 20% the capital at the moment of delegation.

When the board of directors approves any issue of shares or convertible securities with the exclusion of first-refusal rights, the company immediately posts the reports on said exclusion on its website with reference to the pertinent commerce legislation.

Comply X Partially Comply Explain

6. The listed companies drawing up the reports cited below, whether voluntarily or as mandatory duties, also make them public on their websites with good time in advance of the ordinary general shareholders meeting, even though such dissemination may not be mandatory:

- a) Report on the independence of the auditor.
- b) Operating reports on the audit, appointments and remuneration committees.
- c) Audit committee report on related party transactions.
- d) Report on the corporate social responsibility policy.

Comply X Partially Comply Explain

7. The company should stream a live feed of the general shareholders meeting on its website.

Comply X Explain

8. The audit commission ensures that the board of directors presents the accounts to the general shareholders meeting without limitations or reservations in the audit report and, in the exceptional circumstance of reservations, both the chairman of the audit committee and auditors shall clearly explain the content and scope of said limitations or reservations.

Comply X Partially Comply Explain

9. The company permanently publishes on its website the requirements and procedures that it will accept to accredit the shareholder, right to attend the general shareholders meeting and the exercise or delegation of voting rights.

These requirements and procedures favor the attendance and exercise of the rights of shareholders, and are applied with no discrimination.

Comply X Partially Comply Explain

10. When a legitimately accredited shareholder has exercised, before the general shareholders meeting, the right to add items to the agenda or present new proposals for resolution, the company shall:

- a) Immediately disseminate the additional points and new proposals for resolution.**
- b) Make the attendance card model or delegation of remote voting forms public, with the specific modifications so that the new items on the agenda and the alternative proposed resolutions may be voted on in the same terms as the ones proposed by the board of directors.**
- c) Subject all these items or alternative proposals to a vote and apply the same voting rules as the ones formulated by the board of directors, including in particular the assumptions or deductions regarding the meaning of the vote.**
- d) Following the general shareholders meeting, communicate the breakdown of the vote on the additional items and proposed alternatives.**

Comply Partially Comply Explain Non applicable

Explanation:

The Company's Internal Regulations complies with sections a), b) and d) of the Recommendation.

Regarding section c), article 31.7 of the Regulations of the General Shareholders Meeting of SIEMENS GAMESA, which states the system for determining the meaning of the votes establishes a different deduction system for voting proposals from the Board of Directors regarding items included on the agenda than for voting on proposals for resolutions regarding matters not contemplated in the agenda or formulated by the Board of Directors.

11. When the company intends to pay premiums for attending the general shareholders meeting, the general policy on said premiums must be established in advance and be stable.

Comply Partially Comply Explain Non applicable

12. The board of directors carries out its duties with a consistent unity of purpose and independence of criteria, treating all shareholders in the same position equally and as guided by the interests of the company, namely obtaining profitable and sustainable long-term returns, promoting continuity and maximizing the economic value of the company.

And, for the sake of company interests, in observance of the pertinent laws and regulations, and through a conduct based on good faith, ethics and respect insofar as the uses and widely accepted good practices, it shall attempt to reconcile business interests with, where pertinent, the legitimate interests of its employees, providers, clients and those of stakeholders who may be affected in the community as a whole and in the environment.

Comply Partially Comply Explain

13. The board of directors has an appropriate size to achieve effectiveness and participation, ideally between five and fifteen members.

Comply Explain

14. The board of directors approves a director selection policy that:

- a) Is concrete and verifiable
- b) Ensures that appointment or re-election proposals are based on a prior examination of the needs of the board of directors
- c) Favors the diversity of knowledge, experience and gender

The results of the initial analysis of the needs of the board of directors are included in the substantiating report of the appointments committee, published when calling to convene the general shareholders meeting at which the ratification, appointment or re-election of each director will be carried out.

The director selection policy promotes attainment of the target to have the number of female directors represent at least 30% of the total members of the board of directors by the year 2020.

The appointments committee shall conduct a yearly verification of compliance with the director selection policy, reporting thereon in the annual corporate governance report.

Comply Partially Comply Explain

15. Proprietary and independent directors constitute a large majority of the board of directors and the number of executive directors is the minimum necessary, taking into consideration the complexity of the corporate group and the ownership interests of the executive directors in the capital of the Company.

Comply Partially Comply Explain

16. The percentage of proprietary directors among the total of non-executive directors should be no greater than the existing proportion between the capital of the company represented by said directors and the remaining capital.

This criterion may be attenuated:

- a) In companies with high capitalization where there are few equity stakes that attain the legal threshold for significant shareholdings.
- b) In companies that have a plurality of unrelated shareholders represented on the board of directors.

Comply Explain

17. The number of independent directors represents at least half of all Board members.

However, when the company is not a high cap entity or, even if being one, it has a single shareholder or several shareholders acting jointly and controlling over 30% of the share capital, the number of independent directors shall represent at least one third of the total number of directors.

Comply Explain

18. Companies make public through their websites and regularly update the following information on their directors:

a) Professional and biographical profile

b) Other boards of directors to which they pertain, regardless of whether they are listed companies or not, and all other remunerated activities regardless of their nature.

c) Indication of the director's category, particularly indicating the represented or related shareholder for proprietary directors.

d) Date of first appointment as director in the company, and the subsequent re-elections. e) Shares held in the company and options thereon of which the director holds.

Comply Partially Comply Explain

19. The annual corporate governance report, upon verification thereof by the appointments committee, explains the reasons for appointing proprietary directors at the request of shareholders whose shareholding is less than 3% of the capital; and, if necessary, the reasons for not having accommodated formal requests for presence on the board representing shareholders whose equity stake is equal to or greater than that of others at whose request proprietary directors were appointed.

Comply Partially Comply Explain Non applicable

20. Proprietary directors resign when the shareholder they represent transfers its entire shareholding. And they also do so, in the appropriate number, when such shareholder reduces its stake to a level that requires a reduction in the number of proprietary directors.

Comply Partially Comply Explain Non applicable

21. The Board of Directors does not propose the removal of independent directors before the expiry of the period for which they were nominated, except where just cause is found by the board of directors, based on the report of the appointments committee. In particular, the existence of just cause will be construed when directors move onto new posts or undertakes new contractual obligations that would hinder them insofar as the necessary time for dedication to the discharge of functions and duties inherent to the post of director, or engender situations that would cause them to lose their status as independent as established in the applicable legislation.

The separation of independent directors may also be put forward as a result of takeover bids, mergers or other similar corporate transactions involving a change in the capital structure of the company when such changes in the structure of the board of director are caused by the proportionality criteria in recommendation 16.

Comply Explain

22. The companies establish rules making it mandatory for directors to report and, if necessary, resign in cases that could damage the credibility and reputation of the Company and, in particular, apprise the board of directors of criminal cases in which they are involved as defendants and subsequent developments in proceedings.

Should a director be indicted or a court decision handed down against him or her during a trial for any of the crimes listed in corporate legislation, the board of directors shall examine the case as soon as possible and, in light of the specific circumstances, decides whether or not the director may remain in office. The board of directors shall nevertheless provide a reasoned account of the events in the annual corporate governance report.

Comply Partially Comply Explain

23. All directors express clear opposition when they feel a proposal submitted to the board of directors may be contrary to the corporate interest. And they also do so, especially independent and other directors unaffected by the potential conflict of interests, when dealing with decisions that could harm shareholders not represented on the board of directors.

And when the board of directors makes significant or repeated decisions about which a director has serious reservations, the latter draws the appropriate conclusions and, if he or she chooses to resign, explains the reasons in the letter to which the following recommendation applies.

This recommendation also applies to the secretary of the board of directors, even though he or she is not a director.

Comply Partially Comply Explain Non applicable

24. When, either by resignation or otherwise, a director leaves office before the end of his or her term, he or she explains the reasons in a letter sent to all members of the board of directors. And, regardless of whether said removal is communicated as a significant event, the reason is explained in the annual corporate governance report.

Comply Partially Comply Explain Non applicable

25. The appointments committee shall ensure that non-executive directors are sufficiently available insofar as the time dedicated to undertaking their duties correctly.

The regulations of the board also establishes the maximum number of company boards on which its directors may sit.

Comply Partially Comply Explain

26. The board of directors meets as often as necessary to perform its duties efficiently and at least eight times per year, following the schedule of dates and agendas set at the beginning of the year. Each individual director may propose items for the agenda not initially included.

