

**ANNUAL CORPORATE GOVERNANCE REPORT  
OF LISTED COMPANIES**

**DATA IDENTIFYING ISSUER**

ENDING DATE OF REFERENCE FINANCIAL YEAR: 09-30-2018

TAX ID N°. A01011253

Company Name:

SIEMENS GAMESA RENEWABLE ENERGY, S.A.

Registered Address:

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

**ANNUAL CORPORATE GOVERNANCE REPORT  
OF LISTED COMPANIES**

**A OWNERSHIP STRUCTURE**

A.1 Complete the following table about the share capital of the company:

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

State whether there are different classes of shares with different rights attaching thereto:

Yes  No

Class	Number of shares	Nominal value per share	Number of voting rights per share	Different rights

A.2 Breakdown of direct and indirect holders of significant shareholdings in the company as of the end of the financial year, excluding directors:

Individual or company name of the shareholder	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct holder of the interest	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

State the most significant changes in the shareholding structure that have occurred during the financial year:

Individual or company name of the shareholder	Date of transaction	Description of transaction

A.3 Complete the following tables about members of the board of directors of the company who have voting rights attaching to shares of the company:

Individual or company name of director	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct holder of the interest	Number of voting rights	
Hernández García, Gloria	1,200		0	0.00 %
Rubio Reinoso, Sonsoles	1,030		0	0.00 %
Cendoya Aranzamendi, Andoni	1,000		0	0.00 %
Rodríguez-Quiroga Menéndez, Carlos	315		0	0.00 %
García García, Rosa María	0		0	0.00 %
Tacke, Markus	0		0	0.00 %
Davis, Lisa	0		0	0.00 %
Thomas, Ralf	0		0	0.00 %
Conrad, Swantje	0		0	0.00 %
Rosenfeld, Klaus	0		0	0.00 %
von Schumann, Mariel	0		0	0.00 %
Sen, Michael	0		0	0.00 %
Alonso Ureba, Alberto	0		0	0.00 %

<b>Total percentage of voting rights held by the board of directors</b>	0.00 %
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Complete the following tables about members of the company's board of directors who hold rights to shares of the company:

Individual or company name of director	Number of direct rights	Indirect rights		Number of equivalent shares	% of total voting rights
		Direct holder	Number of voting rights		
Tacke, Markus	0	0	0	56,180	0.00

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

- A.4 State any family, commercial, contractual or corporate relationships between significant shareholders, to the extent known to the company, unless they are immaterial or result from the ordinary course of business:

Related individual or company name	Type of relationship	Brief description

- A.5 State any commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, unless they are immaterial or result from the ordinary course of business:

Related individual or company name	Type of relationship	Brief description

- A.6 State whether any private shareholders' agreements affecting the company pursuant to the provisions of sections 530 and 531 of the Corporate Enterprises Act have been reported to the company. If so, briefly describe them and list the shareholders bound by the agreement:

Yes  No

Participants in the private shareholders' agreement	% of share capital affected	Brief description of the agreement
IBERDROLA, S.A., IBERDROLA PARTICIPACIONES, S.A. (SOCIEDAD UNIPERSONAL) and SIEMENS AKTIENGESELLSCHAFT	67.07%	In fulfillment of article 531 of the restated text of the Corporate Enterprises Act, approved by the RLD 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 (significant events number 239899 from June 17, 2016, and number 255530 from August 1, 2017). 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) by GAMESA (“Merger”). This shareholders’ agreement governs, among other matters, the relationships of the parties as future shareholders of GAMESA after the Merger, which became effective on April 3, 2017.
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State whether the company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

Yes

No

Participants in concerted action	% of share capital affected	Brief description of the concerted action

Expressly state whether any of such agreements, arrangements, or concerted actions have been modified or terminated during the financial year:

- A.7 State whether there is any individual or legal entity that exercises or may exercise control over the company pursuant to section 5 of the Securities Market Act (*Ley del Mercado de Valores*). If so, identify it:

Yes

No

Individual or company name
SIEMENS AKTIENGESELLSCHAFT

Comments
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 appointed following proposal from SIEMENS AG in the Board of Directors.

- A.8 Complete the following tables about the company’s own (treasury) shares:

**As at year-end:**

Number of direct shares	Number of indirect shares (*)	Total % of share capital
1,698,730	0	0.249

(\*) Through:

Individual or company name of direct holder of the interest	Number of direct shares
<b>Total:</b>	

Explain any significant changes, pursuant to the provisions of Royal Decree 1362/2007, that have occurred during the financial year:

Explain any significant changes
<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)</i>, 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 “<i>Royal Decree 1362/2007</i>”), these issuers must inform the National Securities Market Commission (<i>Comisión Nacional del Mercado de Valores</i> or “<i>CNMV</i>”) 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 2018 fiscal year SIEMENS GAMESA made three announcements of direct acquisitions of treasury stock for reaching or exceeding the 1% threshold of the voting rights since the previous similar announcement. The announcements made are detailed below:</p> <ul style="list-style-type: none"><li>• Announcement dated on 12/01/2017, with a total number of directly acquired shares of 6,873,902, representing a capital share of 1.009%.</li><li>• Announcement dated on 02/26/2018, with a total number of directly acquired shares of 6,808,517, representing a capital share of 1.000%.</li><li>• Announcement dated on 06/21/2018, with a total number of directly acquired shares of 6,864,938, representing a capital share of 1.008%.</li></ul>

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

A.9 Describe the terms and conditions and the duration of the powers currently in force given by the shareholders to the board of directors in order to issue, repurchase or transfer own shares of the company:

On this report's approval date, the authorization given by the Annual 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:

	%
<b>Estimated free-float:</b>	32.679

A.10 State whether there are any restrictions on the transfer of securities and/or any restrictions on voting rights. In particular, disclose the existence of any restrictions that might hinder a takeover of the company through the acquisition of its shares in the market.

Yes

No

Description of restrictions

A.11 State whether the shareholders acting at a general shareholders' meeting have approved the adoption of breakthrough measures in the event of a takeover bid pursuant to the provisions of Law 6/2007.

Yes

No

If applicable, explain the approved measures and the terms on which the restrictions will become ineffective.

A.12 State whether the company has issued securities that are not traded on a regulated market within the European Community.

Yes

No

Specify the different classes of shares, if any, and the rights and obligations attaching to each class of shares.



**B GENERAL MEETING**

B.1 State and, if applicable, describe whether there are differences with the minimum requirements set out in the Corporate Enterprises Act in connection with the quorum needed to hold a valid general meeting.

Yes  No

	<b>Quorum % different from that established in section 193 of the Corporate Enterprises Act generally</b>	<b>Quorum % different from that established in section 194 of the Corporate Enterprises Act for the special circumstances described in section 194.</b>
<b>Required quorum upon 1<sup>st</sup> call</b>		
<b>Required quorum upon 2<sup>nd</sup> call</b>		

<b>Description of differences</b>

B.2 State and, if applicable, describe any differences from the rules set out in the Corporate Enterprises Act for the adoption of corporate resolutions:

Yes  No

Describe how they differ from the rules provided by the Corporate Enterprises Act.

	<b>Qualified majority other than that established in section 201.2 of the Corporate Enterprises Act for the cases set forth in section 194.1 of the Corporate Enterprises Act</b>	<b>Other instances in which a qualified majority is required</b>
<b>% established by the entity for the adoption of resolutions</b>		
<b>Describe the differences</b>		

- B.3 State the rules applicable to the amendment of the by-laws of the company. In particular, disclose the majorities provided for amending the by-laws, and any rules provided for the protection of the rights of the shareholders in the amendment of the by-laws.

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

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

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

Article 31.4 of the Regulations of the General Meeting of Shareholders 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 Corporate Enterprises Act, 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 State the data on attendance at the general meetings held during the financial year referred to in this report and those of the prior financial year:

Date of general meeting	Attendance data				Total
	% of shareholders present in person	% of shareholders represented by proxy	% absentee voting		
			Electronic voting	Other	
03-23-2018	9.01	72.39	0.00	0.00	81.40
06-20-2017	9.42	75.46	0.00	0.00	84.88

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

- B.5 State whether there are any by-law restrictions requiring a minimum number of shares to attend the general meeting.

Yes

No

Number of shares required to attend the general meeting	
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B.6 Section deleted.

B.7 State the address and method for accessing the company's website to access information regarding corporate governance and other information regarding general meetings that must be made 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 Board of Directors of Siemens Gamesa approved, on its meeting dated September 13, 2018, the amendment of the corporate website from [www.gamesacorp.com](http://www.gamesacorp.com) to [www.siemensgamesa.com](http://www.siemensgamesa.com). The modification was registered on the Trade Registry of Bizkaia on October 24, 2017, and was published in the Official Trade Registry Gazette on November 2, 2017 to be fully effective as per article 11.bis of the Corporate Enterprises Act.

The Company's website holds all the mandatory information and content which must be published (directly accessible at <https://www.siemensgamesa.com/es-es/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 Corporate Enterprises Act 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 sections that contain all the content that needs to be included on the listed companies' websites pursuant to the legislation mentioned above. Moreover, such access to the content is also available on the bottom of the home page of the website.

It is also noted that the Company's website contains other of information of interest for shareholders and investors and news referring to the Company's activity

## C STRUCTURE OF THE COMPANY'S MANAGEMENT

### C.1 Board of directors

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

<b>Maximum number of directors</b>	15
<b>Minimum number of directors</b>	5

C.1.2 Complete the following table identifying the members of the board:

Individual or company name of director	Representative	Director classification	Positions 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
Alonso Ureba, Alberto		Independent	Director	10-20-2017	03-23-2018	General Meeting

<b>Total number of directors</b>	13
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State the vacancies on the board of directors during the reporting period:

Individual or company name of director	Class of director at time of vacancy	Date of vacancy

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

C.1.3 Complete the following tables about the members of the board and each member's status:

**EXECUTIVE DIRECTORS**

Individual or company name of director	Position within the company's structure
Tacke, Markus	CEO
Rodríguez-Quiroga Menéndez, Carlos	Director-Secretary of the Board of Directors and Legal Counsel

<b>Total number of executive directors</b>	2
<b>Total % of the board</b>	15.38

**EXTERNAL PROPRIETARY DIRECTORS**

Individual or company name of director	Individual or company name of the significant shareholder represented by the director or that has proposed the director's 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

<b>Total number of proprietary directors</b>	6
<b>Total % of the board</b>	46.15

**EXTERNAL INDEPENDENT DIRECTORS**

Individual or company name of director	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 BMO Private Equity Trust plc (Edinburgh) and a trustee and member of the Finance Sub-Committee at the not-for-profit Whitechapel Gallery (London).</p>
<p>Rosenfeld, Klaus</p>	<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 Hannover (Germany), and the Board of Directors of Schaeffler India Ltd., in Mumbai (India). He is also a member of the Executive Committee of</p>

	<p>the Federation of German Industries (BDI) in Berlin.</p>
Hernández García, Gloria	<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> <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.</p>

<p>Cendoya Aranzamendi, Andoni</p>	<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>
<p>Alonso Ureba, Alberto</p>	<p>Born in Sevilla. He currently holds the position of Member of the Board of Directors and of the Audit, Compliance and Related Party Transactions Committee of SIEMENS GAMESA RENEWABLE ENERGY, S.A.</p> <p>Law Degree and PhD in Law by the Universidad Complutense of Madrid and Chaired Professor of the Universidad Rey Juan Carlos since 1999. Previously he was Chaired Professor in the Universidad of Castilla-La Mancha (1988) and in the Universidad Complutense of Madrid (1993).</p> <p>Practicing lawyer.</p> <p>Founding partner of Ramón y Cajal Abogados, member of its Management Committee and Partner co-director of the Corporate Law practice.</p>



	<p>Previously to this post he led the Corporate Law practice in the law firm Baker McKenzie in the Madrid office. Likewise he is an ex officio member of the Codification General Committee of the Justice Ministry since 1997.</p> <p>In addition to his extensive experience as lawyer he also has wide of experience as member of the Board of Directors at major companies at international level. In this sense, he was member of the Board of Directors of Endesa S.A. (1998-2007) and Zeltia S.A. (1998-2006).</p> <p>He is also a member of the governing boards of prestigious specialist journals and reviews on corporate law and securities market law (<i>Revista de Derecho de Sociedades</i> and <i>Revista de Derecho del Mercado de Valores</i>), being also a member of the Editorial Boards of the <i>Revista de Derecho de la Competencia y la Distribución</i>, the <i>Revista de Derecho Concursal y Paraconcursal</i> and <i>Cuadernos de Derecho y Comercio</i>.</p>
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<b>Total number of independent directors</b>	5
<b>Total % of the board</b>	38.46

State whether any director classified as independent receives from the company or its group any amount or benefit for items other than director remuneration, or maintains or has maintained during the last financial year a business relationship with the company or with any company of its group, whether in the director's own name or as a significant shareholder, director or senior officer of an entity that maintains or has maintained such relationship.

If applicable, include a reasoned statement of the director regarding the reasons for which it is believed that such director can carry out the duties thereof as an independent director.

<b>Individual or company name of director</b>	<b>Description of relationship</b>	<b>Statement of reasons</b>

**OTHER EXTERNAL DIRECTORS**

Identify the other external directors and describe the reasons why they cannot be considered proprietary or independent directors as well as their ties, whether with the company, its management or its shareholders:

Individual or company name of director	Reasons	Company, officer or shareholder with which the director has ties

<b>Total number of other external directors</b>	0
<b>Total % of the board</b>	0

State the changes, if any, in the class of each director during the period:

Individual or company name of director	Date of change	Former class	Current class

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

C.1.4 Complete the following table with information regarding the number of female directors as at the close of the last 4 financial years, as well as the classification of such directors:

	Number of female directors				% of total directors of each class			
	Year T	Year t-1	Year t-2	Year t-3	Year T	Year t-1	Year t-2	Year t-3
<b>Executive</b>	0	0	0	0	0%	0%	0%	0%
<b>Proprietary</b>	4	4	1	2	66.67%	66.67%	33.33%	66.67%
<b>Independent</b>	2	2	1	1	40%	50%	14.29%	14.29%
<b>Other External</b>	0	0	0	0	0%	0%	0%	0%
<b>Total:</b>	6	6	2	3	46.15%	50%	16.67%	25%

- C.1.5 Explain any measures adopted to include on the board of directors a number of women that allows for a balanced presence of men and women.

<b>Explanation of measures</b>
<p>Both, the Appointments and Remunerations Committee and the Board of Directors of SIEMENS GAMESA are aware of the importance of promoting the equality of opportunities between men and women and of the competence to incorporate to the Board of Directors women who fulfill the requirements of capacity, suitability and effective dedication to the position of director.</p> <p>The Article 7.5 of the Regulations of the Appointments and Remunerations Committee contemplates that the duties of the Committee include to “<i>set a representation target for the gender that is least represented on the Board of Directors and prepare guidelines on how to achieve it</i>”.</p> <p>In this regard, section 4 of the Director Selection Policy (the “Policy”), available in the corporate website, approved by the Board of Directors on September 23, 2015 and amended by same body on September 12, 2018, 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. Likewise, as per articles 529 quincecies 3 b) of the Corporate Enterprises Act, the Policy includes the objective that female directors represent, in 2020, at least 30 % of the Board of Directors.</p> <p>This objective matches Recommendation 14 of the Good Governance Code of Listed Companies approved by the CNMV on 18 February 2015 (the “Good Governance Code”).</p> <p>According to the Spanish National Securities Market Commission press release dated October 18, 2018, the presence of women on the board of directors of listed companies reached 18.9% on 2017. It is noteworthy that the current integration of the Board of Directors of Siemens Gamesa (made up of 46% of women), surpasses two years in advance, the 30% target and the referred Spanish average.</p>

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

C.1.6 Explain any measures approved by the appointments committee in order for selection procedures to be free of any implied bias that hinders the selection of female directors, and in order for the company to deliberately search for women who meet the professional profile that is sought and include them among potential candidates:

<b>Explanation of measures</b>
<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 and that they seek the diversity of the members of the Board of Directors; particularly as regards gender, professional experience, competencies, industry knowledge and geographic origin”</i>.</p> <p>Section 4.c) of the “Director selection policy” likewise states that <i>“the selection of directors may not suffer from implied bias that might entail discrimination of any kind, and particularly that might hinder the selection of female directors”</i>.</p>

If there are few or no female directors despite any measures adopted, describe the reasons for such result:

<b>Explanation of reasons</b>
N/A

C.1.6 *bis* Explain the conclusions of the appointments committee regarding verification of compliance with the director selection policy. Particularly explain how said policy is promoting the goal that the number of female directors represents at least 30% of all members of the board of directors by 2020.

