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

ACTIVITY REPORT APPOINTMENTS AND REMUNERATION COMMITTEE 2016

The Appointments and Remuneration Committee has created this report for the company's General Shareholders' Meeting in accordance with the recommendations of good corporate governance regarding Principle II.2.6 of the Good Governance Code of Listed Companies*: The general shareholders' meeting should operate under principles of transparency and with suitable information.*

The Appointments and Remunerations Committee comprises three directors, none of which are executives and the majority of which are independent, with the Chair being one of the independent directors.

The Committee met on 7 occasions during the 2016 tax year, and when considered appropriate it has requested the presence of members of top management.

Furthermore, the Committee has requested the presence of the Coordinating Director to perform the assessment of the Chair under Committee direction.

The Committee has complied with all its pertaining duties, both through regulations as well as those included in the Company's By-laws and the Regulation of the Board of Directors, and has undertaken actions related to the recommendations for compliance with the principles of good corporate governance.

The Committee has reviewed the qualification of the Directors, has created the reports for the assessment of Executive Directors and the Committee itself; and has led the assessment of the Board and its Committees regarding the 2015 tax year. Likewise it has provided a questionnaire to all Directors regarding the situation of conflict of interests for the 2015 tax year.

For the 2016 tax year, it commissioned Spencer Stuart as the independent external assessor to assess the Board and its Committees with a highly satisfactory outcome.

In accordance with recommendation 14 of the Code of Good Governance, a preliminary analysis of the needs of the Board of Directors was carried out, including the competencies, knowledge and experience needed within the Board, a report that has taken into account the creation of the proposals and

reports for the re-election or appointment of Directors that it has taken to the Board of Directors.

Specifically, the Committee has considered the commitment to create long-term value of the shareholder that represents it and its successful professional evolution to favourably announce the appointment of Mr Santiago Domecq Bohórquez as the Dominical Director.

Likewise, without his intervention, it has assessed the activity undertaken by Mr Ignacio Marco Gardoqui in the Audit and Appointments and Remuneration Committees over these years, as well as his work as Director and the result of his assessments. Furthermore, his knowledge and experience in the field of accounting and auditing have been considered. All of this has motivated the Committee to submit the proposal to the Board to re-elect Mr Ignacio Marco Gardoqui as the Independent Director.

The General Shareholders' Meeting approved the re-election and appointment of these two Directors.

In terms of remunerations, the Committee has applied the policy for 2015 to 2017 approved by the General Meeting held on 7th May 2015; it has proposed the annual and multi-year variable retribution for the executive Directors, based on their assessment reports; it has established the customised retribution for each Director as a result of this application, and has created the Remunerations Report relating to 2016 that the Board of Directors will present to the General Meeting for its consultative vote.

Likewise, the Committee has also proposed the remunerations policy for the top management and its application, including the proposal for annual and triennial variable retribution for the following years.

It has also commissioned the independent external assessors Willis Towers Watson for the remunerations policy, and Mercer - Benchmarking senior management

It has reviewed the succession plan of the Chair, CEO and Senior Management.

It has created a Committee that depends on this Committee for Work and Family Balance for the Viscofan Group employees.

Finally, the Committee has informed the Board of Directors of all its activities, providing all the directors with the minutes of its meetings.

This report was approved by the Appointments and Remunerations Committee on 26th January 2017.