Comply X Partially Comply Explain

27. Director absences are kept to a bare minimum and listed in the annual corporate governance report. When such absences are unavoidable, representation is granted with the corresponding instructions.

Comply X Partially Comply Explain

28. When the directors or the secretary express concerns about some proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved during a meeting of the board of directors, at the request of the person who expressed the concern it will be recorded in the minutes.

Comply X Partially Comply Explain Not applicable

29. The company establishes the appropriate channels so that directors can obtain precise advice regarding the discharge of their duties, including, when the circumstances so require, external advice paid for by the company.

Comply X Partially Comply Explain

30. Regardless of the knowledge that directors are required to have to undertake their duties, the companies also provide directors with knowledge refresher programs when circumstances would so advise.

Comply X Explain Not applicable

31. The agenda of the sessions clearly indicates items regarding which the board of directors must reach a resolution or decision so that directors can examine or ascertain, in advance, the information necessary for adoption.

Should the chairman exceptionally seek to submit decisions or agreements not on the agenda to the board of directors for approval, for reasons of urgency, the prior and express consent of the present directors must be secured and record thereof must be made in the minutes of the meeting.

Comply X Partially Comply Explain

32. Directors should be regularly apprised of the transactions in the shareholder group and the opinion that significant shareholders, investors and rating agencies have of the company and its group.

Comply X Partially Comply Explain

- 33. The chairman, as responsible for the effective operations of the board of directors, in addition to the discharge of duties attributed thereto by law and bylaws, shall prepare and submit a schedule of dates and matters to address to the board of directors; organize and coordinate the regular assessment of the board and, as the case may be, the chief executive officer of the company; be responsible for managing the board and the effectiveness of its operations; ensure that sufficient time is dedicated to discussing strategic matters; and agree and review knowledge refresher programs for each director when the circumstances so advise.**

Comply Partially Comply Explain

Explanation:

The Chairwoman of Siemens Gamesa has duly developed, during the 2017 fiscal year, the functions described in the present recommendation 33 of the Good Governance Code, but regarding the organization and coordination of the assessment of the CEO of the Company it shall be pointed out that the Company has agreed not to carry out that assessment for the CEO for fiscal year 2017 due to the short period of time in which he has developed his functions.

- 34. In addition to the legally corresponding capacities, when there is a coordinating director, the bylaws, regulations of the board of directors attribute the following duties: preside over the board of directors in the absence of the chairman and, where pertinent, vice chairmen; articulate the concerns of non-executive directors; maintain contact with investors and shareholders to ascertain their points of view regarding corporate governance, particularly concerning the company's corporate governance; and coordinating the chairman succession plan.**

Comply Partially Comply Explain Non applicable

- 35. The secretary of the board of directors particularly ensures that the engagements and decisions of the board of directors consider the good governance recommendations contained in this Code of Good Governance that apply to the company.**

Comply Explain

- 36. Once yearly, the board of directors in plenary session shall examine and adopt, as the case may be, an action plan for rectifying deficiencies detected in relation to:**

- a) Operating quality and efficiency of the board of directors**
- b) Operation and composition of its committees**
- c) Diversity in the composition and capacities of the board of directors**
- d) Performance of the chairman of the board of directors and company CEO**
- e) Performance and contribution of each director, particularly considering the heads of the various committees of the board**

Assessments of the different committees shall be based upon the reports that they submit to the board of directors, which will in turn make its assessment based on the report submitted by the appointments committee.

Every three years, the board of directors will receive assistance to conduct the assessment from an external consultant, whose independence shall be verified by the appointments committee.

The business relationships that the consultant or any company of the consultant's group maintains with the company or any company of its group must be broken down in the annual corporate governance report.

The assessed process and areas will be described in the annual corporate governance report.

Comply Partially Comply Explain

Explanation:

The Board of Directors of Siemens Gamesa has received external advisors' support for the assessment of the Board of Directors and their Committees, as well as for the individual assessment of each director, as indicated in section C.1.20 and C.1.20 bis of the present annual corporate governance report, in fulfillment of the present recommendation 36 of the Good Governance Code. Being the exception letter d) of the present recommendation 36 as the Company has agreed not to carry out the assessment of the Chairwoman and CEO for the fiscal year 2017 due to the short period of time in which they have performed their functions.

37. When there is an executive committee, the membership structure of the various director categories are similar to that of the board of directors and its secretary shall be the secretary of the board.

Comply Partially Comply Explain Non applicable

38. The board of directors is always apprised of the matters discussed and the decisions made by the executive committee and all members of the board of directors receive copies of the minutes of the meetings of the executive committee.

Comply Partially Comply Explain Non applicable

39. The members of the audit committee, and particularly the chairman thereof, shall be appointed in consideration of their knowledge and experience in accounting, auditing or risk management. The majority of said members shall be independent directors.

Comply Partially Comply Explain

40. A unit under direct supervision of the audit committee shall assume the internal audit function to ensure that the internal information and control systems work properly, and will functionally report to the non-executive chairman of the board of the audit committee.

Comply Partially Comply Explain

41. The head of the unit assuming the internal audit function presents its annual work plan to the audit committee; reports to it directly on any incidents arising during its work; and submits a report of activities at the end of each year.

Comply X Partially Comply Explain Non applicable

42. In addition to the ones attributed by law, the following duties correspond to the audit committee:

1. With regard to information systems and internal control:

a) Supervise the drawing up process and the integrity of the financial information related to the Company and, where appropriate, to the Group, revising compliance with the regulatory requirements, the proper setting of the consolidation scope and correct application of the accounting criteria.

b) Ensure the independence of the unit assuming the internal audit function; propose the selection, appointment, re-election and resignation of the individual responsible for the internal audit service; propose a budget for this service; approve the orientation and work plans, securing that this activity is primarily focused on the significant risks of the company; receive periodic information on its activities; and verify that Senior Management takes into account the conclusions and recommendations in its reports.

c) Establish and monitor a mechanism whereby staff can report, confidentially and, if possible, anonymously, any irregularities of potential importance, especially financial and accounting irregularities within the Company.

2. With regard to the external auditor:

a) In case of resignation of the external auditor, examine the circumstances that caused it.

b) Ensure that the remuneration of the external auditor does not compromise the quality or independence of the auditor's work.

c) Supervise that the company reports the change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and, if any, their content.

d) Ensure that the external auditor maintains a yearly meeting with the plenary board of directors to brief it on the work carried out and the progress of the accounting status and company risks. e) Ensure that the company and external auditor observe the valid standards regarding the provision of services other than auditing, limits of concentration of the audit business and, in general, other rules, regulations and standards regarding the independence of auditors.

Comply X Partially Comply Explain

43. The audit committee may call any employee or director of the Company, even ordering their appearance without the presence of any other manager.

Comply X Partially Comply Explain

44. The audit committee should be apprised on the operations of structural and corporate modifications intended for the company so that it can conduct a prior analysis and report to the board of directors regarding the corresponding economic conditions and impact on the accounts, particularly, as the case may be, the proposed exchange ratio.

Comply X Partially Comply Explain Non applicable

45. The control and risk management policy identify at least:

a) The different financial and non-financial risk types (including operational, technological, legal, social, environmental, political and reputational) that the company faces, including contingent liability risks and other off-balance sheet risks among the financial and economic risks.

b) The level of risk that the Company considers acceptable.

c) The planned measures to mitigate the impact of identified risks, should they materialize.

d) Information systems and internal control are used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

Comply Partially Comply X Explain

Explanation:

Siemens Gamesa's general risk control and management Policy, approved by the Board of Directors on 23 September 2015, states that the Executive Committee will define the specific numeric values of the risk limits contemplated in the specific policies. While the Executive Committee defined, in relation to the Investment and Financing Policy, the cited specific numeric values for the limits on risks associated therewith, there are nevertheless others on which such a determination of risk level is verified by qualitative measurement references, and an objective underway is to update them with quantitative measures at the Company's risk levels.

46. Under direct supervision of the audit committee or, as the case may be, a specialized committee of the board of directors, there is an internal risk control and management function carried out by an internal company unit or department expressly having the following duties:

a) Ensure the proper operations of risk control and management systems and, in particular, that all significant risks affecting the company are identified, managed and quantified.

b) Actively participate in drawing up the risk strategy and taking important decisions regarding the management thereof.

c) Ensure that the risk control and management systems suitably mitigate the risks within the framework of the policy defined by the board of directors.