The Appointments and Remunerations Committee arrived at the following conclusions in 2018 insofar as verification of compliance with the Director Selection Policy:

- The Appointments and Remuneration Committee confirms that, the Company met during the 2018 fiscal year the requirements stipulated in the law, the Siemens Gamesa Corporate Governance Rules as well as the recommendations of the *Code of Good Governance* in its selection processes and appointment of directors.

- In relation to the compliance, during the 2018 fiscal year, with the Director selection policy of Siemens Gamesa Renewable Energy, S.A. which last version was approved by the Board of Directors during its session on September 12, 2018 relating to the candidates' selection process as well as on the subsequent appointment as member of the Board of Directors, it is stated that the Appointments and Remuneration Committee has expressly verified the same.
- With respect to gender diversity in the make-up of the Board of Directors, Siemens Gamesa exceeds since April 2017 the aim of having the presence of at least 30% women in 2020, as established in the Director selection policy, as the Company has, by the end of 2018 fiscal year, 6 women on its Board of Directors, representing 46% of its members.
- 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 considering the diversity principle, 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 holdings.

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 General Meeting of Shareholders 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 General Meeting of Shareholders 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 General Meeting of Shareholders 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 General Meeting of Shareholders 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 General Meeting of Shareholders on June 20, 2017.

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

- C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding interest is less than 3% of share capital.

Individual or company name of the shareholder	Reason

State whether there has been no answer to formal petitions for presence on the board received from shareholders whose shareholding interest is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If so, describe the reasons why such petitions have not been answered:

Yes

No

Individual or company name of the shareholder	Explanation

- C.1.9 State whether any director has ceased to hold office before the expiration of the director's term of office, whether the director has given reasons to the board and by what means, and in the event that the director gave reasons in writing, describe at least the reasons given thereby:

Name of director	Reason for cessation in office

C.1.10 State any powers delegated to the CEO(s):

Individual or company name of director	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 any members of the board who are directors or officers of companies within the listed company's group:

Individual or company name of director	Name of entity within the group	Position	Does he/she have executive duties?

C.1.12 Identify the directors of your company, if any, who are members of the board of directors of other companies listed on official stock exchanges other than those of your group, which have been reported to your company:

Individual or company name of director	Name of listed company	Position
Rosenfeld, Klaus	Schaeffler AG	CEO (Chief Executive Officer)
	Continental AG	Member of its Supervisory Board and of its Audit Committee
	Schaeffler India Ltd	Member of the Board of Directors
Conrad, Swantje	BMO PRIVATE EQUITY TRUST plc	Member of the Board of Directors
Davis, Lisa	Siemens Aktiengesellschaft	Member of the Board of Directors
Sen, Michael	Siemens Aktiengesellschaft	Member of the Board of Directors

Sen, Michael	Siemens Healthineers AG	President of its Supervisory Board, President of the President Committee, Member of its Audit Committee and President of the Innovation and Finance Committee
Thomas, Ralf	Siemens Aktiengesellschaft	Member of the Board of Directors
Thomas, Ralf	Siemens Healthineers AG	Member of its Supervisory Board and President of its Audit Committee
von Schumann, Mariel	Siemens Ltd India	Member of the Board of Directors

C.1.13 State and, if applicable, explain whether the regulations of the board have established rules regarding the maximum number of boards of companies of which its directors may be members:

Yes

No

Explanation of 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;"><b>Article 10. Incompatibilities for becoming a Director</b></p> <p><i>The following individuals cannot be Directors or, where applicable, natural person representatives of a Legal Entity Director:</i></p> <p>(...)</p> <p><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>(...)"</p>

C.1.14 Section deleted.



C.1.15 State the overall remuneration of the board of directors:

<b>Remuneration of the board of directors (thousands of euros)</b>	3,396
<b>Amount of pension rights accumulated by the current directors (thousands of euros)</b>	167
<b>Amount of pension rights accumulated by former directors (thousands of euros)</b>	0

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

C.1.16 Identify the members of the company's senior management who are not executive directors and state the total remuneration accruing to them during the financial year:

<b>Individual or company name</b>	<b>Position(s)</b>
Chocarro Melgosa, Ricardo	Onshore CEO
Nauen, Andreas	Offshore CEO
Albenze, Mark	Service CEO
Bartl, Jürgen	General Secretary
Lopez Borrego, Miguel Angel	Chief Financial Officer
Mesonero Molina, David	Corporate Development, Strategy and Integration Managing Director
Zarza Yabar, Félix	Internal Audit Director
<b>Total senior management remuneration (in thousands of euros)</b>	<b>7,547</b>

See note (C.1.16) in Section H of this report.

C.1.17 State the identity of the members of the board, if any, who are also members of the board of directors of significant shareholders and/or in entities of their group:

<b>Individual or company name of director</b>	<b>Company name of the significant shareholder</b>	<b>Position</b>
García García, Rosa María	SIEMENS AKTIENGESELLSCHAFT	Chairwoman and CEO of SIEMENS, S.A.
García García, Rosa María	SIEMENS AKTIENGESELLSCHAFT	Chairwoman of SIEMENS HOLDINGS, S.L.U.
Davis, Lisa	SIEMENS AKTIENGESELLSCHAFT	Member of the Management Board
Davis, Lisa	SIEMENS AKTIENGESELLSCHAFT	Chairwoman and CEO of SIEMENS CORPORATION USA

Thomas, Ralf	SIEMENS AKTIENGESELLSCHAFT	Member of the Management Board
Thomas, Ralf	SIEMENS AKTIENGESELLSCHAFT	Member of the Supervisory Board and President of the Audit Committee of SIEMENS HEALTHINEERS, AG
Sen, Michael	SIEMENS AKTIENGESELLSCHAFT	Member of the Management Board
Sen, Michael	SIEMENS AKTIENGESELLSCHAFT	President of its Supervisory Board, President of the President Committee, Member of its Audit Committee and President of the Innovation and Finance Committee of SIEMENS HEALTHINEERS, AG
von Schumann, Mariel	SIEMENS AKTIENGESELLSCHAFT	Member of the Management Board of Siemens Ltd. India

Describe any significant relationships, other than the ones contemplated in the prior item, of the members of the board of directors linking them to significant shareholders and/or companies within their group:

<b>Individual or company name of related director</b>	<b>Individual or company name of related significant shareholder</b>	<b>Description of relationship</b>
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

C.1.18 State whether the regulations of the board have been amended during the financial year:

Yes

No

Description of amendments
<p>The Board of Directors approved the amendment of the Regulations of the Board of Directors at its meetings of November 30, 2017, and March 23, 2018.</p> <p>The first of the referred amendments of the Regulations of the Board of Directors, approved on November 30, 2017, had as main purposes: (i) to have the restated text reflect the new name of the Company (Siemens Gamesa Renewable Energy, S.A.), approved at the Annual General Meeting of Shareholders of the Company held on 20 June 2017 on first call; (ii) to extend from three to six business days the advance period required to call a meeting of the Board of Directors and, therefore, to use best efforts to provide the relevant information for the meeting six business days in advance and, in any event, not less than three business days in advance; and (iii) to maintain the advance period of three business days required to call a meeting of the Board of Directors and, therefore, to provide the relevant information for the meeting, in view of the possible occurrence and upon the actual occurrence of extraordinary circumstances.</p> <p>Hereafter are mentioned the amendments of the Regulations of the Board of Directors approved by the Board of Directors on March 23, 2018: (i) Complete and update the existing wording of article 33 of the Regulations of the Board of Directors according to the articles 230 and 529 ter of the Corporate Enterprises Act, keeping safe the principles of legality, independence and transparency in the approval process of transactions between the Company or its Group with directors, significant shareholders or their related persons, introducing the concept of related significant actions or transactions in order to specially reinforce in such cases the control and supervision mechanisms by the Board of Directors and of the Audit, Compliance and Related Party Transactions Committee; (ii) Preview expressly the development of principles established in article 33 of the Regulations of the Board of Directors by means of a Policy regarding related party transactions which must be approved by the Board of Directors following the report released by the Audit, Compliance and Related Party Transactions Committee, in which, among other matters, the requirements and procedures to be followed for the approval of Related Party Transactions are reinforced, so that their adequacy to the corporate interest is guaranteed and (iii) envisage a procedure for the accelerated approval through framework and prior authorizations in relation to certain Related Party Transactions due to their characteristics and according to the requirements that in this regard will be developed in the Policy Regarding Related Party Transactions.</p>

- C.1.19 State the procedures for the selection, appointment, re-election, evaluation and removal of directors. Describe the competent bodies, the procedures to be followed, and the criteria applied in each of such procedures.

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 Corporate Enterprises Act 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 Meeting of Shareholders 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 the extent to which the annual evaluation of the board has given rise to significant changes in its internal organisation and regarding the procedures applicable to its activities:

<b>Description of amendments</b>
<p>Given that after the recent merger process, Siemens Gamesa has a new members composition in its governance bodies, the main areas in which progress has occurred during current fiscal year have been the increase on efficiency of the operation and optimization of the supervision of critical matters. In particular, the following progress have occurred along this fiscal year:</p> <p>1. Operation:</p> <ul style="list-style-type: none"><li>- The directors welcome program has been updated, including among others, the functions and duties expected from them.</li><li>- It has gone deeper on the directors' training plan, with specific sessions about business key topics.</li><li>- A new procedure for the review and supervision of the related party transactions by the Audit, Compliance and Related Party Transactions Committee of the Board of Directors has been approved.</li><li>- A new Regulation of the Audit, Compliance and Related Party Transactions Committee which considers separately under independent articles the “Functions related to the Ethic and Compliance Division” and the functions referred to “related party transactions” has been approved.</li></ul>

2. Supervision of critical matters:

- The emerging and technological risks have been evaluated in a deeper detail (i.e the cybersecurity).
- The annual action plan of internal auditor has been more regularly tracked.
- A comparative assessment of the directors' remuneration has been done.

C.1.20.bis Describe the process of self-evaluation and the areas evaluated by the board of directors, as it may be assisted by an external consultant, regarding diversity in its composition and powers, the operation and composition of its committees, the performance of the chair of the board and chief executive of the company, and the performance and contribution of each director.

The Board of Directors of Siemens Gamesa evaluates its performance on an annual basis. Thus, on July 26, 2018, the Board of Directors approved the commencement of the evaluation process of the Board of Directors itself, the Audit, Compliance and Related Party Transactions Committee, the Appointments and Remunerations Committee, the Chairwoman of the Board of Directors, and the CEO. For the evaluation of the Board of Directors, the performance and contribution of each member on the evaluation of certain indicators has been considered.

On this fiscal year it was agreed to have PricewaterhouseCoopers Asesores de Negocios, S.L. ("PwC") as external advisor in the evaluation process.

The evaluation process, in which approx. 150 indicators have been analysed, has considered the following fields: (i) the bodies composition, (ii) its operation, (iii) the development of its competences and fulfilment of its duties, and (iv) the relationships with other bodies. In the cases the Chairwoman and the CEO the fields analysed have been: (i) profile, (ii) attendance, (iii) development of its competences and (iv) relationship with other bodies. These fields have been analysed from 3 dimensions: (i) fulfilment of regulatory and internal regulations, (ii) review of the future trend in corporate governance, and (iii) degree of fulfilment of the improvement recommendations pointed out in past evaluation processes. During the evaluation process the external advisor has held individual meetings with all directors.

The process finished on the Board Meeting held on November 23, 2018, with the approval of the evaluation results and the Action Plan for fiscal year 2019.

The conclusions of the evaluation process reflect that more than 95% of the indicators analysed have been complied with and that the operation of the governance bodies of the company has had a very positive development during the fiscal year.

The Action Plan 2019 derived from this evaluation process focusses on the continuous improvement in the efficient operation of the governance bodies. For that, among other improvement areas, work will be done to keep optimizing the efficiency of the Board of Directors and of its Committees meetings, on keep increasing the training plan of the directors, with training sessions on the Board and its Committees (i.e. about business related matters, and about duties and liabilities of the governance bodies), keep encouraging the attendance of different level managers in the governance bodies, and finally, keep aligning the practices of the Audit, Compliance and Related Party Transactions Committee with the Spanish National Securities Market Commission's Technical Guide 3/2017 on Audit Committees and public-interest entities.

C.1.20. *ter* List any business relationships of the consultant or any company of its group with the company or any company of its group.

The business relationships held by the consultant and the companies of its group with Siemens Gamesa Renewable Energy, S.A. during the last fiscal year amounted €2.2 million (representing less than 0.5% of PwC Spain turnover) and were focussed mainly on legal and corporate governance advice and finance related matters.

C.1.21 State the circumstances under which the resignation of directors is mandatory.

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."*

C.1.22 Section deleted.

C.1.23 Are qualified majorities, different from the statutory majorities, required to adopt any type of decision?

Yes

No

If so, describe the differences.

Description of differences
<p>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).</p> <p>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, <i>"removal from the position of this director will require the absolute majority of the members of the Board of Directors."</i></p> <p>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.</p>

C.1.24 Explain whether there are specific requirements, other than the requirements relating to directors, to be appointed chair of the board of directors.

Yes

No

Description of requirements

C.1.25 State whether the chair has a tie-breaking vote:

Yes

No

Matters on which a tie-breaking vote may be cast
<p>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></p>



C.1.26 State whether the by-laws or the regulations of the board set forth any age limit for directors:

Yes  No **X**

Age limit for the chair

Age limit for the CEO  Age limit for directors

C.1.27 State whether the by-laws or the regulations of the Board establish any limit on the term of office for independent directors that is different than the term provided by regulatory provisions:

Yes  No **X**

<b>Maximum number of terms</b>	
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C.1.28 State whether there are formal rules for proxy-voting at meetings of the board of directors, the manner of doing so, and especially the maximum number of proxies that a director may hold, as well as whether any restriction has been established regarding the categories of directors to whom proxies may be granted beyond the restrictions imposed by law. If so, briefly describe such rules.

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 State the number of meetings that the board of directors has held during the financial year. In addition, specify the number of times the board has met, if any, at which the chair was not in attendance. Proxies granted with specific instructions shall be counted as attendance.

<b>Number of meetings of the board</b>	16
<b>Number of meetings of the board at which the chair was not in attendance</b>	0

If the chair is an executive director, state the number of meetings held without the presence in person or by proxy of any executive director and chaired by the lead independent director.

<b>Number of meetings</b>	0
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State the number of meetings held by the different committees of the board of directors during the financial year:

<b>Number of meetings of the audit, compliance and related party transactions committee</b>	18
<b>Number of meetings of the appointments and remuneration committee</b>	7

C.1.30 State the number of meetings that the board of directors has held during the financial year with the attendance of all of its members. Proxies granted with specific instructions shall be counted as attendance.

<b>Number of meetings with the attendance of all the directors</b>	8
<b>% in attendance of total votes during the financial year</b>	93.20

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

C.1.31 State whether the annual individual accounts and the annual consolidated accounts that are submitted to the board for approval are previously certified:

**Yes**  **No**

Identify, if applicable, the person/persons that has/have certified the annual individual and consolidated accounts of the company for preparation by the board:

Name	Position
Tacke, Markus	Chief Executive Officer
Lopez Borrego, Miguel Angel	Chief Financial Officer
Spannring, Thomas	Head of Accounting, Reporting and Controlling

C.1.32 Explain the mechanisms, if any, adopted by the board of directors to avoid any qualifications in the audit report on the annual individual and consolidated accounts prepared by the board of directors and submitted to the shareholders at the general shareholders' meeting.

