

(Free translation from the original in Spanish, in the event of discrepancy, the Spanish-language version prevails).

**REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE OF
"VISCOFAN, SOCIEDAD ANÓNIMA" ON THE BOARD PROPOSAL FOR THE RE-ELECTION OF
NÉSTOR BASTERRA LARROUDÉ FOR THE 2018 GENERAL SHAREHOLDERS' MEETING**

The Appointments and Remuneration Committee, in compliance with its mission to propose to the Board of Directors the appointment or re-election of independent Directors and to report on the appointment or re-election of the remaining Directors, as set out in article 529n of the Corporate Enterprises Act, as well as in article 30 of the Bylaws and articles 8 and 14 of the Regulations of the Company's Board of Directors, prepares this report for submission to the Board of Directors.

On the date scheduled for the General Shareholders' Meeting at which the financial statements for the year ended 31 December 2017 are submitted for approval, more than four years will have elapsed since the date on which Néstor Basterra Larroudé was appointed to the Board.

This circumstance coincides with the expiry of the term of five other Directors of the company, which leads to six vacancies out of a total of ten Directors on the Board of Directors.

Taking into account the Directors' Selection Policy and the recommendations of good corporate governance, the Committee has reviewed the composition and structure of the Company's Board of Directors and has analysed its needs to determine the skills, professional experience and knowledge, including sector-related knowledge, that the candidates who fill such vacancies should have.

The Committee has taken into account the recommendations regarding the knowledge and experience required by the various Board Committees, including in the areas of accounting, auditing and risk management and information technology (IT), as well as technical knowledge in relation to the Company's sector and activity. The Committee has also considered diversity, and in particular gender diversity, in order to achieve the objective of representation of the under-represented.

Among the candidates who fit the profile, the Committee has also considered that they should guarantee the time and dedication required to carry out their duties beyond the objective requirements of membership of other Boards established by internal regulations.

In light of the conclusions of this analysis, the Committee has opened a selection process for candidates in accordance with the principles of equality, transparency and legality.

In addition, as part of the selection process, the Committee has analysed the possibilities for re-election of the Directors whose term of office is expiring.

The Director Néstor Basterra Larroudé has a law degree and is an Economics graduate from the University of Deusto. He also has an MBA from IESE. He has spent most of his professional career working in banking, both internationally and in Spain, as head of the Capital Market and Corporate Banking departments in Bank of America and Banco Santander. His extensive experience as a financial expert and, specifically, in banking and capital markets, both in Spain and abroad, has made a decisive contribution to the international development of the Viscofan Group in an unstable and changing financial environment, contributing to financial and indebtedness balance that has enabled the Viscofan Group to strengthen its solidity and to undertake various organic and inorganic growth operations without affecting shareholder remuneration.

His international experience has also been enhanced within the Viscofan Group, due to his membership of different Boards of Directors of Group companies on four continents, having travelled to all of them, which has allowed him to deepen his knowledge of the activity and the particularities of the companies located in each of these countries with a greater degree of detail.

He is currently the Vice-chairman of Iberpapel Gestión S.A. and Board Member of Amistra SGIIC S.A. As First Vice-Chairman of the Board of Viscofan and member of the Executive Committee, Néstor Basterra has actively collaborated in the supervision of the analysis, design and evolution of the structure of the Viscofan Group, has proactively monitored the main economic figures of the Group as well as in the analysis of financing risks to determine the best options in a possible change of circumstances, either due to external factors or to the evolution of the Viscofan Group's activity or strategy, proposing the most suitable alternative proposals and solutions at any given time. He has actively participated in studying new growth opportunities and future projections, taking into account their impact on the Group's internationalisation according to the setup of its activities at any given time.

His participation in Board meetings, his in-depth experience in the sector, his knowledge of the technological evolution and internationalisation of the Group, his involvement in knowing about the different areas of activity of the Group and his encouragement of constructive debate to reach the best consensus have been highly valued in the evaluations carried out during the years of his mandate.

In short, his continuous commitment and involvement with Viscofan, his contribution to the Group's internationalisation and his extensive knowledge of its activities and of the different companies that have joined it, as well as its evolution over the years, constitute fundamental elements to contribute to the design and active monitoring of its future strategy.

For all these reasons, this Committee reports favourably on the Board of Directors' proposal to the General Shareholders' Meeting of Viscofan, S.A. to re-elect Néstor Bastera Larroudé as a Director, with the qualification of "other external Directors", as the maximum term of twelve years set by the regulations in force for independent Directors has elapsed.

This report was adopted unanimously by the Committee members on 22 March 2018.