Comply X Partially Comply Explain

- 47. The members of the appointments and remuneration committee (or the appointments and remuneration committees when separate) are appointed in view of their adequate knowledge, capacity and experience to carry out their duties, and the majority of the members shall be independent directors.**

Comply Partially Comply Explain

- 48. High cap companies have an appointments committee and a remuneration committee.**

Comply Explain Non applicable

Explanation:

The Board of Directors of Siemens Gamesa approved on April 4, 2017 to merge the Appointments Committee and the Remunerations Committee into one only Committee in fulfillment of the Shareholders' agreement between Iberdrola, S.A., Iberdrola Participaciones, S.A.U. and Siemens AG detailed in section A. 6 of this report. With one Appointments and Remunerations Committee the two majority shareholders are represented in the two existing consultative Committees and hiring new senior managers is facilitated as the decision of just one Committee is necessary. After the merger between Gamesa and a subsidiary of Siemens AG the necessity of hiring new senior managers was foreseen to raise and to count with only one committee shall avoid possible inefficiencies and excessive bureaucracy.

- 49. The appointments committee consults the chairman of the board of directors and CEO of the company, especially on matters relating to executive directors.**

Any Director may request that the appointments committee consider potential candidates to fill vacancies on the Board, if it finds them suitable.

Comply Partially Comply Explain

- 50. The remuneration committee independently carries out its duties, which are, in addition to the duties attributed by law:**

- a) Propose the basic contract terms and conditions for senior management to the board of directors.**
- b) Check that the remuneration policy established by the Company is observed.**
- c) Regularly review the remuneration policy applied to board directors and senior management, including the remuneration systems involving shares and their application, and guarantee that individual remuneration is proportional to the consideration paid to the other directors and senior managers in the company.**
- d) Ensure that potential conflicts of interest do not harm the independence of external counsel provided to the committee.**
- e) Verify the information regarding the remuneration to directors and senior managers contained in the different corporate documents, including the annual directors' remuneration report.**

Comply Partially Comply Explain

51. The remuneration committee consults the Chairman and Chief Executive of the Company, especially on matters relating to Executive Directors and Senior Management.

Comply Partially Comply Explain

52. The composition and operating rules of the oversight and control committees are in the regulations of the board of directors and consistent with the rules and regulations applicable to the committees by law according to the recommendations above, including:

a) They exclusively comprise non-executive directors, with a majority of independent directors.

b) Their Chairmen are independent directors.

c) The board of directors appoints the members of these committees mindful of the knowledge, skills and experience of the directors and the duties of each committee; deliberates insofar as their proposals and reports; and renders accounts of their activity, holding them accountable for their work, during the first session of the board of directors following the respective committee meetings.

d) Committees may seek external advice when considering it necessary to discharge their duties.

e) Minutes shall be kept during their meetings and made available to all directors.

Comply Partially Comply Explain Non applicable

53. Oversight of compliance with the corporate governance rules, internal conduct codes and corporate social responsibility policy is attributed to one or among various committees under the board of directors that could be the audit, appointments or corporate responsibility committees (if existing), or even a specialized committee that the board of directors, in the discharge of its duties of self-organization, decides to create for such a purpose; committees that will have at least the following functions:

a) Oversight of compliance with internal codes of conduct and corporate governance rules of the company.

b) Oversight of the strategy for communication and relations with shareholders and investors, including small- and medium-sized shareholders.

c) Regular assessment of the suitability of the Company's Corporate Governance System to ensure that it complies with its mission to promote the corporate interest and, where pertinent, considers the legitimate interests of all other stakeholders.

d) Revision of the Company's Corporate Social Responsibility policy, ensuring that it targets the creation of value.

e) Tracking of the corporate social responsibility strategy and practices and assessment of its degree of compliance.

- f) The oversight and assessment of the processes for relations with the different stakeholders.
- g) The assessing of all matters relating to the Company's non-financial risks, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordination of the non-financial data and diversity reporting process in accordance with the applicable legislation and benchmark international standards.

Comply Partially Comply Explain

54. The corporate social responsibility policy includes the principles or commitments that the company voluntary assumes in its relationships with the different stakeholders, and identifies at least the following:

- a) The corporate social responsibility policy objectives and development of support instruments.
- b) The corporate strategy regarding sustainability, the environment and social matters.
- c) The specific practices in matters relating to: shareholders, employees, clients, suppliers, social matters, environmental affairs, diversity, tax responsibility, human rights and illegal conduct prevention.
- d) The methods or systems for tracking the results from applying the specific practices mentioned in the letter above, associated risks and the management thereof.
- e) The non-financial risk, ethics and corporate conduct supervision mechanisms.
- f) Channels for communication, participation and dialog with stakeholders.
- g) The responsible communication practices that prevent informational tampering and safeguard integrity and honor.

Comply Partially Comply Explain

55. The company reports on matters related to corporate social responsibility in a separate document or in the management report, and will use any of the internationally accepted methods to do so.

Comply Partially Comply Explain

56. The remuneration of directors should suffice to attract and retain directors with the desired profile and to compensate them for the dedication, qualifications and responsibilities that the post requires, but not so high as to compromise the independence of criteria of non-executive directors.

Comply Explain

57. Executive directors shall have variable remuneration linked to the performance of the company and their personal performance, and remuneration through the delivery of shares, options or rights on shares and instruments referenced to the value of stock, and long-term savings systems such as pension plans, retirement programs or other social welfare systems.

Remuneration to non-executive directors may be made via the delivery of shares when conditioned to be retained until the end of their tenure as directors. The foregoing will not apply to shares that the director needs to dispose to, as the case may be, to satisfy the costs related to their acquisition.

Comply Partially Comply Explain

58. In case of variable remuneration, compensation policies incorporate limits and technical safeguards to ensure that such remuneration conserves a relation to the professional performance of its beneficiaries and not simply derived from the general progress of the markets or the industry in which the Company participates or other similar circumstances.

And, in particular, the variable components of remuneration:

- a) Are linked to measurable performance criteria that are established in advance and contemplate the risk assumed to secure a result.
- b) Promote the sustainability of the company and include non-financial criteria appropriate for creating long-term value, namely compliance with the company's internal rules, procedures and policies for risk control and management.
- c) Are configured on the basis of a balance between attaining short-, medium- and long-term objectives for rewarding performance for sustained efforts during a period of time sufficing to appreciate the contribution to a sustainable creation of value, so that the elements for measuring this performance are not merely based on singular, occasional or extraordinary events.

Comply Partially Comply Explain Non applicable

59. The payment of one relevant part of the variable components of the remuneration differs for a minimum period of time sufficing to check that the previously established performance conditions have been met.

Comply Partially Comply Explain Not applicable

60. Remuneration related to the profits of the Company take into account any reservations that are stated in the report of the external auditor's findings and that reduce profit.

Comply Partially Comply Explain Non applicable

61. A relevant percentage of the variable remuneration to executive directors is linked to the delivery of shares or financial instruments referenced to its value.

Comply X Partially Comply Explain Non applicable

62. Once the shares or options or rights to shares corresponding to the remuneration systems have been assigned, directors may neither transfer ownership of a number of shares equivalent to twice their annual fixed remuneration nor exercise stock options until a period of at least three years from assignment has elapsed.

The foregoing will not apply to shares that the director needs to dispose to, as the case may be, to satisfy the costs related to their acquisition.

Comply X Partially Comply Explain Non applicable

63. The contractual agreements include a clause enabling the company to reclaim reimbursement of the variable components when payment has not been adjusted to the performance conditions or made attending to data whose inaccuracy is only subsequently appreciated.

Comply X Partially Comply Explain Non applicable

64. Payments upon termination of the contract do not exceed an established amount equivalent to two years of the total annual remuneration and not settled until after the company has checked that the director has satisfied the previously established performance criteria.

Comply X Partially Comply Explain Non applicable

H OTHER INFORMATION OF INTEREST

1. If there is a materially relevant aspect of corporate governance in the Company or Group entities that has not been discussed in other sections of this report, but which it is necessary to include to present more complete and reasoned information on the structure and governance practices in the Company or its Group, explain briefly.

(A.2)

In addition to the information included in the table on the most significant changes to the shareholder structure throughout the fiscal year in section A.2, it is relevant to indicate that on 3 April 2017 IBERDROLA and Fidelity International Limited communicated to the CNMV the change of its percentage of voting rights in SIEMENS GAMESA as a consequence of the change of voting rights in the Company due to a capital increase. This information is not contained in the aforementioned table included in section A.2, as the inclusion of change of voting rights in the Company as operation description is not possible.