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

*“e) 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.*

*f) 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.*

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

*(...)*

*i) Supervise 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. In this sense, the Committee shall supervise the main findings of the audit work in conjunction with the auditor and, if necessary, propose adequate measures to the Board of Directors in order to remove the impairments found by the auditor.”*

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

*“a) Oversee the preparation, presentation and integrity of economic and financial and non-financial information relating to the Company and its consolidated Group, as well as the correct delimitation of such group, and raise the recommendations or proposals to the Board of Directors that may deem convenient in this sense. The Committee shall perform its duty of overseeing continuously and, on an ad-hoc basis, when requested by the Board of Directors.”*

*b) Supervise that all periodic economic and financial information (Half-Yearly Financial Reports and the quarterly management statements) 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.*

*c) 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.*

*d) Supervise the reasons why the Company should disclose in its public reporting certain alternative performance measures, instead of the metrics defined directly by accounting standards, the extent to which such alternative performance measures provide useful information to investors and the degree of compliance with the best practices and international recommendations in this respect.*

*e) Be informed of the significant adjustments identified by the auditor or arising from Internal Auditing reviews, and management's position on such adjustments.*

*f) Address, respond to and properly take account of any requests or demands issued, in the current or in previous years, by the supervisory authority of financial reporting to ensure that the type of incident previously identified in such demands does not recur in the financial statements.*

*g) Supervise on a quarterly basis that the financial information published on the corporate website of the Company is regularly updated and matches the information authorized by the Board of Directors and published on the National Securities Market Commission website. Following the supervision, if the Committee is not satisfied with any aspect, it shall notify such aspect to the Board of Directors through its secretary.*

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, 2018:

- appearance on October 16, 2017 regarding the preliminary audit works.
- appearance on November 1, 2017 regarding the auditing work update.
- appearance on November 27, 2017 regarding the audit of the annual financial statements which refer to the fiscal year ended on September 30, 2017.
- appearance on January 26, 2018 regarding the review of the financial statements of the first quarter of the 2018 fiscal year.
- appearance on January 26, 2018 regarding the fees for audit services of 2018 fiscal year.
- appearance on March 12, 2018 regarding the recommendations to improve the system for internal control over financial information.
- appearance on March 12, 2018 regarding the non-audit services rendered by the external auditor.
- appearance on April 27, 2018 regarding the limited review of interim consolidated financial statements on March 31, 2018.
- appearance on July 23, 2018 regarding review of the financial statements of the third quarter of 2018 fiscal year.

The audit reports of the individual and the consolidated financial statements drafted by the Board of Directors have been issued historically without qualifications, as stated in the information available in the corporate website and in the information about Siemens Gamesa included in the Spanish National Securities Market Commission website.

C.1.33 Is the secretary of the board a director?

Yes

No

If the secretary is not a director, complete the following table:

Individual or company name of secretary	Representative

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

C.1.34 Section deleted.

C.1.35 State the specific mechanisms, if any, used by the company to preserve the independence of auditors, financial analysts, investment banks and rating agencies.

1. Mechanisms to ensure the independence of auditors.:

Article 6 of d) of the Regulations of the Audit, Compliance and Related Party Transactions Committee refers to the function of said Committee in relation to the independence of external auditors stating the following main functions:

d) *Ensure the independence of auditors. For such purposes:*

- i. *Establish appropriate relations with the auditor in order to receive information on any matters that could jeopardize the latter's independence.*
- ii. *Supervise 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. *Supervise that the auditor reports on the compliance with the internal quality and independence control system it has in place in the annual certificate submitted to the Committee.*
- iv. *Supervise that remuneration to the auditor does not compromise the quality of its work or its independence and assess any change that may occur in total remuneration to the auditor.*

v. *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.*

vi. *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.*

vii. *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.*

*In order to approve the provision of non-audit services by the auditor, the Committee shall consider: (i) the nature, circumstances and context of the service; (ii) the status, position or influence of the person providing the service and other relations with the Company; (iii) the effects thereof; and (iv) the limit on fees that it can receive annually for such services.*

*Moreover, it shall assess whether the audit firm, based on its expertise and experience, is the most suitable to provide those services; as well as the remuneration for non-audit services, individually or as a whole, in relation to remuneration for audit services and the parameters used by the audit firm to determine its own remuneration policy.*

viii. *In the event of resignation of an auditor, examine the reasons behind this.*

ix. *Supervise the entity's internal policies for compliance with law on prohibitions subsequent to the completion of the audit work.*

On September 23, 2015 the Board of Directors approved a "Policy on communication and contacts with shareholders, institutional investors and proxy advisors", which last version was approved by the same body on September 12, 2018 and sets the principles and appropriate measures which must govern the management and supervision of the information conveyed to the shareholders, and to the markets and the relationships with shareholders, institutional investors and proxy advisors, to protect the exercise of their rights in the context of defense of the corporate interest and warranty the equal and non-discriminatory treatment.

2. Mechanisms to ensure the independence of financial analysts, investment banks and rating agencies.

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, always in strict compliance with the stock exchange regulations.

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.siemensgamesa.com](http://www.siemensgamesa.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.siemensgamesa.com](http://www.siemensgamesa.com)) for one month.

Likewise, *roadshows* 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.

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

C.1.36 State whether the Company has changed the external auditor during the financial year. If so, identify the incoming and the outgoing auditor:

Yes

No

Outgoing auditor	Incoming auditor

If there has been any disagreement with the outgoing auditor, provide an explanation thereof:

Yes

No

Description of disagreements

C.1.37 State whether the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of the fees paid for such work and the percentage they represent of the aggregate fees charged to the company and/or its group:

Yes  No

	Company	Group	Total
<b>Amount of other non-audit work (thousands of euros)</b>	191	153	344
<b>Amount of non-audit work / Aggregate amount billed by the audit firm (%)</b>	4.53	3.64	8.17

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

C.1.38 State whether the audit report on the annual accounts for the prior financial year has observations or qualifications. If so, state the reasons given by the chair of the audit committee to explain the content and scope of such observations or qualifications.

Yes  No

Explanation of reasons

C.1.39 State the consecutive number of years for which the current audit firm has been auditing the annual accounts of the company and/or its group. In addition, state the percentage represented by such number of financial years audited by the current audit firm with respect to the total number of financial years in which the annual accounts have been audited:

	Company	Group
<b>Number of continuous financial years</b>	5	5

	Company	Group
<b>Number of years audited by the current audit firm / Number of years in which the company has been audited (%)</b>	17.86%	17.86%



C.1.40 State whether there is any procedure for directors to hire external advisory services, and if so, describe it:

Yes

No

Describe 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 37 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 26 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 State whether there is any procedure for directors to obtain sufficiently in advance the information required to prepare for meetings of management-level decision-making bodies and, if so, describe it:

Yes

No

Describe 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>“3. The call to convene of ordinary meetings will be carried out in any written form to ensure correct reception, and will be authorized with the signature of the Chairman or the Secretary by order of the Chairman. The call to convene shall be a least six business days in advance, will always include the meeting agenda and best efforts will be made so that the relevant information for the meeting is accompanied with the aforementioned advance of six business days. Exceptionally, information may be provided with a minimum period of at least three business days, the Board of Directors not being able to make a decision if such information has not been made available to the Directors with the aforementioned advance notice. The 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 themselves diligently for the meetings of the Board of Directors and the committees of which they are members.”</i></p>

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.”*

It is also pointed out that, according to article 30.3 of the Regulations of the Audit, Compliance and related Party Transactions Committee, the Audit, Compliance and related Party Transactions Committee *“shall submit to the Board of Directors, at least three days before the meeting, all necessary documentation for the adopting of a decision. No decision shall be adopted if said term is not observed”*.

Also, the Appointments and Remunerations Committee, according to article 23.3 of its Regulations *“shall make its best efforts to submit to the Board of Directors, at least six business days before the meeting, all necessary documentation for the adopting of a decision. Exceptionally, information may be provided with a minimum period of at least three business days”*.

C.1.42 State whether the company has established any rules requiring directors to inform the company —and, if applicable, resign from their position— in cases in which the credit and reputation of the company may be damaged, and if so provide a detailed description:

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 State whether any member of the board of directors has informed the company that such member has become subject to an order for further criminal prosecution upon indictment or that an order for the commencement of an oral trial has been issued against such member for the commission of any of the crimes contemplated in section 213 of the Corporate Enterprises Act:

Yes

No

Name of director	Criminal Case	Comments

State whether the board of directors has analysed the case. If so, provide a duly substantiated explanation of the decision adopted regarding whether or not the director should remain in office or, if applicable, describe the actions taken by the board of directors through the date of this report or that it plans to take.

Yes

No

Decision made / action taken	Duly substantiated explanation

- C.1.44 Describe the significant agreements entered into by the company that go into effect, are amended or terminate in the event of a change in control at the company as a result of a takeover bid, and effects thereof.

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

On December 17, 2015, Siemens Gamesa Renewable Energy Wind Farms, 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 Siemens Gamesa Renewable Energy Wind Farms, S.A.U. 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 subsequently take place, Siemens Gamesa Renewable Energy Wind Farms, S.A.U. must offer the remaining partners direct acquisition of its NEM shares.

On June 17, 2016, effective April 3, 2017, Siemens Gamesa and SIEMENS AKTIENGESELLSCHAFT (Siemens) signed a strategic alliance agreement, featuring a strategic supply contract by virtue of which Siemens became the strategic supplier of gearboxes, segments, and other products and services offered by Siemens Gamesa group. The abovementioned alliance will continue in force during the period during which Siemens: (a) directly or indirectly holds 50.01% of Siemens Gamesa'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 at least 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 and 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'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 at least 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 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.

Likewise, 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.

It shall also 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 lose the category as member of the Siemens AG Group its right to access the aforementioned insurance program shall be declined.

On August 1, 2018, Siemens Gamesa and Siemens entered into an external services agreement for procurement area by virtue of which, during an initial period of 1 year for sourcing services, and 2 years for other procurement services, Siemens Gamesa group shall benefit from the collective negotiation strength. Such agreement will be in force while Siemens remains as mayor shareholder of Siemens Gamesa. Therefore, in case of change of control, both parties are entitled to terminate the agreement with a 6 months prior notice.

Finally, it shall be pointed out that on May 30, 2018 Siemens Gamesa executed a Syndicated Multi-Currency Term and Revolving Credit Facility with a group of domestic and international banks (Significant Event 266275). In the event that any person or group of persons in a concerted manner (a) hold, directly or indirectly, more than 50% of the share capital of Siemens Gamesa; or (b) have the right to appoint the majority of members of the Board of Directors, and therefore exercise control over the Company, each of the participating financial entities may negotiate in good faith for a period of 30 days the maintenance of its commitments derived from the contract. In the event that an agreement is not reached, the financial entity(ies) in question may cancel all or part of the commitments acquired and require full or partial prepayment of their participation in the financing.

C.1.45 Identify on an aggregate basis and provide a detailed description of the agreements between the company and its management level and decision-making positions or employees that provide for severance, guarantee or "golden parachute" clauses upon resignation or termination without cause, or if the contractual relationship is terminated as a result of a takeover bid or other type of transaction.

<b>Number of beneficiaries</b>	104
<b><u>Type of beneficiary</u></b> CEO, Top Management, Managers, and Employees.	<b><u>Description of agreement</u></b> <b>CEO (1 agreement):</b> The CEO, as executive director and in compliance with the "Policy of remuneration of directors" approved by the General Meeting of Shareholders held on June 20, 2017, has a one year fixed salary severance pay.

	<p><b>Top management (5 agreements):</b> The policy currently applied by the Company to the Top Management recognizes the right to receive a severance pay equal to one year of fixed remuneration in case of termination of the relationship provided that it is not a result of a breach attributable thereto or solely to the desire thereof.</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, and could amount up to 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><b>Managers and Employees (98 agreements):</b> The agreements with managers and employees of Siemens Gamesa do not contain, as a general rule, specific severance payment clauses, so in case of termination of the labor relationship the general rule established under labor law shall apply. However, the company has specific severance payment clauses agreed with some managers and employees. The severance payment amount is generally fixed depending on seniority and the remuneration and professional conditions of each of them and the reason for the termination of the manager or employee. A lot of these agreements have been agreed in jurisdictions where this severance pay is a common labor market practice. The warranty clauses of these agreements are lower than one year fixed salary in 80% of cases.</p>
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State whether such agreements must be reported to and/or approved by the decision-making bodies of the company or its group:

	<b>Board of directors</b>	<b>General meeting</b>
<b>Decision-making body approving the provisions</b>	X	

	<b>YES</b>	<b>NO</b>
<b>Is information about these provisions provided to the shareholders at the general meeting?</b>	X	

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

## C.2 Committees of the board of directors

- C.2.1 Describe all of the committees of the board of directors, the members thereof, and the proportion of executive, proprietary, independent and other external directors of which they are comprised:

### AUDIT, COMPLIANCE AND RELATED PARTY TRANSACTIONS COMMITTEE

Name	Position	Classification
Hernández García, Gloria	Chairwoman	Independent
Conrad, Swantje	Member	Independent
Alonso Ureba, Alberto	Member	Independent

% executive directors	0%
% proprietary directors	0%
% independent directors	100.00%
% other external	0%

Explain the duties assigned to this committee, describe the procedures and rules of organisation and operation thereof, and summarise the most significant activities thereof during the year.

<p><u>Functions:</u></p> <p>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.</p> <p>Articles 5 through 14 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 <a href="http://www.siemensgamesa.com">www.siemensgamesa.com</a></p> <p>The duties of the Audit, Compliance and Related Party Transactions Committee primarily refer to the oversight of the Company's internal audit, the review of the internal control systems for drawing up economic and financial information, auditing accounts, the related party transactions, and compliance in the terms established in its regulations.</p> <p><u>Organization:</u></p> <p>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.</p> <p>b) The Board shall encourage the diversity of composition, especially in relation to gender, career experience, skills, sector-specific knowledge and geographical origin and will procure that at least one of the appointed independent directors has knowledge and experience in accounting, auditing or both.</p>
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- 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 the majority; 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, and in any case, the Committee shall have a minimum of four annual meetings. 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:

During 2018, 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. Its most significant actions during the year are included in the annual activities report of the Audit, Compliance and Related Party Committee which is made available to the shareholders on the company's website when convening the Annual General Meeting of Shareholders.

Identify the director who is a member of the audit committee and who has been appointed taking into account the director's knowledge and experience in the areas of accounting, audit or both, and report the number of years that the Chair of this committee has held office.

<b>Name of director with experience</b>	Gloria Hernandez Garcia
<b>Number of years during which chair has held the position</b>	3

## APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Classification
Cendoya Aranzamendi, Andoni	Chairman	Independent
Conrad, Swantje	Member	Independent
von Schumann, Mariel	Member	External Proprietary
Rosenfeld, Klaus	Member	Independent
Rubio Reinoso, Sonsoles	Member	External Proprietary

<b>% executive directors</b>	0%
<b>% proprietary directors</b>	40.00%
<b>% independent directors</b>	60.00%
<b>% other external</b>	0%

Explain the duties assigned to this committee, describe the procedures and rules of organisation and operation thereof, and summarise the most significant activities thereof 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.siemensgamesa.com](http://www.siemensgamesa.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 2018 the Appointment and 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. Its most significant actions during the year are included in the annual activities report of the Appointments and Remunerations Committee which is made available to the shareholders on the company's website when convening the Annual General Meeting of Shareholders.

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

C.2.2 Complete the following table with information regarding the number of female directors comprising the committees of the board of directors as at the close of the last four financial years:

	Number of female directors							
	Year t		Year t-1		Year t-2		Year t-3	
	Number	%	Number	%	Number	%	Number	%
<b>Audit, Compliance and Related Party Transactions Committee</b>	2	66.67%	2	100.00%	2	50.00%	2	50.00%
<b>Appointments and Remuneration Committee</b>	3	60.00%	3	60.00%	N/A		0	0.00%

See note (C.2.2) in Section H of this report.

C.2.3 Section deleted.

C.2.4 Section deleted.

C.2.5 State, if applicable, the existence of regulations of the board committees, where such regulations may be consulted, and the amendments made during the financial year. Also state if any annual report of the activities performed by each committee has been voluntarily prepared.

