

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

REPORT ON ACTIVITIES OF THE 2017 APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee has prepared this report for the Company's General Shareholders' Meeting in accordance with the recommendations of good corporate governance in relation to Principle II.2.6 of the Code of Good Governance of Listed Companies: *The General Shareholders' Meeting should operate under principles of transparency and with adequate information.*

The Appointments and Remuneration Committee is made up by three Directors, all of which are non-executive and most of them independent. The Chairman is one of the independent Directors.

The Committee met on 7 occasions during 2017 and, whenever considered appropriate, the presence of senior management members was requested.

In addition, the Committee has requested the presence of the Lead Independent Director to carry out the Chairman's evaluation under his direction.

The Committee has fulfilled all its functions, both by regulation and by those set out in the Company's Bylaws and the Regulations of the Board of Directors, and has carried out actions related to the recommendations for compliance with the principles of good corporate governance.

The Committee has reviewed the classification of the Directors. Likewise, the questionnaire to all the Directors regarding the situation of conflict of interest.

It is recalled that for 2016, Spencer Stuart was commissioned as an independent external advisor to evaluate the Board and its Committees with highly satisfactory results.

With regard to remuneration, the Committee applied the policy approved for the years 2015 to 2017 by the General Shareholders' Meeting held on 7 May 2015, and proposed the annual and multi-year variable remuneration for executive Directors based on their evaluation reports, it has determined the individual remuneration per Director as a result of this application and has prepared the Remuneration Report for 2016 that the Board of Directors presented to the General Shareholders' Meeting held in 2017 for a consultative vote.

The Committee has also proposed the remuneration policy for senior management and its application, including its proposal for annual variable remuneration.

During 2017, Willis Towers Watson was hired as an external advisor on the new Directors' Remuneration Policy, as well as the associated Long-Term Incentive Plan, which will be submitted for approval at the General Shareholders' Meeting.

The succession plan of the Chairman, CEO and Senior Management has been revised.

The Committee for work-life balance of employees of the Viscofan Group has reported to the Appointments and Remuneration Committee.

Finally, the Committee has informed the Board of Directors of all its activities, delivering all the minutes of its meetings.

This report was approved by the Appointments and Remuneration Committee on 25 January 2018.