Additionally, OZ MASTER FUND LTD reported to the CNMV that on 13 January 2017 its percentage of voting rights linked to the execution of financial instruments in the Company dropped under 2% to 1.815% and on 17 March 2017 that percentage dropped under 1% threshold to 0.909%. This information is not contained in the aforementioned table as the inclusion of changes based on voting rights linked to the execution of financial instruments is not possible.

(A.3)

In addition to the information provided in section A.3, the following previous members of the Board of Directors held the following number of shares at their resignation:

- Mr. Ignacio Martín San Vicente, had 124,373 shares of the Company.
- Mr. Juan Luis Arregui Ciarsolo, had 138,196 shares of the Company.
- Mr. Luis Lada Díaz, had 519 shares of the Company.
- Mr. José María Aracama Yoldi, had 207 shares of the Company.
- Mr. José María Aldecoa Sagastalola, had 500 shares of the Company.
- Mr. José María Vázquez Egusquiza, had no shares of the Company.
- Mr. Gerardo Codes Calatrava, had 20 shares of the Company.
- Mr. Francisco Javier Villalba Sánchez, had no shares of the Company.
- Mr. Klaus Helmrich, had no shares of the Company.
- Mr. Luis Javier Cortés Domínguez, had no shares of the Company.

It shall also be pointed out that the Board of Directors, in its meeting of October 20, 2017 approved the appointment by co-option of Mr. Alberto Alonso Ureba as independent director of the Company, appointment to be ratified in the next Shareholders' General Meeting, to fulfill the vacancy after Mr. Cortés's resignation on August 30, 2017. Mr. Alonso has no shares of the Company.

(A.8)

In addition to the information provided in section A.8, it shall be pointed out that Siemens Gamesa signed a liquidity contract with Santander Investment Bolsa, which was reported to the CNMV through Significant Event number 176071 on 31 October 2012. As a consequence of the publication of the new Circular 1/2017, of 26 April, of the CNMV regarding liquidity contracts the aforementioned liquidity contract was terminated on 30 June 2017 (Significant event number 254129) and a new liquidity contract was signed on 10 July 2017 which entered into force on 11 July 2017 (Significant event number 254428).

The CNMV was also notified of transactions carried out during the fiscal year 2017 within the scope of the referred two liquidity contracts via Significant Event numbers 247856, 252419, 254380 and 257734.

(B.4)

In addition to the information provided in section B.4, twelve shareholders holding a participation amounting to a total of fifty eight thousand seven hundred forty six (58,746) shares used the electronic voting system in the Ordinary General Shareholders Meeting in 2017.

(B.7)

In addition to the information provided in section B.7, the Board of Directors, in its meeting held on September 13, 2017, approved the change of the corporate website from www.gamesacorp.com to www.siemensgamesa.com. The change was registered in the Commercial Registry of Biscay on October 24, 2017 and was published in the Commercial Registry Gazette on November 2, 2017, in order to obtain its effectiveness according to article 11 bis of the Capital Companies Law.

(C.1.2)

In addition to the information provided in section C.1.2, it must be highlighted that on 30 August 2017 Mr. Luis Javier Cortés Domínguez, independent director, resigned as member of the Board of Directors and subsequently as member of the Audit, Compliance and Related Party Transactions Committee and this vacancy was fulfilled after the approval by the Board of Directors, in its meeting held on October 20, 2017, of the appointment by co-option of Mr. Alberto Alonso Ureba as independent director of the Company.

In relation to the appointment of Mr. Luis Javier Cortés it shall be pointed out that as established in the significant event nº 255530, clause 8.3.1 of the Shareholder's Agreement entered into by Iberdrola Participaciones, S.A. (Sociedad Unipersonal), Siemens AG and Iberdrola, sets forth that, as long as the Shareholder's Agreement remains in force, Siemens AG would support that Iberdrola proposes one of the independent directors forming part of the Audit, Compliance and Related Party Transactions Committee of SIEMENS GAMESA, as happened with Mr. Cortés. Without prejudice of the above, clause 8.6 of the Shareholder's Agreement establishes that the Appointments and Remunerations Committee of SIEMENS

GAMESA, when deliberating and deciding in respect of any appointment or dismissal of any director, including the aforementioned appointment of Mr. Cortés, may always act freely and under its own criteria, without being bound by any opinion or recommendation whatsoever.

In order to complement the information supplied in Section C.1.2, it should be pointed out that the Board of Directors of SIEMENS GAMESA agreed, in its meeting of October 20, 2017, the appointment of Mr. Juan Antonio García Fuente as Deputy Secretary non member of the Board of Directors.

Regarding the resignation of members of the Board of Directors during the fiscal year, as included in section C.1.2, it shall be remarked that section C.1.9 gives further information in this regard including the motives for their resignations.

(C.1.3)

In addition to the information provided in section C.1.3, it must be highlighted that on 30 August 2017 Mr. Luis Javier Cortés Domínguez, independent director, resigned as member of the Board of Directors and subsequently as member of the Audit, Compliance and Related Party Transactions Committee and this vacancy was fulfilled after the approval by the Board of Directors, in its meeting held on October 20, 2017, of the appointment by co-option of Mr. Alberto Alonso Ureba as independent director of the Company.

In addition to the information provided in section C.1.3, the following is a brief profile of the Executive and Proprietary Directors:

EXECUTIVE DIRECTORS

Markus Tacke

Born in Frankfurt (Germany). He is currently Chief Executive Officer of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

He holds a Mechanical Engineering Degree from the Technical University of Darmstadt (Germany), Master Degree of Engineering by Cornell University (USA) and a PhD by the Technical University of Darmstadt (Germany).

With a great experience in the industry sector, he started his professional career in Ways&Freytag AG and joined Siemens group in 1998, having held a number of relevant positions: Head of the manufacturing Segment Rotor Manufacturing in the gas turbine plant Siemens owns in Berlin; Head of the Business Function Production within the Business Segment Industrial Steam Turbines, Head of the Business Segment Industrial Steam Turbines and CEO of the Business Unit Industrial Steam Turbines; last, CEO of the Business Unit Industrial Power within the Division Oil&Gas of the Sector Energy.

Since August 2013 and until April 2017, Mr. Markus Tacke held the post of CEO of Siemens Division Wind Power and Renewables.

Carlos Rodríguez-Quiroga Menéndez

Born in Madrid. He currently holds the position of Member of and Secretary to the Board of Directors and Secretary (non Member) of the Appointments and Remunerations Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

He holds a Law Degree from the Complutense University of Madrid.

Diploma-holder of Employment Law from the Legal Practice School of Madrid.

Diploma-holder in Comparative Industrial Relations and in European Community Relations from the Secretariat of State for Relations with the European Community.

Practicing lawyer.

Currently he performs tasks as Director of or as Secretary to the Board of Directors, among other positions, in the following companies: Audiovisual Española 2000, S.A., Rodríguez-Quiroga Abogados, S.L. and member of the Fundación Pro Real Academia de Jurisprudencia y Legislación.

PROPRIETARY DIRECTORS

Rosa María García García

Born in Madrid, she holds the position of Chairwoman of the Board of Directors of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

Graduated from the Universidad Autónoma de Madrid (Spain) with a degree in Mathematics.

Since October 2011 to the present day, she has held the position of Chair and Chief Executive of Siemens España and since June 2016 the position of Chairwoman of the German Commerce Chamber in Spain.

Along her professional career she has held various management posts at WordPerfect and NEC Group and subsequently at Microsoft, where she has contributed to the development of a number of strategic projects; these positions include: Technical Support Manager at Microsoft Ibérica, Strategic Projects Manager at Microsoft Corporation, Global General Manager of Microsoft Corporation, Chair and Chief Executive of Microsoft Ibérica and Vice-Chair of Consumers and Online for Western Europe of Microsoft Corporation.

Furthermore, Ms Rosa María García has been a director of IBEX 35 companies such as Banesto, Bolsas y Mercados Españoles (BME), Bankinter and Acerinox.

Sonsoles Rubio Reinoso

Born in Segovia, she holds the position of Member of the Board of Directors and of the Appointments and Remuneration Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

She holds a degree in Economics and Business from the Universidad Autónoma of Madrid.

She completed her training as post graduated at ICEA, IESE and *Centro de Estudios Financieros*. She is also Certified Internal Auditor (Institute of Internal Auditors), Certified Fraud Examiner (Association of Certified Fraud Examiners), Certified Compliance&Ethics Professional (Society of Corporate Compliance and Ethics) and Leading Professional in Ethics & Compliance (Ethics & Compliance Initiative).