#### 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.siemensgamesa.com](http://www.siemensgamesa.com)).

The Regulations of the Audit and Compliance were approved by the Company's Board of Directors on 29 September 2004 and were subsequently amended on 21 October 2008, 15 April 2011, 20 January 2012, 24 March 2015, and February 22, 2017.

On April 4, 2017 the Board of Directors approved an amended version of the mentioned Regulations and amended the Committee name to Audit, Compliance, and Related Party Transactions Committee.

Finally, the Board of Directors of the Company approved the amendment of the consolidated wording of the referred Regulations on March 23, 2018 and endorsed the current consolidated wording on July 26, 2018.

These last two amendments of the Regulations of the Audit, Compliance and Related Party Transactions Committee carried out during 2018 fiscal year were executed mainly as a consequence of the new European and Spanish law in relation to audit of accounts, the Royal Decree-Law 18/2017 of November 24, in relation to non-financial information, the approval by the National Stock Exchange Commission, on June 27, 2017, of the “Technical Guide 3/2017 on audit committees at public-interest entities” (the “Technical Guide”), and for the purpose of making technical improvements to the same.

In accordance with article 14 b) 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. Likewise, article 29.1 of the said Regulations point out that the referred Committee “*shall draw up a report on its activities, which must be made available to the shareholders and investors, upon its approval by the Board of Directors when convening the Ordinary General Shareholders' Meeting. Specifically, the report shall contain, inter alia, the composition of the Committee and the criteria and reasons used for the appointment of the members of the Committee and the Committee's opinion on the independence of the auditor*”. Finally, article 30.4 of the said Regulations mention that “*within the first three months following every year end, the Committee shall submit to the Board of Directors for approval a comprehensive report of its work during the previous fiscal year, as established in Article 29.1 of these Regulations*”

#### 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.siemensgamesa.com](http://www.siemensgamesa.com)).

The Appointments and Remunerations Committee Regulations were approved by the Company's Board of Directors on April 4, 2017 and their following amendment was endorsed by the Board of Directors on July 26, 2018. The amendments made to the Regulations during the fiscal year have the purpose of introducing technical improvements to the same.

Article 22 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 Meeting of Shareholders is convened. In this sense, article 23.4 of the mentioned Regulations points out that “*within the first three months following the end of each financial year of the Company, the Committee shall submit to the Board of Directors for approval a report on its work during the prior financial year, as provided in article 22 of these Regulations*”.

C.2.6 Section deleted.

## **D RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS**

D.1 Explain any procedures for approving related-party and intragroup transactions.

### **Procedure for reporting the approval of related-party transactions**

Article 33 of the Regulations of the Board of Directors, regulates the transactions of the Company and the Group with Directors, significant shareholders or their related persons establishing the procedure for the approval of such transactions.

Its two first paragraphs establish the requirement of the approval of said transactions by the Board of Directors, after receiving a report from the Audit, Compliance and Related Party Transactions Committee. The Board of Directors shall thereby endeavor to ensure that transactions with related parties are carried out in accordance with the corporate interest, on arms'-length terms, ensuring transparency in the process and observing the principle of equal treatment of shareholders in the same condition and according to applicable law.

Further to the above and according to paragraph 2 of article 33 of the Regulations of the Board of Directors, the Board of Directors approved on the meeting held on July 26, 2018, the "Policy regarding related party transactions with directors, significant shareholders and parties related thereto" (the "Policy"), which is included in the Corporate Governance Rules of Siemens Gamesa, and is available on the corporate website ([www.siemensgamesa.com](http://www.siemensgamesa.com)) since the day it was approved.

Further, in case of transactions which are qualified as material according the referred Policy, paragraph 3 sets forth the need of an independent expert report, which shall be at the disposal of the Board of Directors before approval of the relevant transaction. Paragraph 4 of article 33 deals with cases of transactions within the ordinary course of business that are customary and recurring and executed at market prices, as well as cases so determined by the Policy, for which a general prior framework approval by the Board of Directors, after receiving a favourable report from the Audit, Compliance and Related Party Transactions Committee, may be sufficient. As settled in paragraph 5 of article 33, the approval by the Board of Directors shall not be required if such transactions simultaneously meet all of the following three requirements: (i) they are conducted under contracts whose terms and conditions are standardised and apply on an across-the-board basis to a large number of customers; (ii) they are conducted at prices or rates established on a general basis by the party acting as supplier of the goods or services in question; and (iii) the amount thereof does not exceed one per cent of the annual revenue of the Company based on the audited annual accounts for the last financial year ended on the date of the transaction in question. Finally, according to Paragraph 6 of article 33, the authorization of a related-party transaction will be necessarily agreed by the General Meeting of Shareholders when the value of a related party transaction exceeds 10% of the corporate assets appearing on the last approved and audited consolidated balance sheet.

The conclusion of a related-party transaction with a Director, or a related person to a Director, would put that Director in a conflict of interest situation, and consequently the article 31 of the Regulations of the Board of Directors will apply where appropriate.

It shall be also pointed out that paragraph b) of article 13 of the Regulations of the Audit, Compliance and Related Party Transactions Committee points out that the referred Committee shall have, among others, as main purpose: “report, prior to their authorization by the Board of Directors or the General Shareholders, as appropriate, any operations or transactions that could represent conflicts of interests:

- (i) with the Company and companies of its Group;
- (ii) with directors of the Company and the Group and their related parties;
- (iii) with shareholders that have a significant holding or are represented on the Board of Directors and their related parties;
- (iv) with senior management and other managers, except if those are part of any company of the Group that has created an audit committee, in which case that committee will be in charge of elaborating the corresponding report, having to inform the Committee; as well as
- (v) any other relevant transaction related thereto, unless unnecessary in accordance with the law or the Corporate Governance Standards.

The Committee shall be able to rely on the corresponding advice of the internal units or departments of the Company in order to issue said report, and may also request outside advice if it so deems necessary”.

See note (D.1) in Section H of this report.

D.2 Describe those transactions that are significant due to the amount or subject-matter thereof between the company or entities of its group and the company’s significant shareholders:

Individual or company name of the significant shareholder	Individual or company name of the company or entity within its group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
Iberdrola, S.A.	Adwen GmbH	Contractual	Sale of goods terminated or not	57,784
Iberdrola, S.A.	Siemens Gamesa Renewable Energy Wind Limited	Contractual	Sale of goods terminated or not	12,683
Iberdrola, S.A.	Siemens Gamesa Renewable Energy S.A. de C.V.	Contractual	Sale of goods terminated or not	197,974
Iberdrola, S.A.	Siemens Gamesa Energia Renovável Ltda.	Contractual	Sale of goods terminated or not	8,383
Iberdrola, S.A.	Siemens Gamesa Renewable Energy Wind, LLC	Contractual	Sale of goods terminated or not	24,987
Iberdrola, S.A.	Siemens Gamesa Renewable Energy Wind, S.R.L.	Contractual	Sale of goods terminated or not	1,374
Iberdrola, S.A.	Siemens Gamesa Renewable Energy, S.A.	Contractual	Sale of goods terminated or not	1,272
Iberdrola, S.A.	Siemens Gamesa Renewable Energy, Eolica, S.L.	Contractual	Sale of goods terminated or not	69,051

Siemens AG	Siemens Gamesa Renewable Energy A/S	Contractual	Purchase of goods terminated or not	144,153
Siemens AG	Siemens Gamesa Renewable Energy GmbH & Co. KG	Contractual	Purchase of goods terminated or not	2,077
Siemens AG	Gamesa Wind (Tianjin) Co. Ltd.	Contractual	Receipt of services	1,508
Siemens AG	Siemens Gamesa Renewable Energy (Shanghai) Co. Ltd	Contractual	Receipt of services	1,100
Siemens AG	Siemens Gamesa Renewable Energy A/S	Contractual	Receipt of services	155,536
Siemens AG	Siemens Gamesa Renewable Energy GmbH & Co. KG	Contractual	Receipt of services	95,731
Siemens AG	Siemens Gamesa Renewable Energy Limited	Contractual	Receipt of services	3,751
Siemens AG	Siemens Gamesa Renewable Energy Pty. Ltd.	Contractual	Receipt of services	1,598
Siemens AG	Siemens Gamesa Renewable Energy S.A.	Contractual	Receipt of services	1,400
Siemens AG	Siemens Gamesa Renewable Energy Inc.	Contractual	Receipt of services	65,841

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

D.3 Describe those transactions that are significant due to the amount or subject-matter thereof between the company or entities of its group and the company's directors or officers:

<b>Individual or company name of directors or officers</b>	<b>Individual or company name of related party</b>	<b>Relation</b>	<b>Nature of the transaction</b>	<b>Amount (thousands of euros)</b>



- D.4 Report the significant transactions made by the company with other entities belonging to the same group, provided they are not eliminated in the preparation of the consolidated accounts and they are not part of the ordinary course of business of the company as to their purpose and conditions.

In any case, report any intragroup transaction with entities established in countries or territories considered to be tax havens:

Name of the entity within the group	Brief description of the transaction	Amount (thousands of euros)

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

- D.5 State the amount of transactions with other related parties.

566,561 thousand euro

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

- D.6 Describe the mechanisms used to detect, determine and resolve potential conflicts of interest between the company and/or its group, and its directors, officers or significant shareholders.

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 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 considered 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 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 *“the waiver shall be preceded by the corresponding report of (a) the Audit, Compliance and Related Party Transactions Committee regarding the operation subject to a possible conflict of interest, in which it will propose the adoption of a related specific resolution, or (b) the Appointments and Remuneration Committee regarding the waiver of fulfillment of contract duties”*.

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 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, 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 of the Company and/or of the companies constituting the Siemens Gamesa Group, as well as any professional of the Company and/or of the companies constituting the referred Group who, by undertaking his/her activity in areas related to the securities markets or having regular, recurring access to Privileged Information, are classified as Affected Persons (as defined in article 6 of Siemens Gamesa’s Internal Regulations for Conduct in the Securities Markets (RIC)) 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, according to article 20 of the RIC 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. Doubt shall be understood to exist whenever, due to a link or any other reason or circumstance, could imply, in the judgement of an impartial, fair-minded observer, a Conflict of Interest in relation to a specific action, service or transaction.

*c) Possible conflicts of interest derived from transactions between the company and/or its group with Directors and significant shareholders:*

Article 33 of the Regulations of the Board regulates the transactions of the Company and its group with directors and significant shareholders or their respective related persons. Section D.1 above details the content of such article so we refer to the same. In any case, the full text of the Regulation of the Board of Directors is available on the corporate website.

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

Article 37 of the Regulations of the Board 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.”*

The Business Conduct Guidelines of the Company approved by the Board on September 12, 2018, dedicate a paragraph to conflict of interest which is applicable to all group professionals regardless of their hierarchical position.

D.7 Is more than one company of the Group listed in Spain?

Yes

No

Identify the subsidiaries listed in Spain:

<b>Listed subsidiaries</b>

State whether they have publicly and accurately defined their respective areas of activity and any possible business relationships among them, as well as those between the listed dependent company and the other companies within the group:

Yes

No

<b>Describe the possible business relationships between the parent company and the listed subsidiary, and between the subsidiary and the other companies within the group</b>

Identify the mechanisms established to resolve possible conflicts of interest between the listed subsidiary and the other companies within the group:

<b>Mechanisms for the resolution of possible conflicts of interest</b>

## **E RISK CONTROL AND MANAGEMENT SYSTEMS**

- E.1 Explain the scope of the company's Risk Management System, including the system for managing tax risks.

Siemens Gamesa Renewable Energy (hereinafter, "the Company" or "Siemens Gamesa") has certain **Risk Control and Management Systems** that are covered by the rules of **Corporate Governance** within a flagship internal framework that we call **ERM** (Enterprise Risk Management). ERM is taken into account at the highest level, based on 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. 5, 9 and 11) and also based on internationally recognised methods (COSO 2004 and ISO 31000:2009).

The **Risk Control and Management Systems within ERM** are promoted by the Board of Directors and Top Management and implemented throughout the organisation.

The **General Risk Control and Management Policy**, which establishes the foundations and general context for the key elements of ERM that are summarised below, sets forth the basis for these systems.

The general risk management process classifies risks in four categories:

- **Strategic:** Risks that are directly influenced by strategic decisions, arise from long-term strategies or are related to top-level objectives
- **Operational:** Risks resulting from day-to-day activities and relating to the effectiveness and efficiency of the company's operations, including performance and return objectives
- **Financial:** Risks resulting from financial transactions and from non-compliance with tax, accounting or reporting requirements
- **Compliance:** Risks resulting from non-compliance with the business conduct guidelines or legal, contractual or regulatory requirements

The ERM process is a continuous cycle intended to proactively manage business risks. It is divided into six phases:

- **Identify:** Aiming to identify significant risks and opportunities (R/Os) that could adversely or positively impact the achievement of the company's strategic, operational, financial and compliance objectives. The identification of R/Os is a continuous process for which everyone is responsible in their day-to-day work. It is based on the "Top-down" and "Bottom-up" approaches throughout the organisation, represented by corporate, business-unit and regional **R/O maps** supported by specific risk management systems and the necessary consistency between "micro- and macro-risk"
- **Evaluate:** Evaluating and prioritising the identified R/Os in order to focus management attention and resources on the most important ones. All identified R/Os are evaluated based on their impact on the organisation and probability of occurrence, taking into account a three-year time period and different perspectives, including effects on business objectives, reputation, regulation and economic matters. ERM is based on net risk, taking into account residual risks and opportunities after the implementation of existing control measures
- **Respond:** Focusing on the definition, agreement and implementation of response plans to manage identified risks by selecting one of our general risk response strategies (avoid, transfer, reduce or accept). Our general response strategy in relation to opportunities is to seize or take advantage of the most significant ones

- **Monitor:** Dealing with appropriate controls and continuous supervision to permit timely notification of significant changes in the R/O situation, of progress on KRIs and of response plans
- **Report and scale:** Focusing on the standardised and structured reporting of identified R/Os. This process provides significant risk information to management
- **Continuous improvement:** Risk management in Siemens Gamesa's ERM evolves based on the application of the principle of continuous improvement, audits, self-assessments, benchmarking, etc., and is based on reviews of the efficiency and effectiveness of the ERM process and compliance with legal and regulatory requirements in order to ensure sustainability

E.2 Identify the decision-making bodies of the company responsible for preparing and implementing the Risk Management System, including the system for managing tax risks.

The **Board of Directors** approves the transactions of high amount, strategic, or those of special tax risk. It is also responsible for establishing general policies and strategies, and for supervising the implementation thereof and the internal reporting and control systems.

The Company's Risk Control and Management Systems are applied by means of an **organisation structured into four levels of defence**:

#### **1 Ownership of risk control**

As owner of the top risks, among other aspects, **the Executive Committee (ExCo)** is responsible for:

- Ensuring and promoting compliance with relevant legal requirements and internal policies
- Applying the Risk Internal Control Policy and the R/O management strategy as a basis for the R/O management process
- Ensuring that risk management and control is integrated into business and decision-making processes
- Defining and proposing the approval of the specific numerical values for the risk limits listed in the specific policies and/or in the annually established targets
- Reporting to the Audit, Compliance and Related Party Transactions Committee on all company-related issues relating to strategy, planning, business development, risk management and compliance

**Business unit directorates:** Each business unit, as the owner of the R/Os for its unit, performs a function at this level similar to that of the ExCo

**Regional Executive Committees:** As owners of the regional R/Os, they perform a function at this level similar to that of the ExCo

**Financial Directorate:** As established in the Investment and Finance Policy, it centralises the management of finance-related risks for the entire Siemens Gamesa Group

**Tax Department:** Reporting to the Financial Directorate, it ensures compliance with the tax strategy and policy, reporting to the control and supervisory bodies on the tax standards and policies applied during the financial year and on the control of tax risks of the entire Group

## **2 Monitoring and compliance**

- **Risk Internal Control Department (RIC):** Part of the Financial Directorate, RIC integrates the ERM and Internal Control functions, participates in defining the risk strategy, in the proper operation and effectiveness of the control systems and in the mitigation of identified risks, and ensures that the executive line assesses everything relating to the Company's risks, including operational, technological, financial, legal, social, environmental, political and reputational risks.
- **Ethics and Compliance Directorate:** Reporting directly to the Board of Directors' Audit, Compliance and Related Party Transactions Committee, this directorate is responsible for the application of the Business Conduct Guidelines and of the Internal Regulations for Conduct in the Securities Market, as well as for supervising the implementation of and compliance with the Crime Prevention and Anti-Fraud Policy and Handbooks.

