

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

**REPORT RELATING TO THE PROPOSAL OF THE APPOINTMENTS AND
REMUNERATION COMMITTEE OF "VISCOFAN, SOCIEDAD ANÓNIMA" ON THE RE-
ELECTION OF JAIME REAL DE ASÚA ARTECHE 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 proposal 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 Jaime real de Asúa Arteché 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.

Jaime Real de Asúa Arteche is an industrial engineer, specialising in industrial organisation from the ETSII (Bilbao). From 1981 until 2011 he was linked to Grupo Cementos Portland Valderrivas, where he held different management positions and was a member of the Board of Directors of various companies of this Group. From 1987 to 2012 he was a Director of Internacional de Desarrollo Energético, S.A. (IDDE). He was Chairman and Director of Adhorna Prefabricación S.A. until its takeover merger by Elecnor in 2015.

He is currently a non-executive Chairman of the Board of Directors of Elecnor S.A., Chairman of its Executive Committee and member of its Appointments and Remuneration Committee. He is also the Chairman of Elecnor Infrastructures Committee and a Director of Enerfín Enervento S.A., Enerfín Sociedad de Energía, S.L., and Celeo Concesiones e Inversiones, S.L.U., all of which belong to the Elecnor Group. He is also a member of the Advisory Board of BBVA for the Northern region and a Director and Secretary of Cantiles XXI, S.L. In addition, he has been a member of the Board of Directors of Viscofan, S.A since 2014 and has been a member of the Appointments and Remuneration Committee, which he currently chairs.

Jaime Real de Asúa has more than thirty years of experience in multinational industrial companies and in analysing investments for the acquisition of companies abroad, especially in the United States. He also has extensive knowledge of the different technologies related to energy production from his participation in different Boards of the Elecnor Group.

As a member of the Board of Viscofan and Chairman of its Appointments and Remuneration Committee, he has demonstrated his full dedication and in-depth study of each of the issues, which he analyses by contributing his international experience, as well as his ability to foster consensus through the coordination of the different opinions that may arise in the debates that arise. As Chairman of the Appointments and Remuneration Committee, Jaime Real de Asúa has promoted the creation of a Committee for work-like balance made up of members of top management who report directly to the Committee; he has coordinated the preparation of the remuneration policy with the advice of an independent external advisor, taking into account best practices and good governance recommendations; he has led the commissioning of an external consultant to facilitate the process of self-assessment of the Board and has fostered the monitoring of the improvement measures identified in this analysis; he has consolidated the succession plans for the Chairman, the Board and top management, the Talent Plan, the analysis of the composition and needs of the Board and the monitoring of the policy for the selection of Directors to propose the most suitable candidates at any given time.

Jaime Real de Asúa brings an essential value to the Viscofan Board of Directors, both for his experience and knowledge, as well as for his detailed critical analysis of each of the issues within his competence, through which he provides differentiated points of view that enrich the debate to introduce a broad consideration of the different aspects involved in each of the decisions.

Therefore, this Committee proposes to the Board of Directors the re-election of Jaime Real de Asúa Arteché as an independent Director by the Company's General Shareholders' Meeting called for 24 and 25 May 2018.

This proposal was adopted unanimously by the members of the Committee on 22 March 2018, without the participation of Jaime Real de Asúa, who was not present.