Sonsoles Rubio is Internal Audit Director of the Iberdrola Group. Her professional career has been performed in the internal audit department of enterprises like Repsol YPF, S.A., Holcim (España), S.A. (1999-2008) and Iberdrola, S.A., company she joined in 2008 as Internal Audit Manager of Renewable Business in Iberdrola Renovables, S.A. and later became Chief Compliance Officer.

She is Member of the Steering Committee of the *Instituto de Auditores Internos*.

Throughout her career she has published articles and given many talks in national and international conferences.

Lisa Davis

Born in Idaho (U.S.), she holds the position of Member of the Board of Directors and of the Appointments and Remuneration Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

Graduated from the University of Berkeley (California, US) with a degree in chemical engineering.

Since August 2014 to the present day, she has been a member of the Managing Board of Siemens AG.

She has held various management posts at Exxon Corporation and Texaco and, subsequently, at Royal Dutch Shell (both in the US and the UK), during which time she has contributed to the development of the business related to hydrocarbons, fuels and alternative energies, and undertaken the following roles: Vice-Chair of the hydrocarbons supply for Europe, Vice-President of sales and marketing lubricants and bulk fuels Americas and Executive Vice-Chair of strategy, portfolio and alternative energy of Royal Dutch Shell.

Mariel von Schumann

Born in Brussels (Belgium), she holds the position of Member of the Board of Directors of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

Graduated from the ICHEC University of Brussels (Belgium) with a degree in Economics and Business Administration and Management and she has completed a number of postgraduate programmes, including a Masters in International Business Administration and Management at EAP-ESCP Europe.

She is currently Siemens Chief of Staff and since November 2013 Head of Governance & Markets Department of Siemens AG.

Among her professional career she has held various management posts in Siemens AG in the departments of Mergers and Acquisitions, Strategy and Investor Relations, pointing out, among others, the following positions: General Manager of mergers and acquisitions in the Corporate Finance department and manager of the Investor Relations department.

Ralf Thomas

Born in Nürnberg (Germany), he holds the position of Member of the Board of Directors of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

Graduated from the University of Erlangen-Nuremberg (Germany) with a degree in Economics and Business Administration; he also holds a Doctorate in Company Tax Accounting.

Since September 2013 to the present day, he has been a member of the Managing Board and chief financial officer of Siemens AG.

He has held various management posts in a number of companies of the Siemens Group; these positions include: Head of Accounting and Treasury of Siemens Ltd. South Africa, Financial Manager of the Angiography and Fluoroscopic and Radiographic Systems of Siemens Medical Solutions and Head of Accounting, Control, Information and Corporate Finance Taxation of Siemens.

Michael Sen

Born in Korschbroich (Germany). He is currently member of the Board of Directors of SIEMENS GAMESA RENEWABLE ENERGY, S.A.

He holds a Degree in business and management administration by the Technical University of Berlin.

He has developed his professional career in Siemens AG holding different posts in the corporate development and corporate finance areas as chief financial officer of the information solutions and applications. Likewise he held the post as senior vice president of strategy transformation and investor relations. For 7 years he worked as chief financial officer of the healthcare sector in Siemens. In 2015 he joined E.ON SE as chief financial officer and since 2017 he is member of the Managing Board of Siemens AG.

(C.1.5)

As additional information to section C.1.5 it shall be pointed out that Siemens Gamesa, in fulfillment of the “Royal Decree-law 18/2017, of November 24, in virtue of which the Code of Commerce, the restated text of the Capital Companies Law approved by the Legislative Royal Decree 1/2010, of July 2, and the Law 22/2015, of July 20, of Accounts Audit are being amended, on non-financial information and diversity”, has applied, during the fiscal year ended on September 30, 2017 and in relation to the Board of Directors and with the “Policy on selecting directors” approved by the Board of Directors on September 23, 2015, the “Diversity and inclusion policy” approved by the Board of Directors on the same date.

The aforementioned diversity policy has as purpose to promote respect for the law, equality and inclusion with the aim of guaranteeing that there is no discrimination by reason of race, gender, marital status, ideology, political opinions, nationality, religion or any other personal, physical or social condition, and also establishes that the employee selection, promotion and training or any other provision will be based on the merits and capabilities required for the different positions.

During the fiscal year ended on September 30, 2017, the Board of Directors approved the appointment, or appointments became effective, of a total of ten directors, who include a diversity of education and professional experience, age, nationality and gender, as can be red in their biographic and professional profiles in the corporate website of Siemens Gamesa.

Further detail about goals, measures taken and implementation method of the diversity policy in relation to the Board of Directors during the fiscal year can be found in the section C.1.5 itself.

(C.1.7)

In addition to the information provided in section C.1.7, Mr. Francisco Javier Villalba Sánchez was external proprietary director of the Company since his appointment on 25 February 2015 at the request of Iberdrola, S.A., subsequently re-elected on 8 May 2015, until his resignation on 29 March 2017.

Likewise, Mr. Gerardo Codes Calatrava was external proprietary director of the Company from his appointment on 14 September 2016 at the request of Iberdrola subsequently re-elected on 25 October 2016, until his resignation on 3 April 2017.

Finally, Mr. Klaus Helmrich was external proprietary director of the Company from his conditional appointment on 25 October 2016, at the request of Siemens AG, which became effective on 3 April 2017, until his resignation on 8 May 2017.

(C.1.11)

In addition to the information provided in section C.1.11, Mr. Markus Tacke held the position of CEO Offshore of Siemens Gamesa as of the effectiveness of the Merger (3 April 2017) until his appointment as member of the Board of Directors and CEO on 8 May 2017.

(C.1.12)

In addition to the information provided in section C.1.12, the following former Directors hold and current Directors held the following posts in the Board of Directors of the following companies listed in official security markets different from the Siemens Gamesa group:

Director's name or company name	Company name of the listed entity	Position
Arregui Ciarsolo, Juan Luis	ENCE ENERGÍA AND CELULOSA, S.A.	Chairman
	CARTERA INDUSTRIAL REA, S.A.	Vice Chairman 1º
Lada Díaz, Luis	INDRA SISTEMAS, S.A.	Member of the Board of Directors and member of the Audit and Compliance Committee
	ENCE, ENERGÍA Y CELULOSA, S.A.	Member of the Board of Directors and member of the Audit Committee
Aldecoa Sagastaldea, José María	VISCOFAN, S.A.	Member of the Board of Directors, member of the Audit Committee and Lead Independent Director
García García, Rosa María	ACERINOX, S.A.	Member of the Board of Directors and member of the Audit Committee (until her resignation on April 4, 2017)
	BANKINTER, S.A.	Member of the Board of Directors and Chairwoman of the Remunerations Committee (until her resignation on April 4, 2017)
Sen, Michael	E.ON SE	Chief Financial Officer (until March 31st, 2017)

(C.1.15)

In addition to the information provided in section C.1.15, please note that:

a) pursuant to articles 45.3 and 45.6 of the Bylaws of SIEMENS GAMESA and as agreed by virtue of the fifteenth resolution of the agenda of the 2015 General Shareholders Meeting, the remuneration of the Company to all directors as fixed annual remuneration and allowances for their dedication and attendance does not exceed the maximum amount of three million euro (€3,000,000) as established by the cited General Shareholders Meeting, as such consideration is compatible with and independent of the remuneration received by executive directors.

b) remuneration to the Board of Directors includes, in accordance with the Annual Directors' Remuneration Report, the amount corresponding to the part of the incentive comprising shares delivered during 2017, which was accrued by the previous Chairman and CEO, Mr. Ignacio Martín, regarding the long-term incentive approved by the 2013 General Shareholders Meeting, whose measurement period concluded on 31 December 2015. The cited amount was calculated by the average listed share price on the resolution date for the shares delivered in fiscal year 2017 (€20.50). In particular, the former chairman and CEO's right to the delivery of 189,759 shares was recognized, verified at 50% (94,880 shares, which amounted to the delivery of 61,672 after the appropriate tax withholding) within the first 90 days of fiscal year 2016 and the remaining 50% (94,879 shares, which amounted to the delivery of 61,671 after the appropriate tax withholding), were delivered during the first 90 days of fiscal year 2017, being this second amount the one included in the remuneration to the Board of Directors of the present 2017 annual corporate governance report.

c) likewise, the remuneration of the Board of Directors includes, according to the Annual Report about the remunerations of the members of the Board, the amounts of the following recognized concepts to the previous chairman and CEO, Mr. Ignacio Martín during the fiscal year: extraordinary bonus linked to the effectiveness of the Merger and severance pay linked to the exercise of the change of control clause and 50% of the non-competition clause implemented at his departure from the Company.

d) the information shown therein does not coincide with the figure in Note 20 of the Individual Report and Note 31 of the Consolidated Report, which form part of the financial statements for fiscal year 2017 as the accounting criteria for the annual accounts does not take into account in its results the first quarter of GAMESA before the effectiveness of the Merger.