## **3 Independent assurance**

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

- The Company's application of generally accepted accounting principles, as well as any significant accounting change in relation therewith
- Risks associated with the balance sheet and with functional areas of activity, with the existing identification, measurement and control relating thereto
- The Company's transactions with third parties if they involve a conflict of interest or are transactions with shareholders holding a significant stake in the Company
- Financial information that is regularly or periodically issued to investors and market agents and to securities market regulatory bodies
- Adequacy and integration of internal control systems

## **4 Supervision**

The **Audit, Compliance and Related Party Transactions Committee** is formally responsible for:

- Regularly reviewing the effectiveness of the systems for internal control and management of risks, including tax risks, so as to properly identify, analyse and report on the main risks, as well as analysing together with the statutory auditors the significant internal control system shortfalls that have been identified when performing the audit, without affecting their independence. The Committee may submit recommendations or proposals to the Board of Directors as a result of this review
- Reviewing the risk policies and proposing their amendment or the adoption of new policies to the Board of Directors
- Ensuring that the control and risk management policies identify at least: the various 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 Group consider acceptable; and the measures planned to mitigate the impact of identified risks
- Ensuring that the RIC department participates in defining the risk strategy, in the proper operation and effectiveness of the control systems, and in mitigating identified risks

The **Board of Directors** approves the specific policies on which the risk levels that the Company considers acceptable are based and which are aimed at maximising and protecting the economic value of Siemens Gamesa within a controlled

E.3 Point out the principal risks, including tax risks, that could affect the achievement of business goals.

In the rollout of its strategic and operational planning, Siemens Gamesa faces various risks inherent to the sector in which it carries out its business activities and to the countries in which it does business that could affect the achievement of the business objectives.

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

We provide a brief summary below of the main risks that could affect the achievement of the business objectives and that have been monitored in 2018.

#### **Strategic**

- **Pressure on contribution margin and on MW volumes**, due to factors such as changes in governmental policy decisions, the situation in terms of cost of wind energy as opposed to other energy sources, and the evolution toward an auction-based business model in an increasing number of countries.
- As a result of geographic diversification and an extensive customer and supplier base, Siemens Gamesa is exposed to "**country risk**", understood as an environment where socio-political and security conditions could affect Siemens Gamesa's local interests, such as the effect on the Turkish wind market due to that country's macro situation, processes such as Brexit in the UK, and potential risks resulting from conducting business in countries subject to embargos or sanctions from strategic countries.

#### **Operational**

- **Cyber-attack risks:** As with many other multinational companies, Siemens Gamesa is exposed to the growing threat of increasingly professional cybercrime
- **Supply chain risk:** The geographic diversification of suppliers and potential failures in the supply of critical components and services could have effects on business continuity
- Risk of **cost-reduction processes for certain products not occurring at the necessary rate** to offset price pressure
- Risks relating to **commitments made** in certain contracts with customers that could end up affecting working capital or balance sheet provisions
- Operational risks relating to the launch of **new products** and opening of **new production centres**

#### **Financial**

- **Risks that could affect the strength of the balance sheet**, control of working capital and structure and/or results (including on-going cost improvement), such as significant strategic and/or operational issues that could cause impairments of assets
- **Market price risks:** Siemens Gamesa is exposed to risks relating to fluctuations in commodity prices as well as to tariffs on the import of certain products in some countries, which could affect supply chain costs
- **Exchange rate risk:** Siemens Gamesa engages in transactions with international counterparties in the ordinary course of its business, which lead to revenues in currencies other than the euro and future cashflow for Siemens Gamesa Group entities in currencies other than their functional currency, for which reason it is exposed to risks deriving from changes in exchange rates

- **Interest rate risk:** the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in interest rates. The risk arises whenever the interest terms of financial assets and liabilities are different. Siemens Gamesa uses external sources to finance parts of its operations. Variable-rate loans expose the Group to interest rate risks, while fixed-rate loans expose the Group to fair-value interest rate risk. Variable rates are mainly linked to LIBOR or EURIBOR
- **Tax risks** arising from local and/or global requirements and direct or indirect taxation

**Compliance**

- **Risk of occurrence of serious and/or fatal accidents** with additional effects of delays, damage to assets and reputational loss caused by, among other things, the high risk profile of some work, potential failures in contractor selection, monitoring and qualification processes, and work in emerging market environments with less mature cultures in relation to environmental and health and safety standards.
- **Risk of regulatory and compliance uncertainty** as regards applicable legal requirements and those that could become applicable, as well as control of risks of commission of crimes, including fraud, bribery and corruption.

The Management Report in the Annual Report for financial year 2018 includes additional details on certain risks associated with Siemens Gamesa's activities.

E.4 Identify whether the entity has a risk tolerance level, including one for tax risk.

Top Management establishes the risk strategy and tolerance based on quantitative (indicators) or qualitative variables, allowing it to set the amount of risk that it is prepared to assume to achieve its objectives.

Siemens Gamesa uses 3 levels of risk tolerance: "risk acceptance", "risk monitoring" and "risk escalation". Tolerance is regularly updated, at least each time changes are made to the strategy and/or policies.

Siemens Gamesa essentially has 3 complementary ways of establishing risk tolerance levels:

1) By means of regularly reviewed specific policies and internal regulations, particularly including the following:

- General Risk Control and Management Policy
- Corporate Tax Policy
- Investment and Finance Policy (exchange rate, credit and interest rate risks)
- Excellence Policy (health and safety, respect for the environment, quality and energy efficiency)
- Business Conduct Guidelines
- Crime Prevention and Anti-Fraud Policy
- Cybersecurity Policy

2) The setting of objectives on an annual basis or based on strategic regularity, for indicators that are used to monitor certain risks. These indicators include:

- EBIT, net revenues, net financial debt, CAPEX and working capital
- MW sold and new orders
- Non-quality and other costs
- Frequency index, severity index

In this context, the specific numerical values of the most significant risk limits have been updated during financial year 2018.



3) The use of various perspectives to assess impact according to a number of standards, so that if they are assessed as high or serious risks when combined with their likelihood of occurrence, they are deemed to exceed the tolerance threshold and will require mitigation plans.

For a particular risk identified and assessed as high or severe and for which a risk policy and/or limit has also been exceeded or breached, or if it is anticipated that it could be exceeded or breached, such mitigation actions must be implemented as necessary to reduce the risk below its tolerance threshold.

Each Group company is responsible through its governance bodies for approving the specific risk limits applicable thereto and for implementing the necessary control mechanisms to ensure compliance with the Risk Internal Control Policy and with the specific limits that affect the governance body.

Once the risks (including tax-related risks) threatening achievement of objectives have been identified, the risk owners or those delegated thereby, with the support of the RIC Department and other support functions, assess the risks with a view to identifying their priority and measuring levels of exposure in relation to tolerance levels, so as to establish the required treatment (risk mitigation plans).

E.5 State what risks, including tax risks, have materialised during the financial year.

The risk factors that have materialised during 2018 in the countries and markets in which Siemens Gamesa has done business have had an adverse impact on the group's financial results, the most significant being price pressure.

It is noteworthy that activities in 2019 will be subject to the continuation of these same risk factors in the development of the wind market. The Group also expects to face uncertainties arising from:

- The process of negotiating the United Kingdom's exit from the European Union and the policies adopted by the United States government relating to its tariff policies and embargos on various countries.

E.6 Explain the plans for responding to and supervising the entity's main risks, including tax risks.

The following are noteworthy as particular response and supervision actions that apply to significant risks, including tax-related risks (whether they have materialised or not):

**Strategic**

- Development of new business opportunities, entry into new countries and cost-reduction programmes across all units to mitigate the risk of pressure on margin and volumes
- The possible effects of particular decreases in business due to "country risk" are mitigated by the balanced diversification of sales in other countries/regions and a Security Model that ensures continuity and security of the business, people and assets in the countries in which the Company does business, by managing early warnings and through contingency and emergency plans

**Operational**

- Information Security Model, led and continuously improved by a global and cross-functional Security Committee capable of preventing and mitigating the external threats of cyber-attacks
- In order to minimise supply chain risk, various control activities are carried out at the different stages of the supplier relationship including the development of multiple supply sources and Ethics and Compliance controls
- There is an ongoing reduction in costs through specific programmes with objectives rolled out across all regions, subject to company control and seeking improvements in return in terms of the cost of energy and contribution margin
- Customer commitments are regularly monitored and alternatives are sought in terms of negotiation and reassignment of products
- New products and new product centres are regularly monitored in order to ensure that cost, quality and regulatory compliance are in line with expectations

**Financial**

- Balance sheet risks are prevented/mitigated through continuous monitoring of cash flows and relevant matters relating to the activity that could entail impairment of assets
- Market risk related to commodity prices is mitigated in some cases by using derivative instruments, as well as through negotiation, change in supplier and even redesign of certain components
- Various actions are carried out to reduce exchange rate exposure, particularly including: increase in local content; hedging through derivative financial instruments; monitoring exposure open to fluctuation while complying with the Group's hedging limit; and analysis of currency sensitivity
- The split of outside financing between variable and fixed rates is constantly analysed in order to optimise interest rate exposure and derivative financial instruments are used to reduce interest rate risk
- Tax risks are controlled with various mechanisms established in the Master Rules for Control and Analysis of Tax Risks and include the following: regular reporting to the Company's management and supervisory bodies on compliance with good tax practices; application of the Corporate Tax Policy; and specific control of compliance with tax-related legal requirements by region

**Compliance**

- The risk of serious and fatal accidents is mitigated with various actions, particularly including: strengthening of zero tolerance policy; specific emergency plans for each serious accident and global prevention plans for the regions with worse results; preventive H&S measures before commencing operations in a new country
- The Company has systems for monitoring regulatory changes and crime prevention handbooks in accordance with the requirements of the main regions in which it operates, which include the corresponding specific detection and prevention controls

Additional information on response and supervision plans is included in the annual Management Report and in the Notes to the Annual Accounts for 2018.

In addition to the specific response plans, continuous supervision and monitoring processes are carried out to ensure a proper response to the company's main risks, particularly including the following:

- Control exercised by heads of business units and regions and by the Executive Committee with respect to the evolution of R/O maps and mitigation plans
- Reports to the Board of Directors' Audit, Compliance and Related Party Transactions Committee with respect to the evolution of R/O maps from the head of RIC and individually from the R/O owners to examine significant risks and opportunities

- Insurance of third-party operational risks with annual update and revision of coverage
- External certifications of management system in accordance with OHSAS18001, ISO 14001 and ISO9001
- Internal certifications from Management confirming that the ERM process is implemented as part of the RIC system and ensures that significant risks and opportunities are properly managed
- Declaration of conformance of ERM system to ISO 31000:2009
- Assessments, including independent assessments and assessments by Management, by the internal audit department and by external audit with regard to the effectiveness of the internal control over financial reporting.
- Regular training sessions for managers and senior managers on the Risk Internal Control Policy, integrated R/O management methods and implementation of the ERM methodology
- Internal audits of significant risks conducted by the Internal Audit Directorate

## **F INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN CONNECTION WITH THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFRS)**

Describe the mechanisms making up the risk control and management systems with respect to the process of issuing the entity's financial information (ICFRS)

### **F.1 Control environment at the entity**

Indicate at least the following, specifying the main features thereof:

F.1.1. What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective internal control over financial reporting system (ICFRS); (ii) the implementation thereof; and (iii) oversight thereof.

According to the Company's By-Laws, the Board of Directors shall be responsible, in particular, for preparing the financial statements and the management report corresponding to both the Company and its consolidated group, and the proposed allocation of earnings, as well as for supervising and approving the regular financial information that must be made public due to its status as a listed company.

Within this framework, the Board of Directors of Siemens Gamesa is therefore ultimately responsible for ensuring the existence and maintenance of an adequate Internal Control over Financial Reporting System (ICFRS), which supervision is delegated thereto in accordance with the powers 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. Moreover, the Management of the Siemens Gamesa Group is responsible through its Financial Department for the design, implementation and maintenance of the ICFRS.

In turn and in support of the Board of Directors' Audit, Compliance and Related Party Transactions Committee, the Company has an Internal Audit function, which has direct access to the aforementioned Committee and by performing its annual work plan reinforces control relating to the reliability of the financial information.

The Regulations of the Audit, Compliance and Related Party Transactions Committee of the Board of Directors establish that it is within the purview of said Committee to supervise the effectiveness of the Company's internal control system and the systems for the management of risks, including tax risks, as well as to analyse with the statutory auditors any significant internal control shortfalls that are identified in the course of the audit and supervision of the process of preparing and filing the regulated financial information.

In relation to the powers relating to the process of preparing the economic and financial information, the Audit, Compliance and Related Party Transactions Committee performs the following functions, among others:

- Supervising the process of preparation, filing and integrity of the economic and financial and non-financial information relating to the Company and to its consolidated Group, as well as the proper definition of the Group, and submitting to the Board of Directors the recommendations or proposals that it deems appropriate in this regard. The Committee must perform this supervisory work on an ongoing basis, as well as upon a specific request from the Board of Directors.
- Supervising the preparation of the regular economic and financial information (half-yearly financial reports and quarterly management reports) with the same accounting standards as the annual financial information and for such purpose proposing to the Board of Directors that the statutory auditor conduct a limited review thereof, if applicable.
- Supervising compliance with legal requirements and the proper application of generally accepted accounting principles, and informing the Board of Directors of any significant change in accounting standards.
- Monitoring the reasons for which the Company breaks down certain alternative performance measures in its public reporting instead of the measures directly defined by accounting regulations, the extent to which they provide useful information to investors and their degree of compliance with the provisions of best practices and international recommendations in this area.
- Being informed of the significant adjustments identified by the statutory auditor or resulting from the reviews conducted by Internal Audit and the position of the management team regarding said adjustments.
- Properly attending and responding to and taking into account notices or demands sent by the public financial reporting supervisor in the current or previous financial years, ensuring that the same kind of incidents as previously identified in such notices or demands are not repeated in the financial statements.
- Monitoring on a quarterly basis that the financial information published on the Company's corporate website is regularly updated and reflects that which has been approved or drawn up by the Board of Directors and published on the website of the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*). If the Committee is not satisfied with any aspect after such monitoring, it shall notify the Board of Directors of its opinion through its secretary.

In relation to the internal control and risk management systems:

- Receiving regular reports from management on the functioning of existing systems and on the conclusions of any tests conducted on such systems by internal auditors or by any other professional specifically engaged for such purpose, as well as regarding any significant internal control shortfall that the external auditor has identified in the course of its statutory auditing work. The Committee may submit recommendations or proposals to the Board of Directors as a result of this supervision.
- At least annually, supervising the risk policies and proposing their amendment or the adoption of new policies to the Board of Directors.

- Supervising that the control and risk management policies identify at least:
  - i. The different types of risk (operational, technological, financial, legal, tax, reputational, climate, social, etc.) that affect the Company and its Group, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
  - ii. The risk levels that the Company and the Siemens Gamesa Group deem acceptable in accordance with the Corporate Governance Rules.
  - iii. The measures established to mitigate the impact of identified risks should they materialise.
  - iv. The reporting and internal control systems used to control and manage risks.
- At least annually, supervising the assessment of the most significant financial and non-financial risks and the established tolerance levels.
- Ensuring that the risk department participates in defining the risk strategy, in the proper functioning and effectiveness of the control systems and in mitigating identified risks.
- At least annually, holding a meeting with each one of the business heads of the Group at which they explain the trends in their respective business and the risks associated therewith.

Siemens Gamesa has a Risk Internal Control Department (RIC) that reports hierarchically to the Finance Department and regularly to the Board of Directors' Audit, Compliance and Related Party Transactions Committee. The RIC department is responsible for establishing and monitoring the effectiveness of an integrated risk and internal control system, including the ICFRS. This Group control model is based, maintained and valued through a single tool named "RIC tool", which has implied the harmonization of the different tools existing before the merger, in one single application.