(C.1.16)

In addition to the information provided in section C.1.16, please note that:

a) the remuneration to the top management includes the amount corresponding to the part of the incentive comprising shares delivered during 2017, which was accrued by all members of top management regarding the long-term incentive approved by the 2013 General Shareholders Meeting, whose measurement period concluded on 31 December 2015. In particular, Senior Management's right to the delivery of 447,580 shares was recognized, verified at 50% (223,790 shares, though the number of shares actually delivered to each beneficiary was determined after applying the corresponding tax withholding at the average listed share price on the resolution date (€15.81)) within the first 90 days of fiscal year 2016 and the remaining 50% (223,790 shares, though the number of shares actually delivered to each beneficiary was determined after applying the corresponding tax withholding at the average listed share price on the resolution date (€20.50)), were delivered within the first 90 days of fiscal year 2017, being this second amount the one included in the remuneration of the top management of the present 2017 annual corporate governance report.

b) likewise, the figure for the remuneration of the Top Management includes the amount of a severance payment and the amount due to a non-competition clause of a Top Manager, and likewise the extraordinary bonus linked to the effectiveness of the Merger for another Top Manager.

c) the information shown therein does not match the figures in Note 20 of the Individual Report and Note 32 of the Consolidated Report, which form part of the financial statements for fiscal year 2017, as the accounting criteria for the annual accounts does not take into account in its results the first quarter of GAMESA before the effectiveness of the Merger.

d) After the closing of the fiscal year 2017 certain members of the Senior Management left the Company and other joined it. On October 5, 2017 Mr. José Antonio Cortajarena Manchado, General Secretary, ended his relationship with SIEMENS GAMESA and on October 20, 2017 Mr. Jürgen Bartl was appointed new General Secretary. Likewise, Mr. Michael Hannibal, Offshore CEO, left SIEMENS GAMESA with effects on November 1, 2017 and Mr. Andreas Nauen was appointed his substitute as Offshore CEO. At last and as announced, Mr. Andrew Hall, Chief Financial Officer, will leave SIEMENS GAMESA with effects on December 1, 2017 and Mr. Miguel Ángel López will be the new Chief Financial Officer of the Company.

(C.1.17)

In addition to the information provided in section C.1.17, the following external proprietary director, who resigned on 8 May 2017 as member of the Board of Directors SIEMENS GAMESA held the following position as member of the Board of Directors of significant shareholder companies and/or entities of its group in the fiscal year 2017:

Name or company name of the board member	Significant shareholder's name	Post
Helmrich, Klaus	SIEMENS AKTIENGESELLSCHAFT	Member of the Managing Board

The former Director Mr. Gerardo Codes Calatrava held the following relevant relationships, different from those in the previous paragraph, which related them to the significant shareholders and/or in entities of its group:

Related board member's name or company name	Related significant shareholder's name or company name	Relationship description
Codes Calatrava, Gerardo	IBERDROLA, S.A.	Director of Global Regulation Legal Services and Corporate Affairs of the Iberdrola Group

It shall also be pointed out that Mr. Markus Tacke held the post as CEO of Siemens Wind Power Division, part of the SIEMENS Group, until the date of effectiveness of the Merger on April 3, 2017.

(C.1.18)

In addition to the information provided in section C.1.18, the Board of Directors of Siemens Gamesa approved in its meeting held on November 30, 2017 the amendment of the Board of Directors Regulations. The purpose of the amendment has been to: (i) reflect the current corporate name of the Company (Siemens Gamesa Renewable Energy, S.A.); and (ii) adapt the period of notice required to convene the meetings of the Board of Directors and, consequently, provide the directors with all information relevant to the meetings, to two types of scenarios.

(C.1.21)

In addition to the information provided in section C.1.21, the following directors resigned during fiscal year 2017:

- Mr. Francisco Javier Villalba Sánchez, external proprietary director, informed the Company on 29 March 2017, according to Significant Event nº 250139 submitted to the CNMV on 30 March 2017, of his resignation as member of the Board and of the Remunerations Committee.
- Mr. Juan Luis Arregui Ciarsolo, independent director; Mr. Luis Lada Díaz, independent director; Mr. José María Aracama Yoldi, independent director; Mr. Jose María Aldecoa Sagastasoloa, independent director; Mr. José María Vázquez Egusquiza, independent director; and Mr. Gerardo Codes Calatrava, external proprietary director, tendered their resignation to the Company on 19 September 2016 at the approval of the call of the Extraordinary Shareholders' General Meeting of 25 October 2016 so that the composition of the Board of Directors as of the date of effectiveness of the Merger complied with the Common Terms of Merger. Therefore on 3 April 2017 their resignation became effective with the registration of the deed of Merger in the Commercial Registry of Biscay.
- Mr. Ignacio Martín San Vicente, executive director, informed the Company on 8 May 2017, according to Significant Event nº 251768 submitted to the CNMV on 9 May 2017, of his resignation as CEO.
- Mr. Klaus Helmrich, external proprietary director, informed the Company on 8 May 2017, according to Significant Event nº 251768 submitted to the CNMV on 9 May 2017, of his resignation as member of the Board.
- Mr. Luis Javier Cortés Domínguez, independent director, informed the Company on 30 August 2017, according to Significant Event nº 256051 submitted to the CNMV on 1 September 2017, of his resignation as member of the Board and of the Audit, Compliance and Related Party Transactions Committee.

(C.1.29)

In addition to the information provided in Section C.1.29 it shall be pointed out that during fiscal year 2017 the former Executive Committee had two meetings, the former Appointments Committee had two meetings and the former Remunerations Committee had three meetings.

(C.1.30)

In addition to the information provided in section C.1.30, one director was absent for four sessions, one director was absent for two sessions, and three directors were respectively absent for one meeting each of them, and in all these cases the directors delegated their attendance by proxy to another director of the same category yet with no specific instructions.

Likewise, in addition to the information provided in Section C.1.30, in this regard, non-attendance was not considered in cases of directors in a conflict of interest who, according to article 31 of the Regulations of the Board of Directors, refrained from attending and intervening in the deliberations, voting, decision-making and execution of transactions and matters in connection with the conflict.

(C.1.33)

In addition to the information provided in Section C.1.33, the Secretary Director of the Board of Directors, as lawyer and in accordance with article 21.5 of the Regulations of the Board of Directors, has acted in the capacity of legal counsel of the Board of Directors. Article 21.4 of the Regulations of the Board of Directors explains the duties of the Secretary, in addition to the duties assigned thereto by law or the Corporate Governance Standards.

Secretary of the Board of Directors of SIEMENS GAMESA, Carlos Rodríguez-Quiroga Menéndez, also Executive Director thereof, was last reelected to this position by the General Shareholders' Meeting on 20 June 2017.

(C.1.35)

In addition to the information provided in section C.1.35, article 28 of the Regulations of the Audit, Compliance and Related Party Transactions Committee of SIEMENS GAMESA regulate the relationships of the cited committee with the External Auditor. The full text is available at www.siemensgamesa.com and the references indicated in section C.1.35 to the domain www.gamesacorp.com must be understood as addressed to www.siemensgamesa.com, as the Board of Directors, in its meeting held on September 13, 2017, approved the change of the corporate website from www.gamesacorp.com to www.siemensgamesa.com. The change was registered in the Commercial Registry of Biscay on October 24, 2017 and was published in the Commercial Registry Gazette on November 2, 2017, in order to obtain its effectiveness according to article 11 bis of the Capital Companies Law.

(C.1.37)

As a complement to the information provided in section C.1.37, it shall be noted that in the calculation of 0.18% only the fees not audit related have been considered as in previous years, including also those related to the former Gamesa Group for the period between January 1 to April 2, 2017, amounting to 11 thousand euros, divided by the total fees of the auditor (both audit related and not audit related) amounting to 6,089 thousand euros (also

considering those relating to the former Gamesa Group for the period between January 1 and April 2, 2017).

If other attest services amounting 1,580 thousand euros were also consider as part of Amount for other tasks not related to auditing (thousands of euros) and it is only divided between the total audit services (which amount to 4,498 thousand euros), this percentage would represent a 35%.