F.1.2. Whether any of the following are in place, particularly as regards the financial information preparation process:

- Departments and/or mechanisms in charge of: (i) the design and revision of the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of work and duties; and (iii) ensuring that there are sufficient procedures for the proper dissemination thereof at the entity.

In relation to the definition of the organisational structure, the regulations of the Board of Directors establish that the Appointments and Remuneration Committee must inform the Board of the proposals for appointment and removal of Top Management and must also report on the remuneration conditions and terms and conditions of the employment contracts thereof prior to their approval by the Board.

The Group's Executive Committee is responsible for defining, designing and reviewing the organisational structure. It assigns functions and tasks, ensuring appropriate separation of functions and that the areas of the various departments are coordinated so as to achieve the Company's objectives.

The Human Resources Directorate is responsible for supervising the organisational design of the Company and for procuring the standardisation thereof. The Communications Directorate communicates the significant changes in the organisation via internal communication, mainly through the corporate intranet and email.

The Human Resources Directorate also maintains and publishes the Company's organisational chart on the corporate intranet.

The Group has clearly defined lines of authority and responsibility for purposes of preparing the financial information. The General Financial Directorate (GFD) has the main responsibility for preparing the financial information.

The GFD is responsible for the existence and proper dissemination within the Group of the internal control policies and procedures that are necessary to ensure reliability in the process of preparing the financial information. The GFD also plans the key dates and reviews to be carried out by each responsible area.

The Group has financial organisational structures that are adapted to the local needs of each region in which it operates, led by a Financial Officer whose duties include the following:

- Designing and establishing appropriate local organisational structures for the performance of the financial tasks assigned thereto.
- Integrating the corporate financial policies defined by the Group into local management.
- Adapting the corporate accounting and management systems to local needs.
- Complying with the procedures covered by the Group's Internal Control over Financial Reporting System (ICFRS) and ensuring proper separation of functions at local level.
- Implementing and maintaining control models by means of corporate IT tools.

Specifically, and as regards the model for the ICFRS, the existing organisational structure has sufficient resources for the proper functioning thereof, with centralised guidelines that are controlled and supervised at central group level and with local-level implementation in each region with the aim of providing detail on the processes considered key for the Company.

- Code of conduct, body that approves it, degree of dissemination and instruction, principles and values included (indicating whether the recording of transactions and the preparation of financial information are specifically mentioned), body in charge of reviewing breaches and of proposing corrective actions and penalties.

Siemens Gamesa has approved Business Conduct Guidelines (replacing the previous Code of Conduct), the current version of which was approved by its Board of Directors on 12 September 2018. The Business Conduct Guidelines define the attitude of Siemens Gamesa in relation to the conduct of a responsible business and describe how Siemens Gamesa fulfils its responsibilities as a company: as an employer, in our markets, in society and towards the environment. This Business Conduct Guidelines are available both in the corporate website and in the internal intranet, having been subject to a specific communication by the Chief Executive Officer.

Regarding the Siemens Gamesa Group's economic and financial information, as an international company it is committed to transparent, clear, truthful, complete and consistent reporting to investors, employees, customers, institutions and governmental agencies.

More specifically, the Business Conduct Guidelines state that "economic and financial information concerning Siemens Gamesa and its Group – especially the Annual Accounts - shall faithfully reflect the company's economic, financial and equity reality, in accordance with generally accepted accounting principles and international financial reporting standards. For these purposes, Siemens Gamesa will not conceal or distort the information in the accounting records and reports of Siemens Gamesa or its Group, which shall be complete, precise and accurate. Siemens Gamesa will apply the controls established by the Internal Control over Financial Reporting System (ICFRS), the objective of which is to ensure the reliability of the Company's financial information, to all the Group's companies and in their respective areas of responsibility".

Among other aspects and in relation to the Business Conduct Guidelines, the Compliance Directorate, which reports functionally to the Board of Directors' Audit, Compliance and Related Party Transactions Committee, is responsible for resolving doubts that may arise and for receiving any queries or complaints via the established channels that are referred to in the Business Conduct Guidelines for actions that are unethical, lack integrity or conflict with the principles included therein.

Finally, the Business Conduct Guidelines also refer to the principles and values relating to the general risk management and control policy and provide that within the area and scope of their duties, Group professionals must be proactive agents in the risk prevention culture by integrating risk management into their activities and projects. The Business Conduct Guidelines identify and describe the corresponding principles of conduct.



- Reporting channel that makes it possible to report any irregularities of a financial or accounting nature to the audit committee, as well as any possible breach of the code of conduct and irregular activities at the organisation, specifying, if appropriate, whether it is confidential.

In accordance with the provisions of the Business Conduct Guidelines and of article 10.g of the Regulations of the Audit, Compliance and Related Party Transactions Committee of the Board of Directors with respect to the duties of the aforementioned Committee relating to the Corporate Governance area, Siemens Gamesa has developed a mechanism known as the Compliance Whistleblower Hotline that allows its employees to confidentially report any potentially significant irregularities, with express reference to financial or accounting improprieties that they discover within the company.

The Board of Directors' Audit, Compliance and Related Party Transactions Committee is responsible for establishing and supervising the Compliance Whistleblower Hotline, which Siemens Gamesa manages through its Compliance Directorate according to the conditions and powers set forth in the Compliance Handbook, which form part of the internal regulations and which develop its operation and conditions for use, access, scope and other aspects.

As established by our internal regulations, in articles 12.b and 12.c of the Regulations of the Audit, Compliance and Related Party Transactions Committee of the Board of Directors, the Compliance Directorate has the duty of assessing and reporting on the level of compliance with the Business Conduct Guidelines; it will submit such reports to the Audit, Compliance and Related Party Transactions Committee with information on suggestions, concerns, proposals and breaches.

It is for the Compliance Directorate, upon receipt of a written complaint that satisfies a series of requirements and minimum content, to decide whether it is appropriate to process or file such complaint.

If there is evidence of an infringement of the Business Conduct Guidelines, a confidential case file will be opened and such actions as are deemed necessary may be commenced, particularly interviews with the parties involved, witnesses or third parties considered capable of providing useful information and collection of such paper or electronic documents as are required. Assistance may be obtained from other areas of the Company if deemed suitable, as well as from independent experts (establishing an investigative team).

Upon conclusion of the complaint procedure, the investigative team will prepare a report that will contain at least a description of the context of the investigation, its findings, the legal advice on such findings and the actions to rectify the problem.

The Disciplinary Committee (made up of the General, Financial, Legal, Compliance and Human Resources directorates) is responsible for establishing the relevant disciplinary measures for cases of breach of the Business Conduct Guidelines, which are in all cases proportionate to the severity of said breaches.

If the Compliance Directorate finds evidence of unlawful conduct when processing the case and preparing the report, it will inform the Legal Department for purposes of assessing whether the competent legal or administrative authorities must be informed.

- Regular training and update programmes for personnel involved in the preparation and review of financial information, as well as in the evaluation of the internal control over financial reporting system, covering at least accounting standards, auditing, internal control and risk management.

Siemens Gamesa has staff recruitment procedures and processes in place to identify and define all selection and recruitment process milestones ensuring that new employees are qualified to perform the responsibilities associated with their position.

A main line of action for Siemens Gamesa is managing employee knowhow through the identification, retention and development of the required talent and knowhow, in addition to ensuring the proper transfer thereof.

In this context, Siemens Gamesa has processes and tools to determine the level of performance and development needs for the people who make up Siemens Gamesa.

The staff directly and indirectly responsible for actions in the financial and accounting area have been subject to previously established selection and recruitment processes. Their training needs are also analysed in internal development processes. In this context, they have the necessary professional qualifications and expertise to perform their duties, in terms of both applicable accounting standards and internal control-related principles. These staff are kept continuously up-to-date with applicable regulatory requirements.

Specifically, the Compliance Directorate provides various training sessions on the Business Conduct Guidelines (or the former Code of Conduct), the regulations on prevention of conflicts of interests, the Crime Prevention and Anti-Fraud Policy and the Whistleblower channel.

## F.2 Risk assessment of financial information

Indicate at least the following:

F.2.1. What are the main features of the risk identification process, including the process of identifying the risks of error or fraud, with respect to:

- Whether the process exists and is documented.

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

As stated below, there is a model aimed at identifying the effects of the various types of risk. However, and specifically for risks relating to financial information, an internal control model is applied with a “top-down” approach to identification of risks based on the most significant accounts in the financial statements and taking into account parameters relating to the impact, likelihood of occurrence, and characteristics of the accounts and of the business process.

The process of identifying risks with a potentially significant impact on the Financial Statements takes into account quantitative aspects such as the aggregate percentage that they represent of the individual company/account with respect to assets, revenues, earnings and other qualitative aspects.

The qualitative risk factors include aspects relating to:

- Nature of the account: volume of transactions, judgment required, complexity of accounting principle, external conditions.
  - Nature of the process: complexity of process, centralisation/decentralisation, automation, third-party interaction, experience/maturity of the process.
  - Risk of fraud: degree of estimation and judgment, common schemes and frauds in the relevant sector/market, geographic regions, unusual and complex transactions, nature of automation, urgent transactions, relationship with compensation systems.
- Whether the process covers all the objectives of financial information (existence and occurrence; completeness; assessment; presentation, breakdown and comparability, and rights and obligations), whether it is updated, and how often.

The process has been designed taking into account the financial reporting objectives set forth in the internal financial reporting document in listed companies issued by the CNMV in June 2010.

In the above context and in the case of processes associated with economic or financial information, the process has been focused on analysing events that could affect the financial reporting objectives relating to:

- Integrity.
- Validity.
- Valuation.
- Deduction.
- Records.
- Presentation and breakdown.

The risk assessment model for the achievement of objectives related to the reliability of financial information identifies the critical risks and processes on an annual basis and in a systematic and objective manner.

- The existence of a process for the identification of the scope of consolidation, taking into account, among other matters, the possible existence of complex corporate structures, holding entities or special purpose entities.

In accordance with the recommendations of the Unified Code of Good Governance, article 7.3.b.iv of the Regulations of the Board of Directors establishes the power to approve the creation or purchase of stocks in special-purpose entities or entities in countries or territories that are considered tax havens according to applicable law.

Additionally, and in this context, the Group's corporate tax policy states that in carrying out its activities, Siemens Gamesa shall follow the principles of an orderly and diligent tax policy that materialises in the commitment to:

- Avoiding the use of artificial and/or opaque structures for tax purposes, with the latter understood as those used to keep the competent Tax Authorities from knowing the final party responsible for the activities or the ultimate owner of the property or rights involved.

- Not organising or acquiring companies residing in tax havens in order to avoid tax obligations.

The Siemens Gamesa Group also maintains a continuously updated record of all the legal entities that sets forth all the equity interests it directly or indirectly holds, whatever the nature thereof, including if applicable shell companies and special-purpose entities.

For purposes of identifying the scope of consolidation, in accordance with the standards established in international accounting regulations, the company maintains and regularly updates a database containing all the companies that make up the Siemens Gamesa Group.

The Group has an established process within the Financial Department that ensures the necessary flow of approvals in relation to changes in the scope of consolidation and updates to the database of companies.

In this context, the sub-process of identifying the scope of consolidation is developed in the established internal control over the financial reporting system and as part of the consolidation priority process.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

Siemens Gamesa has implemented a risk management process based on the COSO method and on standard ISO 31000:2009 within the **ERM** (Enterprise Risk Management) internal benchmark framework and which, in accordance with the Risk Internal Control Policy, takes into account four risk categories that are each in turn made up of other sub-categories:

- **Strategic:** Risks that are directly influenced by strategic decisions, arise from long-term strategies or are related to top-level objectives.
- **Operational:** Risks resulting from day-to-day activities and relating to the effectiveness and efficiency of the company's operations, including performance and return objectives.
- **Financial:** Risks resulting from financial transactions and from non-compliance with tax, accounting and/or reporting requirements.
- **Compliance:** Risks resulting from non-compliance with the Business Conduct Guidelines or legal, contractual or regulatory requirements.

The methodology applied translates into a risk map that is updated regularly (normally on a quarterly basis).

- What governance body of the entity supervises the process.

The process is ultimately supervised by the Board of Directors' Audit, Compliance and Related Party Transactions Committee, which is supported by the Internal Audit Directorate in the performance of its duties.

### F.3 Control activities

Indicate whether at least the following are in place and describe their main features:

F.3.1. Procedures for review and authorisation of financial information, and description of the internal control over financial reporting system to be published in the securities market, indicating the persons or divisions responsible therefor, as well as documentation describing the flows of activities and controls (including those relating to risk of fraud) of the various types of transactions that could materially affect the financial statements, including the closing process and the specific review of significant judgements, estimates, assessments and projections.

The Board of Directors is the highest-level body responsible for supervising and approving the financial statements of the Siemens Gamesa Group.

The Group sends information to the securities market on a quarterly basis. The Financial Directorate prepares said information, carrying out a series of control activities during the accounting close in order to ensure the reliability of the financial information. These controls are included within the "Consolidation and Financial Close" process in the Group's ICFRS model.

On a monthly basis, the Finance Department provides the various departments involved in the accounting closing process with plans and guidelines so that each department can prepare the financial information, as well as the date on which it must be reported.

The Group's financial statements are subject to the following review levels:

- Review by the Financial Directorate.
- Review by Internal Audit
- Review by the Board of Directors' Audit, Compliance and Related Party Transactions Committee.
- Approval by the Board of Directors (half-yearly and annual).

The annual accounts and interim financial statements summarised on a half-yearly basis are also subject to audit and limited review, respectively, by the statutory auditor.

On a quarterly basis, there is an internal certification process throughout the Siemens Gamesa Group. The Management of the different organisational levels, backed by the confirmations from the business management units as well as the management of the companies of the Siemens Gamesa Group, confirms the accuracy of the financial data disclosed to Corporate Management, regulatory and legal compliance, certification of the bank accounts and independence vis-à-vis the external auditor of the Siemens Gamesa Group.

There is also an assessment of the design and operational effectiveness of the implemented control system at the end of each financial year. The Management of the different organisational levels, backed by the management of the companies of the Siemens Gamesa Group, confirms fulfilment of its responsibility to establish and maintain an effective internal control system. Reports are produced on the effectiveness of the internal control systems, including the shortfalls that could hinder the achievement or development of the key business objectives or those with a material impact on the financial statements.

The financial statements are prepared based on a reporting calendar and delivery dates that are known to all the participants in the process, taking into account the legally established deadlines.

As mentioned in the previous section, the control activities designed to cover the previously identified risks are performed both at Management 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 perspective, by identifying the corresponding processes and sub-processes according to the various local organisational structures.

The processes considered to have a risk of material impact on the preparation of the financial information are represented through risk and control flowcharts and matrices that identify the relevant control activities.

We consider the control activities relating to the following aspects to be particularly relevant:

- Recognition of earnings, degree of progress and collection.
- Capitalisation of wind farm promotion expenses.
- Provision for guarantees.
- Material assets.
- Hedging management.
- Procurement.
- Consolidation and Financial Close.
- Test of recovery of Goodwill.

During 2018 and within the context of continually improving the model, Siemens Gamesa has continued to work on optimisation and adaptation thereof to the best practices in the sector.

The established system is a continuous process insofar as those responsible and the owners of the internal control processes prepare, review and update the activities and control procedures with the support of the RIC Department.

F.3.2. Policies and procedures of internal control over reporting systems (including, among others, security of access, control of changes, operation thereof, operational continuity and segregation of duties) that provide support for the significant processes of the entity in connection with the preparation and publication of financial information.

The Management of Siemens Gamesa recognises information and the assets it supports as strategic assets for the business, for which reason it expresses its resolve to achieve the security levels necessary to ensure the protection thereof in terms of availability, confidentiality, integrity, authentication and traceability.

As part of this commitment, Siemens Gamesa has a security policy manual that applies in all areas of the company, the objective of which is to preserve the confidentiality, integrity and availability of the information.

Specifically, and within the scope of the ICFRS model, Siemens Gamesa has developed a process of general information technology systems controls. This process has in turn been broken down into various sub-processes, for which various controls have been designed and established.

For the companies that make up the Group, these sub-processes and 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 the regular production of backup copies of information in separate physical locations, and a policy for review and control of the integrity of the copies made.
- **Security of physical access to the Data Processing Centre (CPD):** Among other physical control activities, the IT department restricts access to authorised personnel in various areas in which key IT elements of the Company are located. Said locations are monitored with appropriate control and security systems.
- **Internal and external security of software access:** At the software security level there are defined, configured and implemented techniques and tools enabling restriction of access to computer applications and information databases to authorised personnel only, based on their role/function, by means of control procedures and activities including review of users and assigned roles, encryption of sensitive information, managing and regularly changing access passwords, control of unauthorised downloads of computer 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 for new computer applications, for definition of versioning policies and maintenance of existing applications and their associated action plans, for definition of the various application implementation and migration plans, for validation and control of changes in the creation of applications, and for risk management via separate environments for operation and tests and simulation. There are also controls relating to ensuring that applications have been verified and updated by the respective competent authorities before live launch thereof.
- **Controls relating to the separation of functions:** Approved matrix for separation of functions, according to which the different roles are assigned to users in accordance with identified needs, with no exceptions permitted. Regular review and approval of the different assigned roles, as well as reassignments, updates, elimination of users, verification of infrequent or unused users, etc.

F.3.3. Internal control policies and procedures designed to supervise the management of activities outsourced to third parties, as well as those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect the accounts.

Siemens Gamesa sub-contracts the performance of certain routine transaction processing activities with an impact on financial information (accounts payable, payroll, invoice records, etc.) to internal shared service centres or external service providers. In the cases in which this sub-contracting occurs, it is backed by a services agreement on fully competitive terms that clearly indicates the service provided and the means that the provider will use to provide the services, reasonably guaranteeing the technical expertise, independence and competence of the sub-contracted party.

In any case, the outsourced activities are mainly different administrative processes in offices and small subsidiary companies that are supported by a services agreement that clearly states the service provided and the means that the top-level external professional provider will use to provide the services, reasonably ensuring the technical qualifications, independence and competence of the sub-contracted party.

There is also an internal procedure for the procurement of services that establishes the requirement for certain levels of approval depending on the sum in question.

Siemens Gamesa's ICFRS model identifies the control activities for which a third-party assessment is required. In this respect, sub-contracted activities have been identified that mainly relate to the appraisal of derivatives, legal aspects, assets and share-based payments.

Such services are procured by the heads of the corresponding areas, reasonably ensuring the competence and technical and legal qualifications of the sub-contracted parties, with the evaluations, calculations or appraisals conducted by external parties being reviewed if applicable.

#### **F.4 Information and communication**

Indicate whether at least the following are in place and describe their main features:

F.4.1. A specific function charged with defining and updating accounting policies (accounting policy area or department) and with resolving questions or conflicts arising from the interpretation thereof, maintaining fluid communications with those responsible for operations at the organisation, as well as an updated accounting policy manual that has been communicated to the units through which the entity operates.

Among other functions, the Financial Directorate is responsible for identifying, defining, updating and communicating the accounting policies that affect Siemens Gamesa, as well as for responding to accounting queries that may be raised by subsidiaries or the various geographic areas and business units. In this context, it maintains a close and fluid relationship with the management control areas of the various geographical areas and business units.

The Financial Directorate is also responsible for reporting to the Audit, Compliance and Related Party Transactions Committee and/or to any other corresponding body on specific aspects of accounting standards, the results of the application thereof and their impact on the financial statements.

The company has an accounting manual that determines and explains the rules for preparing the financial information and how said rules should be applied to the company's specific operations. This document is regularly updated, for which reason significant potential changes or updates are communicated to the companies to which they are applicable.

On other occasions on which the application of accounting standards is particularly complex, the conclusion of the accounting analysis undertaken is communicated to the external auditors, who are asked for their position with respect to the conclusion reached.

The accounting policies applied by the Group are broken down in its annual accounts and are consistent with those applicable under current rules.



In the case of regulatory changes linked to financial reporting that have an impact on the Financial Statements, the Financial Directorate is responsible for reviewing, analysing and updating the accounting rules as well as for supervising the adoption of new or revised standards from the International Financial Reporting Standards (IFRS) and those standards, changes and interpretations that have yet to come into force. This Directorate is also responsible for communicating changes or updates to the company's departments and the subsidiaries.

- F.4.2. Mechanisms to capture and prepare financial information with standardised formats, to be applied and used by all units of the entity or the group, supporting the principal accounts and the notes thereto, as well as the information provided on the internal control over financial reporting system.

There is a centralised process for consolidating and preparing the financial information. The financial statements reported by the Group's subsidiaries in the established formats, as well as the rest of the financial information required both for the accounting harmonisation process and for coverage of the established information needs, are used as "inputs".

The Siemens Gamesa Group uses a software tool that collects the individual financial statements and facilitates the process of consolidating and preparing the financial information. This tool allows the centralisation within a single system of all the information resulting from the accounting of the individual companies belonging to the group.

In this context, the Consolidation and Reporting Department establishes a centralised quarterly, half-yearly and annual close plan, which distributes to each of the groups and sub-groups the appropriate instructions in relation to the scope of work required, key reporting dates, standard documentation to be sent and deadlines for receipt and communication. Among other aspects, the instructions include a reporting/consolidation package, preliminary close, inter-company invoicing, physical inventories, inter-group balance confirmation and reconciliations, final close and pending items.

The content of the aforementioned reporting is regularly reviewed in order to respond to the appropriate breakdown requirements in the annual accounts.

## F.5 Supervision of the operation of the system

Indicate and describe the main features of at least the following:

- F.5.1. The activities of supervision of the internal control over financial reporting system (ICFRS) performed by the audit committee, as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including the internal control over financial reporting system. Information is also to be provided concerning the scope of the assessment of the internal control over financial reporting system performed during the financial year and on the procedure whereby the person or division charged with performing the assessment reports the results thereof, whether the entity has an action plan in place describing possible corrective measures, and whether the impact thereof on financial information has been considered.

There is fluid communication between the Board of Directors' Audit, Compliance and Related Party Transactions Committee, Top Management, the Director of Risk Internal Control, the Director of Internal Audit and the Statutory Auditors, so that the Board of Directors' Audit, Compliance and Related Party Transactions Committee has the information necessary to perform its duties relating to its responsibility to supervise the ICFRS.

Specifically, the Board of Directors' Audit, Compliance and Related Party Transactions Committee has performed the following ICFRS supervision activities, among others, during the financial year:

- It has reviewed the Group's annual accounts and the periodic quarterly and half-yearly financial information that the Board of Directors must provide to the markets and to the supervisory bodies thereof, monitoring compliance with legal requirements and the proper application of generally accepted accounting principles in the preparation thereof.
- As part of its work supervising the Internal Audit Department, it has approved the annual audit plan and the budget thereof that underpins the internal and external human and material resources of the aforementioned department.
- It has analysed the External Auditors' audit plan, which includes the audit objectives based on the assessment of financial reporting risks, as well as the main areas of interest or significant transactions subject to review during the financial year.
- Together with the external auditors and Internal Audit, it has reviewed any internal control weaknesses identified in the course of the various audit and review tasks.

Siemens Gamesa has an Internal Audit Department whose powers include supporting the Committee in its work of supervising the internal control system. In order to ensure its independence, the internal audit function reports hierarchically to the Board of Directors and, on its behalf, to its Chair, and functionally to the Committee.

In order to enable this supervision of the internal control system, the Internal Audit services respond to the requirements of the Committee in the performance of its duties, participating regularly and whenever required in the meetings of the Board of Directors' Audit, Compliance and Related Party Transactions Committee.

The annual internal audit plan presented and approved by the Committee includes the performance of ICFRS reviews, establishing review priorities based on the identified risks.

The Internal Audit function has performed audits for certain significant risks in accordance with its Annual Audit Plan 2018, and has made the corresponding reports where appropriate to the Executive Committee and to the Board of Directors' Audit, Compliance and Related Party Transactions Committee.

In relation to the ICFRS, the Internal Audit function carries out analytical review procedures in each of the monthly closes of the consolidated financial statements, which entail among other aspects variation analysis, unusual transactions and global calculations. It also conducts various independent assessments of the key ICFRS controls throughout the Siemens Gamesa Group, in support of the assessment of operational effectiveness of the design within the general ICFRS framework established by the RIC Department.

There are also meetings between the Board of Directors' Audit, Compliance and Related Party Transactions Committee, the Financial Directorate and the External Auditors for queries related to important issues or when an area of generally accepted accounting principles is particularly complex.

- F.5.2. Whether it has a discussion procedure whereby the auditor (as provided in the Technical Auditing Standards), the internal audit function and other experts can inform senior management and the audit committee or the directors of the entity of the significant internal control weaknesses detected during the review of the annual accounts or such other reviews as may have been entrusted to them. Information shall also be provided on whether it has an action plan to seek to correct or mitigate the weaknesses found.

The Board of Directors' Audit, Compliance and Related Party Transactions Committee holds regular meetings with the external auditors, with RIC and with the directorate responsible for preparing the financial information in order to discuss any relevant aspect and, if applicable, examine significant internal control shortfalls that have been identified.

The Group's annual accounts and the periodic financial information that the Board of Directors must supply to the markets and to the supervisory bodies thereof are reviewed at the Committee meetings with the statutory auditors, monitoring compliance with legal requirements and the proper application of generally accepted accounting principles in the preparation thereof.

#### F.6 Other significant information

There is no other relevant information with respect to the ICFRS that has not been included in this report.
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#### F.7 External audit report

Report on:

- F.7.1. Whether the information on the internal control over financial reporting system has been reviewed by the external auditor, in which case the entity should include the respective report as an exhibit. Otherwise, it should provide the reasons therefor.

Siemens Gamesa has asked the external auditor to issue a report reviewing the information relating to the FIICS included in this section F of the Annual Corporate Governance Report for financial year 2018.

**G DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED**

State the company's degree of compliance with the recommendations of the Good Governance Code of Listed Companies.

If the company does not comply with any recommendation or follows it partially, there must be a detailed explanation of the reasons providing shareholders, investors and the market in general with sufficient information to assess the company's course of action. Generalised explanations will not be acceptable.

**1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.**

Complies X Explain

**2. When a dominant and subsidiary company are both listed, they should provide detailed disclosure on:**

**a) The activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies.**

**b) The mechanisms in place to resolve possible conflicts of interest.**

Complies X Complies in part  Explain  Not applicable

**3. During the annual general meeting the chair of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:**

**a) Changes taking place since the previous annual general meeting.**

**b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.**

Complies X Complies in part  Explain

4. **The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.**

**This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.**

Complies X                      Complies in part                       Explain

5. **The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.**

**When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.**

Complies X                      Complies in part                       Explain

6. **Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory.**

- a) **Report on auditor independence.**
- b) **Reviews of the operation of the audit committee and the nomination and remuneration committee.**
- c) **Audit committee report on third-party transactions.**
- d) **Report on the corporate social responsibility policy.**

Complies X                      Complies in part                       Explain

7. **The committee should broadcast its general meetings live on the corporate website.**

Complies X                      Explain

8. **The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.**

Complies X      Complies in part                       Explain

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies X Complies in part  Explain

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.
- d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies  Complies in part X Explain  Not 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 Meeting of Shareholders 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. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies  Complies in part  Explain  Not applicable X

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies X    Complies in part     Explain

13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Complies X    Explain

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

- a) Is concrete and verifiable.
- b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs.
- c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before the year 2020.

The nomination committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Complies X    Complies in part     Explain

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Complies X    Complies in part     Explain

- 16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.**

**This criterion can be relaxed:**

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.**
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.**

Complies X Explain

- 17. Independent directors should be at least half of all board members.**

**However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.**

Complies X Explain

- 18. Companies should disclose the following director particulars on their websites and keep them regularly updated:**

- a) Professional profile and biographical data.**
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.**
- c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.**
- d) Dates of their first appointment as a board member and subsequent re-elections.**
- e) Shares held in the company, and any options on the same.**

Complies X Complies in part  Explain

- 19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.**

Complies  Complies in part  Explain  Not applicable X



**20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.**

Complies X   Complies in part    Explain    Not applicable

**21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.**

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies X   Explain

**22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.**

The moment a director is indicted or tried for any of the offences stated in company legislation, the board of directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Complies X   Complies in part    Explain

**23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.**

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Complies X   Complies in part    Explain    Not applicable

**24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a material event, the motivating factors should be explained in the annual corporate governance report.**

Complies X   Complies in part    Explain    Not applicable

**25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.**

**The board of directors regulations should lay down the maximum number of company boards on which directors can serve.**

Complies X   Complies in part    Explain

**26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.**

Complies X   Complies in part    Explain

**27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.**

Complies X   Complies in part    Explain

**28. When 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 at the meeting, they should be recorded in the minute book if the person expressing them so requests.**

Complies X   Complies in part    Explain    Not applicable

**29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.**

Complies X   Complies in part    Explain

**30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.**

Complies X   Explain    Not applicable

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complies X   Complies in part    Explain

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies X   Complies in part    Explain

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies X   Complies in part    Explain

34. When a lead independent director has been appointed, the bylaws or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman or vice chairmen; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Complies X   Complies in part    Explain    Not applicable

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Complies X   Explain

**36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:**

- a) The quality and efficiency of the board's operation.**
- b) The performance and membership of its committees.**
- c) The diversity of board membership and competence.**
- d) The performance of the chairman of the board of directors and the company's chief executive.**
- e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.**

**The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the nomination committee.**

**Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.**

**Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.**

**The process followed and areas evaluated should be detailed in the annual corporate governance report.**

Complies X   Complies in part    Explain

**37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the board should also act as secretary to the executive committee.**

Complies    Complies in part    Explain    Not applicable X

**38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.**

Complies    Complies in part    Explain    Not applicable X

**39. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.**

Complies X   Complies in part    Explain

**40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.**

Complies X   Complies in part    Explain

**41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.**

Complies X   Complies in part    Explain    Not applicable

**42. The audit committee should have the following functions over and above those legally assigned:**

**1. With respect to internal control and reporting systems:**

**a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.**

**b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.**

**c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.**

**2. With regard to the external auditor:**

**a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.**

**b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.**

**c) Ensure that the company notifies any change of external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.**

d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions. e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies X   Complies in part    Explain

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies X   Complies in part    Explain

44. The audit committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies X   Complies in part    Explain    Not applicable

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

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

b) The determination of the risk level the company sees as acceptable.

c) The measures in place to mitigate the impact of identified risk events should they occur.

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

Complies X   Complies in part    Explain

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

**c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.**

Complies X    Complies in part     Explain

**47. Appointees to the nomination and remuneration committee - or of the nomination committee and remuneration committee, if separately constituted - should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.**

Complies X    Complies in part     Explain

**48. Large cap companies should operate separately constituted nomination and remuneration committees.**

Complies     Explain X    Not applicable

**Explanation:**

The Board of Directors of Siemens Gamesa is composed of thirteen members, from which five are qualified as independent, following the recommendations of the Good Governance Code of Listed Companies. Most of the members of the Appointments and Remunerations Committee of SIEMENS GAMESA (composed of five members) hold the qualification as independent. Three from the five independent members of the Board of Directors belong to such Committee. In case it was decided to divide in two different committees the current Appointments and Remunerations Committee, the composition of both committees would be almost identical.