(C.1.44)

In addition to the information provided in section C.1.44, it shall be pointed out that Siemens Gamesa as Company member of the Siemens AG Group has accessed with effective date of October 1, 2017, to the insurance program of the Siemens Group which includes all risk material damages policy, liability policy, transport, chartering vessels and construction all risk policy. If the Company shall loose the category as member of the Siemens AG Group its right to access the aforementioned insurance program shall be declined.

(C.1.45)

In relation to the information provided in section C.1.45 regarding the CEO it shall be pointed out that his contract, and as included in the Annual report about the remunerations of the members of the Board, an obligation of post-contractual non-competition for a one year period is included which is paid with a base salary payable on a 50% at the termination and the other 50% after six months have passed since termination. Therefore the severance pay of a one year fixed salary included in C.1.45 and the aforementioned post-contractual non-competence obligation equal to a two year of fixed salary remuneration aligned with best practices and in fulfillment of Recommendation 62 of the GGC.

In addition to the information provided in section C.1.45, upon the announcement calling the SIEMENS GAMESA 2017 General Shareholders' Meeting, information was made available to shareholders regarding the safeguard and guarantee clauses regarding members of the top management. In particular, this information was included in the Company's "2016 Annual Corporate Governance Report", which was included in the complementary Management Report of the Annual Financial Statements corresponding to the year ended on 31 December 2016.

(C.2.1)

In addition to the information provided in section C.2.1 the references indicated to the domain www.gamesacorp.com must be understood as addressed to www.siemensgamesa.com, as the Board of Directors, in its meeting held on September 13, 2017, approved the change of the corporate website from www.gamesacorp.com to www.siemensgamesa.com. The change was registered in the Commercial Registry of Biscay on October 24, 2017 and was published in the Commercial Registry Gazette on November 2, 2017, in order to obtain its effectiveness according to article 11 bis of the Capital Companies Law.

Likewise in addition to the information provided in paragraph C.2.1, Mr. Carlos Rodríguez-Quiroga Menéndez held the position of Secretary non-member of the Audit, Compliance and Related Party Transactions Committee until October 16, 2017, date on which the referred Committee approved to appoint Mr. Juan Antonio García Fuentes as Secretary non-member.

Furthermore, Mr. Carlos Rodríguez-Quiroga holds the position as Secretary non-member of the Appointments and Remunerations Committee.

It should also be mentioned that as a result of the merger agreement signed between GAMESA and SIEMENS WINDHOLCO, and as reported to the CNMV on 17 June 2016 via Significant Event No. 239868, an Independent Directors Committee was created, likewise known as Merger Committee, and exclusively made up of independent directors tasked with fostering the Merger until it becomes effective, which occurred on 3 April 2017.

The variations occurring in the committees of the Board of Directors during and since the closure of the fiscal year are listed below:

Executive Committee

Mr. Juan Luis Arregui Ciarsolo, independent director, Mr. Luis Lada Díaz, independent director, Mr. Jose María Aldecoa Sagastasoloa, independent Director and Mr. Gerardo Codes Calatrava, external proprietary director, tendered their resignation to the Company on 19 September 2016 at the approval of the call of the Extraordinary Shareholders' General Meeting of 25 October 2016 so that the composition of the Board of Directors as of the date of effectiveness of the Merger complied with the Common Terms of Merger. Therefore on 3 April 2017 their resignation as members of the Board and of the Executive Committee became effective with the registration of the deed of Merger in the Commercial Registry of Biscay.

Mr. Ignacio Martín San Vicente, executive Director, informed the Company on 8 May 2017, according to Significant Event nº 251768 submitted to the CNMV on 9 May 2017, of his resignation as CEO and subsequently as Chairman of the Executive Committee.

The Executive Committee has no members at the moment and therefore the Committee is not active, even though its formal suppression has not been approved.

Audit, Compliance and Related Party Transactions Committee

The Board of Directors of 4 April 2017, according to the Significant Event 250331 submitted to the CNMV on 5 April 2017, approved the re-naming of the Audit and Compliance Committee to the "Audit, Compliance and Related Party Transactions Committee" and determined at three (3) the number of members of the Audit, Compliance and Related Party Transactions Committee.

The new members of the Audit, Compliance and Related Party Transactions Committee approved by the Board on 4 April 2017 were Ms. Swantje Conrad and Mr. Luis Javier Cortés Domínguez. Ms. Gloria Hernández García remained as Chairwoman of the Committee.

On 30 August 2017 Mr. Luis Javier Cortés Domínguez resigned as member of the Board of Directors and subsequently as member of the Audit, Compliance and Related Party Transactions Committee and this vacancy in the Board and in the aforementioned Committee was fulfilled after the approval by the Board of Directors, in its meeting held on October 20, 2017, of the appointment by co-option of Mr. Alberto Alonso Ureba as independent director of the Company.

Appointments and Remunerations Committee

The Board of Directors of 4 April 2017, according to the Significant Event 250331 submitted to the CNMV on 5 April 2017, approved the merger of the Appointments Committee and the Remunerations Committee into a single committee under the name of “Appointments and Remunerations Committee” and fixed at five (5) the number of members of the Appointments and Remunerations Committee.

The new members of the Appointments and Remunerations Committee approved by the Board of Directors on 4 April 2017 were: Ms. Lisa Davis, Ms. Swantje Conrad, Mr. Klaus Rosenfeld and Ms. Sonsoles Rubio Reinoso. Mr. Andoni Cendoya Aranzamendi remained as Chairman of the merged Committee.

(C.2.5)

In addition to the information provided in section C.2.5 the references indicated to the domain www.gamesacorp.com must be understood as addressed to www.siemensgamesa.com, as the Board of Directors, in its meeting held on September 13, 2017, approved the change of the corporate website from www.gamesacorp.com to www.siemensgamesa.com. The change was registered in the Commercial Registry of Biscay on October 24, 2017 and was published in the Commercial Registry Gazette on November 2, 2017, in order to obtain its effectiveness according to article 11 bis of the Capital Companies Law.

(D.2)

In addition to the information provided in section D.2, this information coincides with Note 33 of the Consolidated Report incorporated in the 2017 Financial Statements, pointing out that the accounting criteria for the annual accounts does not take into account in its results the first quarter of GAMESA before the effectiveness of the Merger. The amount of significant transactions between the Company and/or entities of its Group and Iberdrola, S.A. during the first quarter of 2017, for sale of goods and services, was 247,170 thousand euro.

It should also be noted that the amount attributed to “Received services” of IBERDROLA, S.A., included in cited Note 33 of the Consolidated Report in relation to the period April-September 2017, corresponds to the supply of electricity to facilities of the SIEMENS GAMESA Group by IBERDROLA though this amount was not included in section D.2, since it did not merit consideration as relevant. The amount for “received services” of IBERDROLA, S.A. for the same concept, for the period January-March 2017, was 1,751 thousand euro.

Regarding the amount attributed to “Sales and services rendered” of Siemens Group, included in cited Note 33 of the Consolidated Report (2,223 thousand euro), it shall be remarked that it was not included in Section D.2 as none of its transactions individually did merit consideration as relevant, taking as relevant only those transactions for an amount over 1,000 thousand euro. The same relevance criteria has been applied for those transactions included in “Purchases and services received” of Siemens Group in the same Note 33, having only included in Section D.2 those with an amount over the aforementioned threshold and aggregated by Siemens Gamesa Group companies. The amount of the transactions included in “Purchases and services rendered” of Siemens Group in the referred Note 33 but not included in section D.2 is 32,217 thousand euro.

(D.4)

To complement the information provided in paragraph D.4, please note that:

- a) SIEMENS GAMESA companies established in countries or territories considered to be tax havens according to Law 1080/1991 of 5 July 1991, are classified as operating companies and exclusively carry out ordinary business activities.
- b) SIEMENS GAMESA has no transactions with these companies of the Siemens Gamesa Group in countries or territories considered to be tax havens according to Decree Law 1080/1991 of 5 July, rather they affect other companies in the Group that are parent companies of the different businesses, and these transactions are:

Company name of the entity in its group	Brief description of the transaction	Report (thousands of euros)
Gamesa Singapore Private Limited	Intercompany financing interests	156
Gamesa Cyprus Limited	Intercompany financing interests	(11)
Gamesa Mauritius LTD	Intercompany financing interests	18
Gamesa Mauritius LTD	Intercompany sales and service rendering	47
Gamesa Eolica SL, Jordan	Intercompany sales and service rendering	639
Gamesa Eólica S.L. "Branch Jamaica"	Intercompany sales and service rendering	47

(D.5)

In addition to the information provided in section D.5, this information coincides with Note 33 of the Consolidated Report incorporated in the 2017 Financial Statements, pointing out that the accounting criteria for the annual accounts does not take into account in its results the first quarter of GAMESA before the effectiveness of the Merger. The amount for other related party transactions of the Company, during the aforementioned 2017 first quarter, was 39,887 thousand euro.