**49. The nomination committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.**

**When there are vacancies on the board, any director may approach the nomination committee to propose candidates that it might consider suitable.**

Complies X    Complies in part     Explain

**50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:**

- a) Propose to the board the standard conditions for senior officer contracts.**
- b) Monitor compliance with the remuneration policy set by the company.**
- c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.**
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.**

**e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.**

Complies X   Complies in part    Explain

**51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior officers.**

Complies X   Complies in part    Explain

**52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:**

**a) Committees should be formed exclusively by non-executive directors, with a majority of independents.**

**b) They should be chaired by independent directors.**

**c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.**

**d) They may engage external advice, when they feel it necessary for the discharge of their functions.**

**e) Meeting proceedings should be minuted and a copy made available to all board members.**

Complies X   Complies in part    Explain    Not applicable

**53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organisation, with at the least the following functions:**

**a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.**

**b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.**

**c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.**



- d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
- e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
- f) Monitor and evaluate the company's interaction with its stakeholder groups.
- g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complies X    Complies in part     Explain

**54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:**

- a) The goals of its corporate social responsibility policy and the support instruments to be deployed.
- b) The corporate strategy with regard to sustainability, the environment and social issues.
- c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.
- d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
- e) The mechanisms for supervising non-financial risk, ethics and business conduct.
- f) Channels for stakeholder communication, participation and dialogue.
- g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies X    Complies in part     Explain

**55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.**

Complies X    Complies in part     Explain

- 56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.**

Complies X Explain

- 57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.**

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

Complies X Complies in part  Explain

- 58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.**

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies X Complies in part  Explain  Not applicable

- 59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.**

Complies X Complies in part  Explain  Not applicable

- 60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.**

Complies  Complies in part  Explain  Not applicable X

**61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.**

Complies X   Complies in part    Explain    Not applicable

**62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.**

**The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.**

Complies X   Complies in part    Explain    Not applicable

**63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.**

Complies X   Complies in part    Explain    Not applicable

**64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.**

Complies X   Complies in part    Explain    Not applicable



## OTHER INFORMATION OF INTEREST

1. If there are any significant aspects regarding corporate governance at the company or at entities of the group that is not included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the corporate governance structure and practices at the entity or its group, briefly describe them.

### **(A.3)**

In addition to the information provided in section A.3, it shall be pointed out that the General Meeting of Shareholders of SIEMENS GAMESA held on March 23, 2018 approved a “Long-Term Incentive Plan” (hereinafter the “ILP”) for the period from fiscal year 2018 through 2020 which comprises the award of shares in the company linked to the achievement of certain objectives addressed, among others, to the Chief Executive Officer, Mr. Markus Tacke.

As communicated to the Spanish National Securities Market Commission on April 20, 2018, the Board of Directors awarded to Mr. Markus Tacke 56,180 stock awards corresponding to first stage of the referred LIP. The stock award will serve as a reference to establish the final number of shares to be awarded to each beneficiary of the LIP depending on the level of achievement of the objectives established for each cycle of the Plan and imply, consequently, a mere expectation of a future right.

### **(A.8)**

In addition to the information provided in section A.8, it shall be pointed out that Siemens Gamesa signed on July 10, 2017 a liquidity contract with Santander Investment Bolsa, which entered into force and was reported to the CNMV through Significant Event (number 254428) on July 11, 2017.

The CNMV was also notified of transactions carried out during the fiscal year 2018 within the scope of the referred liquidity contract via Significant Event numbers 257734, 260430, 263817, and 267611.

Finally, it is pointed out that according to Royal Decree 1362/2007, on November 8, 2018 Siemens Gamesa notified to the CNMV the direct acquisition of 6,941,282 own shares, representing a total capital share of 1.019% after having exceeded the threshold of 1% of the voting rights since the last similar acquisition announcement.

### **(B.4)**

In addition to the information provided in section B.4, twenty-seven shareholders holding a participation amounting to a total of one hundred and seventy two thousand forty six (142,046) shares used the electronic voting system in the Annual General Meeting of Shareholders in 2018.

### **(C.1.2)**

In addition to the information provided 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.

It is also pointed out that after the resignation presented on August 30, 2017, by the independent director Mr. Luis Javier Cortes Dominguez, as member of the Board of Directors and consequently also as member of the Audit, Compliance, and Related Party Transactions Committee, the Board of Directors at the meeting held on October 20, 2017, approved the appointment by cooption of Mr. Alberto Alonso Ureba as independent director of the Company, being ratified and re-elected at the General Meeting of Shareholders held on March 23, 2018.

It is also highlighted that the Board of Directors in the meeting held on October 16, 2018, formally acknowledged the voluntary resignation presented by Mrs. Rosa Garcia Garcia, non-executive proprietary Director, as member of the Board of Directors, and consequently, as President of the Board of Directors of the Company, which was presented on the same meeting and with effective date from December 1, 2018. In the same meeting the Board of Directors approved, following the report released by the Appointments and Remunerations Committee, the appointment by co-optation of Miguel Angel Lopez Borrego as the new non-executive proprietary Director, and Chairman of the Board of Directors, replacing Mrs. Rosa Garcia Garcia once her resignation becomes effective. The appointment of Mr. Miguel Angel Lopez Borrego will, therefore, become effective on December 1, 2018. The appointment of Mr. Miguel Angel Lopez Borrego will be submitted for ratification at the next General Meeting of Shareholders.

### **(C.1.3)**

In addition to the information provided in section C.1.3. a reference is made to the note included in this Section H in relation to paragraph C.1.2. related to the composition of the Board of Directors.

Likewise, 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, among other, 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 Management Committee of the *Instituto de Auditores Internos* and its Deputy Chairwoman.

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 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 and of the Appointments and Remuneration Committee 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 Product Management, 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 is also member of the Supervisory Board of Siemens Healthineers AG and Chairman of its Audit Committee.

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 Korschenbroich (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. He also holds the post as Chairman of the Supervisory Board of Siemens Healthineers AG.



### **(C.1.5)**

In addition to the information provided in Section C.1.5, in fulfilment of article 540.4.b) of the Corporate Enterprises Act once modified by Royal Decree-Law 18/2017, of November 24, 2017, relating to non-financial information and diversity, it shall be pointed out that SIEMENS GAMESA applies a diversity policy in the composition of the Board of Directors, and as a consequence of it the Regulations of the Audit, Compliance, and Related Party Transactions Committee, and of the Appointments and Remunerations Committee where amended on July 26, 2018. Article 7.4 of the Regulations of the Appointments and Remunerations Committee establishes that it shall ensure that the selection procedures are not implicitly biased so as to imply discrimination and that they seek the diversity of the members of the Board of Directors, particularly as regards gender, professional experience, competencies, industry knowledge and geographic origin. Likewise, article 15.2 of the Regulations of the Audit, Compliance, and Related Party Transactions Committee, points out that *“it shall be encouraged the diversity of composition, especially in relation to gender, career experience, skills, sector-specific knowledge and geographical origin”*.

### **(C.1.7)**

In addition to the information provided in Section C.1.7 a reference is made to the note included in this Section H about paragraph C.1.2 in relation to the composition of the Board of Directors.

### **(C.1.15)**

In addition to the information provided in section C.1.15 it shall be mentioned 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 Meeting of Shareholders, 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 Meeting of Shareholders, as such consideration is compatible with and independent from the remuneration received by executive directors.
- b) remuneration to the Board of Directors includes, in accordance with the 2018 Annual Report about the Remuneration of the Members of the Board of Directors, the amount corresponding to the last payment of a complementary incentive received by the CEO, amounting €283,770 which was granted before the merger, derived from his previous relationship with Siemens group, and consequently, with no cost for Siemens Gamesa (SIEMENS AG assumes these concepts)
- c) the information shown therein matches the figures in Note 19 of the Individual Report and Note 31 of the Consolidated Report, which form part of the financial statements for fiscal year 2018.

**(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 of a payment, during fiscal year 2018 of 50% of incentive plan 2016-2017 to three top managers and one former top manager, according to the information about said plan included in the 2017 Annual Report about the Remuneration of the Members of the Board of Directors. The payment of the remaining 50% will take place on February 2019 and will be included in the Annual Corporate Governance Report corresponding to fiscal year 2019.
- b) the figure for the remuneration of the Top Management includes an amount of a severance payment and the amount due to a non-competition clause of two Top managers.
- c) Likewise, the figure for the remuneration of the Top Management includes the amount corresponding to the payment of a complementary incentive for two Top managers which was recognized before the merger, derived from their previous relationship with Siemens group, and consequently, with no cost for Siemens Gamesa (SIEMENS AG assumes these concepts); and it is also included the extraordinary bonus linked to the effectiveness of the Merger recognized to one Top manager and one former Top Manager beforehand
- d) The information shown therein matches 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 2018.
- e) After the closing of the fiscal year 2018 certain members of the Senior Management left the Company. On October 17, 2018 Mr. Ricardo Chocarro Melgosa, Onshore Chief Executive Officer, ended his relationship with SIEMENS GAMESA Mr. Mark Albenze, Service Chief Executive Officer has temporarily assumed the function . Likewise, effective December 1, 2018, Mr. Miguel Angel Lopez Borrego Chief Financial Officer will leave his current position to assume the appointment as member and Chairman of the Board of Directors, replacing its current President Ms. Rosa Garcia Garcia. Mr. David Mesonero Garcia, Corporate Development, Strategy and Integration Managing Director shall take the Chief Financial Officer position, replacing Mr. Miguel Angel Lopez Borrego effective December 1, 2018.

**(C.1.30)**

In addition to the information provided in section C.1.30, two directors were absent respectively for one session, one director was absent for two sessions, two directors were absent respectively for three sessions each of them, and one director for four sessions, 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 34 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](http://www.siemensgamesa.com).

**(C.1.37)**

As a complement to the information provided in section C.1.37, it shall be noted that, unlike previous years, the audit related fees such as “other attest services” have also been considered as non-audit fees, as included in the referred section.

**(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, provides for a post-contractual non-competition obligation for a term of 1 year, which is remunerated with the payment of one year of his fixed remuneration payable 50% upon termination and the other 50% after the passage of 6 months from termination. Therefore, the total severance pay is aligned with best practices and in fulfillment of Recommendation 64 of the GGC.

### **(C.2.1)**

In addition to the information provided in paragraph C.2.1, Mr. Juan Antonio Garcia Fuente held the position of Secretary non-member of the Audit, Compliance and Related Party Transactions Committee.

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

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

#### **Audit, Compliance and Related Party Transactions Committee**

The Board of Directors of October 20, 2017, according to the Significant Event 257639 submitted to the CNMV on October 20 2017, approved the appointment by cooption and upon proposal from the Appointments and Remunerations Committee of Mr. Alberto Alonso Ureba as new member of the Board of Directors and additionally approved, upon proposal from the Appointments and Remunerations Committee the appointment of Mr. Alberto Alonso Ureba as new member of the Audit, Compliance and Related Party Transactions Committee. The General Meeting of Shareholders at its meeting held on March 23, 2018, ratified the appointment of Mr. Alberto Alonso Ureba and approved his re-election as member of the Board.

#### **Appointments and Remunerations Committee**

The Board of Directors of April 17, 2018, according to the Significant Event 264242 submitted to the CNMV on April 17, 2018, approved the appointment upon proposal from the Appointments and Remunerations Committee of Mrs. Mariel von Schumann as new member of the Appointments and Remunerations Committee replacing Mrs. Lisa Davis who has resigned from her post in the referred Committee but continues in her post as member of the Board of Directors.

### **(C.2.2)**

In addition to the information provided in paragraph C.2.2 it shall be pointed out that the information related to the number of female directors comprising the Audit, Compliance and Related Party Transactions at the end of fiscal year ended on September 30, 2017 (t-1 fiscal year) refers to a composition of 2 members as by the mentioned date a vacancy in the committee existed. This vacancy was the consequence of the resignation of the independent director Mr. Luis Javier Cortes Dominguez on August 30, 2017, as member of the Board of Directors and consequently also as member of the Audit, Compliance and Related Party Transactions Committee. His vacancy was covered upon approval by the Board of Directors at its meeting held on October 20, 2017, of the appointment by cooption of Mr. Alberto Alonso Ureba as independent director, which was ratified and for which he was re-elected at the General Meeting of Shareholders held on March 23, 2018.

**(D.1)**

In addition to the information provided in paragraph D.1, it shall be pointed out that the information about that the information about related party transactions is included and available in the financial statements, this annual corporate governance report, annual activities report of the Audit, Compliance and Related Party Transactions Committee, and in the Report of the Audit, Compliance and Related Party Transactions Committee about its interventions regarding the related party transactions, all available in the corporate website ([www.siemensgamesa.com](http://www.siemensgamesa.com))

**(D.2)**

In addition to the information provided in section D.2, this information coincides with Note 30 of the Consolidated Report incorporated in the 2018 Financial Statements.

It should also be noted that the amount attributed to “Received services” of IBERDROLA, S.A., included in cited Note 30 of the Consolidated Report in relation to the fiscal year 2018 (8,165 thousand euro), 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.

Regarding the amount attributed to “Sales and services rendered” of Siemens Group, included in cited Note 30 of the Consolidated Report (2,974 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 “Sales and services rendered” of IBERDROLA, S.A. in the same Note 30, having only included in Section D.2 those with an amount over the threshold. The amount of the transactions included in “Sales and services rendered” of IBERDROLA, S.A. in the referred Note 30 but not included in section D.2 is 1,312 thousand euro.

Finally, according to the referred relevancy criteria and regarding to transactions included in “Purchases and services received” of Siemens Group in the same Note 30, only have been included in Section D.2 those with an amount over the threshold and aggregated by Siemens Gamesa Group companies. The amount of the transactions included in “Purchases and services received” of Siemens Group in the referred Note 30 but not included in section D.2 is 22,941 thousand euro.

**(D.4)**

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

a) Siemens Gamesa Group companies established in countries or territories considered to be tax havens for being included in the list of the Decree Law 1080/1991 of 5 July 1991, and which do not fulfill the requirements not to receive such qualification 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 for being included in the list of the Decree Law 1080/1991 of 5 July 1991, and which do not fulfill the requirements not to receive such qualification, rather they affect other companies in the Group that are parent companies of the different businesses, and these transactions are:

<b>Company name of the entity in its group</b>	<b>Brief description of the transaction</b>	<b>Report (thousands of euros)</b>
Siemens Gamesa Renewable Energy Limited (Mauritius)	Intercompany financing interests	14
Siemens Gamesa Renewable Energy Limited (Mauritius)	Intercompany sales and service rendering	35
Gamesa Eólica S.L., Jordan	Intercompany sales and service rendering	3,926

#### **(D.5)**

To complement the information provided in paragraph D.5 it shall be pointed out that such information matches in absolute value with Note 30 of the Consolidated Report which is part of the financial statement of fiscal year 2018.

2. In this section, you may also include any other information, clarification, or comment relating to the prior sections of this report to the extent they are relevant and not repetitive.

Specifically, state whether the company is subject to laws other than Spanish laws regarding corporate governance and, if applicable, include such information as the company is required to provide that is different from the information required in this report.

3. The company may also state whether it has voluntarily adhered to other international, industrial or other codes of ethical principles or good practices. If so, identify the code in question and the date of adherence thereto. In particular, mention whether there has been adherence to the Code of Good Tax Practices of 20 July 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) "Women empowerment principles", 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) "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.
- g) "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.
- h) "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.
- i) Science Based Targets (SBTi), a joint international initiative of the Carbon Disclosure Project, the United Nations Global Compact, the World Resources Institute, the World Wide Fund for Nature and the We Mean Business coalition, with the aim of reducing carbon emissions in a measurable manner and to a sufficient level to meet the objective of not exceeding 2 degrees Celsius of global warming established in the Paris Climate Agreement. SIEMENS GAMESA voluntarily joined this initiative on 12 September 2018.

Regarding the Code of Good Tax Practices of 20 July 2010, the Board of Directors of SIEMENS GAMESA approved the adhesion 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.

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This annual corporate governance report was approved by the Board of Directors of the company at its meeting of November 23, 2018.

State whether any directors voted against or abstained in connection with the approval of this Report.

Yes

No

<b>Individual or company name of director that did not vote in favour of the approval of this report</b>	<b>Reasons (opposed, abstained, absent)</b>	<b>Explain the reasons</b>



**Auditor's report on information relating to the internal control over financial reporting (ICFR) for 2018**

**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 2018**

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 October 5, 2018, we applied certain procedures to the accompanying "ICFR-related information" included in the Corporate Governance Report (pages 70 to 87) for SIEMENS GAMESA RENEWABLE ENERGY, S.A. and subsidiaries (hereinafter the Group) for year ended September 30, 2018, 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 financial data described in the accompanying ICFR information for the year ended September 30, 2018. 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 Committees, and other Group committees 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.

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 in Spanish)*

November 23, 2018