2. Within this paragraph can also be included any other information, clarification or array related to previous paragraphs of the report to the extent that they are relevant and not repetitive.

Specifically, indicate whether the company is subject to legislation different from the Spanish legislation on corporate governance and, where applicable, include the information that is required that is different from that specified in this report.

3. The company may also indicate whether it has acceded voluntarily to other ethical principles or codes of good practice, international, regional or other. In that case, the code in question and the date of accession shall be identified. In particular, indicate if the company has acceded to the Good Tax Practices Code, of July 20, 2010.

SIEMENS GAMESA has adhered voluntarily to various codes of ethics or codes of practice, these being the following:

a) "United Nations Global Compact", which is promoted by the United Nations and its goal is the commitment and support to promote the ten principles of human and labor rights, environmental protection and the fight against corruption. SIEMENS GAMESA voluntarily acceded, as of February 2, 2005, and annually publishes a Progress Report (COP) of review of compliance with these principles.

b) "Global Reporting Initiative (GRI)" which is promoted by the NGO Global Reporting Initiative. Its goal is to create an environment for the exchange of transparent and reliable information on sustainability through the development of an application framework common to all kinds of organizations. SIEMENS GAMESA acceded voluntarily as of December 14, 2005.

c) "Caring for Climate: The business leadership platform", promoted as an initiative of the UN Global Compact. Its goal is the involvement of businesses and governments in taking action on climate change, energy efficiency, reduction of emissions of greenhouse gases (GHGs) and positive collaboration with other public and private institutions. SIEMENS GAMESA acceded voluntarily as of June 18, 2007.

d) "Principles of Empowerment of Women", promoted by UN Women / UN Global Compact of the United Nations and aiming to build stronger economies, establish a more stable and just society, achieve compliance development, sustainability and human rights and improve the quality of life of women, men, families and communities. SIEMENS GAMESA acceded voluntarily as of December 22, 2010.

e) "Code of Conduct for the Development of Wind Farms in the State of New York," sponsored by the Office of the Attorney General of the State of New York (United States) and aiming to promote economic development and renewable energy, and promote public integrity in developing wind farms. SIEMENS GAMESA acceded voluntarily as of March 1, 2012.

f) "Prince of Wales Business Leaders Group on Climate Change" sponsored by The Prince of Wales Corporate Leaders Group on Climate Change. SIEMENS GAMESA has added its signature successively to the releases of Carbon Price (2012), Cancun (2010), Copenhagen (2009) and Poznan (2008) about climate change in the United Nations Framework Convention of the United Nations on Climate Change (UNFCCC). These accessions represent a call from the international business community to foster policies and take actions to combat climate change. SIEMENS GAMESA acceded voluntarily to the "Prince of Wales Business Leaders Group on Climate Change" as of January 21, 2013.

g) "Diversity Charter in Spain", promoted by the Fundación Diversidad, is an initiative supported by the European Commission and the Equality Ministry of Spain, so that the companies that voluntarily sign the Diversity Charter respect the current legislation in opportunity equality and against discrimination, and assume the basic guideline principles established in the declaration. SIEMENS GAMESA acceded voluntarily to the "Diversity Charter in Spain" as of November 3, 2014.

h) "American Business Act on Climate Pledge", promoted by the government of the United States of America with a view to backing the fight against climate change and calling on its parties to adopt a firm commitment at the Paris Summit (COP 21) on 30 November 2015.

i) "Paris Pledge for Action", an inclusive initiative from the French presidency of the COP21 managed by the University of Cambridge Institute for Sustainability Leadership (CISL) that invites companies, regions, cities and investors to join together and take action to further the results of the ONU's Paris Agreement on Climate Change. Over 400 companies, 150 cities and regions, and 120 investors have currently joined this initiative. SIEMENS GAMESA voluntarily adhered to this initiative on 4 December 2015.

Regarding the Code of Good Tax Practices of 20 July 2010, the Board of Directors of SIEMENS GAMESA approved the adherence thereto in its session on 22 February 2017 and on 21 March 2017 the Company was officially incorporated to the list of companies adhered to the Code of Good Tax Practices.

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

Indicate whether any Directors voted against or abstained from the approval of this report.

Yes

No

Name or company name of director who did not vote in favor of the adoption of this report	Reasons (against, abstention, absence)	Explanation of the reasons

Auditor's report on information relating to the internal
control over financial reporting (ICFR) for 2017

SIEMENS GAMESA RENEWABLE ENERGY, S.A.

(Translated from the original in Spanish)

(Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Auditor's report on information relating to the internal control over financial reporting (ICFR) of SIEMENS GAMESA RENEWABLE ENERGY, S.A. for 2017

To the Directors,

At the request of the Board of SIEMENS GAMESA RENEWABLE ENERGY, S.A. (hereinafter the Company), and in accordance with our proposal dated November 24, 2017, we applied certain procedures to the accompanying "ICFR-related information" included in the 2017 Corporate Governance Report (English version pages 63 to 78) for SIEMENS GAMESA RENEWABLE ENERGY, S.A. and subsidiaries (hereinafter the Group), which summarizes the Group's internal control procedures regarding annual financial information.

The Board of Directors is responsible for taking appropriate measures to reasonably ensure the implementation, maintenance, supervision, and improvement of a correct internal control system, as well as preparing and establishing the content of all the related accompanying ICFR data.

It is worth noting that apart from the quality of design and operability of the Group's internal control system as far as annual financial reporting is concerned, it only provides a reasonable, rather than absolute, degree of security regarding its objectives due to the inherent limitations to the internal control system as a whole.

Throughout the course of our audit work on the financial statements, and in conformity with Technical Auditing Standards, the sole purpose of our evaluation of the Group's internal control system was to establish the scope, nature, and timing of the audit procedures performed on its financial statements. Therefore, our internal control assessment performed for the audit of the aforementioned financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial information.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting on Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit carried out in accordance with generally accepted accounting principles, we have not expressed an opinion regarding its efficacy, design, or operational effectiveness regarding the Group's 2017 financial data described in the accompanying ICFR information. Consequently, had we applied additional procedures to those established by the Guidelines mentioned above or had we carried out an audit or a review of the internal control over the regulated annual financial reporting information, other matters have been disclosed which would have been reported to you.

Likewise, since this special engagement does not constitute an audit of the financial statements or a review in accordance with the Spanish Audit Law, we do not express an audit opinion in the terms provided for therein.

The following procedures were applied:

1. Read and understand the information prepared by the Company in relation to the ICFR -which is provided in the Annual Corporate Governance Report disclosure information included in the Directors' Report- and assess whether such information addresses all the required information which will follow the minimum content detailed in section F, relating to the description of the ICFR, as per the IAGC model established by CNMV Circular nº 7/2015 dated December 22, 2015.
2. Make inquiries of personnel in charge of preparing the information described in point 1 above in order to: (i) obtain an understanding of its preparation process; (ii) obtain information making it possible to evaluate whether the terminology employed is in line with reference framework definitions (iii) gather information regarding whether the described control procedures are implemented and functioning within the Group.
3. Review the explanatory documentation supporting the information described in section 1 above, which should basically include everything directly provided to those in charge of preparing the descriptive ICFR information. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the Audit Committee.
4. Compare the information contained in section 1 above with the Group's ICFR knowledge obtained as a result of performing the procedures within the framework of auditing the financial statements.
5. Read the minutes of the Board Meetings, Audit Committee, and other Group committee in order to evaluate the consistency between issues related to the ICFR and information discussed in section 1.
6. Obtain the representation letter related to the work performed, duly signed by those responsible for preparing and authorizing the information discussed in section 1.

As a result of the procedures applied on the ICFR-related information, no inconsistencies or incidents have come to our attention which might affect it.



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This report was prepared exclusively within the framework of the requirements of article 540 of the consolidated text of the Corporate Enterprises Act and by Circular 7/2015 of the Spanish National Security Market, dated December 22, 2015, related to the description of the ICFR in the Corporate Governance Report.

ERNST & YOUNG, S. L.

(Signed on the original)

November 30, 2017