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REPORT ON THE ACTIVITIES OF THE NOMINATION AND COMPENSATION COMMITTEE (2017)

1. Introduction

The Nomination and Compensation Committee of GESTAMP AUTOMOCIÓN, S.A. (the “**Company**”) has prepared this activity report, which describes the main activities performed by the Nomination and Compensation Committee from the time it was created on 24 March 2017 until 31 December 2017 (the end of the 2017 financial year).

This report was drawn up pursuant to article 39 (j) of the Company’s Regulations of the Board of Directors of the Company and in compliance with the recommendations for good corporate governance of listed companies, and it shall be placed at the disposal of the Company's shareholders at their 2018 Ordinary General Shareholders’ Meeting.

2. Structure

The Nomination and Compensation Committee was approved by the Board of Directors at their meeting held on 3 March 2017, and was formally convened on 24 March 2017.

Pursuant to the terms of article 20 of the Company's Articles of Association and article 39 of the Company's Regulations of the Board of Directors, the Nomination and Compensation Committee must:

- Have at least three and at most five members appointed in light of their knowledge, skills and experience, and the duties to be performed by the Committee.
- The majority of the members must be independent directors, including the Chairman, who must be replaced every four years, with the possibility of re-election one year after termination. In turn, the Secretary of the Nomination and Compensation Committee shall be the Secretary of the Board of Directors.

As of 31 December 2017, the Nomination and Compensation Committee has the following members:

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Name or Company name	Position	Date Appointment	Category
Alberto Rodríguez-Fraile Díaz	Chairman	24/03/2017	Independent
Noboru Katsu	Member	24/03/2017	Proprietary
Gonzalo Urquijo Fernández de Araoz	Member	24/03/2017	Other external directors
Pedro Sainz de Baranda Riva	Member	24/03/2017	Independent
David Vázquez Pascual	Non-member secretary	24/03/2017	Non-director secretary

The Committee is chaired by an independent director, Mr Alberto Rodríguez-Fraile Díaz, and its members have the appropriate knowledge, skills and experience to carry out the tasks entrusted to the Committee by the Board.

3. Responsibilities

According to article 41 of the Regulations of the Board of Directors, the Nomination and Compensation Committee shall have the following basic responsibilities:

- i. To assess the competence, skills and experience of the Board, to describe the duties and required skills of the candidates to fill vacancies, and to assess the time and dedication required for them to perform the entrusted tasks.
- ii. To verify compliance with the board member selection policy each year, and to report on this in the Annual Corporate Governance Report.
- iii. To examine and arrange the procedure for replacing the Chairman of the Board of Directors and, where appropriate, the chief executive, to make this process easily understood, and to make proposals to the Board to ensure that this process takes place in an orderly, well-planned manner.
- iv. To guide the proposals for appointment and dismissal of Senior Management members that the Chairman submits to the Board and the basic conditions of their contracts.

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- v. To raise proposals for appointments of independent directors to the Board of Directors, either for appointment under the co-option system or by submitting the proposal to the General Shareholders' Meeting for a decision, and making proposals for re-election or removal of such directors by the General Shareholders' Meeting.
- vi. To guide the proposals for appointments of other directors, either for appointment under the co-option system or by submitting the proposal to the General Shareholders' Meeting for a decision, and making proposals for re-election or removal thereof by the General Shareholders' Meeting.
- vii. To guide the Board on gender diversity issues, to set representation targets for the under-represented gender on the Board of Directors and to create guidelines for achieving such targets.
- viii. Arrange and coordinate periodic assessments of the Chairman of the Board of Directors and, in conjunction with this person, periodic assessments of the Board of Directors, its committees and the chief executive of the Company.

In addition to the duties indicated above, the Nomination and Compensation Committee must ensure that the remuneration policy for directors approved by the General Meeting is obeyed and it shall be responsible for making proposals to the Board of Directors in relation to:

- a) The remuneration policy for directors and for the parties that carry out senior management duties and directly answer to the Board, executive committees or managing directors, as well as the individual remuneration and other contract conditions of executive directors, ensuring compliance with such policy.
- b) The individual remuneration of directors and approval of the contracts entered into by the Company and its directors who carry out executive duties.
- c) The types of contracts for Senior Management.

4. Operation

The basic principles of conduct and the internal operating system of the Nomination and Compensation Committee are set forth in the rules contained in the Companies Act, the Articles of Association and the Regulations of the Board of Directors.

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The Company's Nomination and Compensation Committee is a reporting and advisory body without executive duties that has the power to report, supervise, advise and propose in relation to issues within its scope of activity.

Pursuant to the terms of article 39 of the Regulations of the Board of Directors, the Nomination and Compensation Committee:

- Shall meet whenever necessary, at the Chairman's discretion, to exercise its powers, and whenever two of its members so request, and it shall be convened in a valid manner whenever the majority of its members are present or represented, its resolutions being adopted by an absolute majority of the attending members. In the event of a tie, the Committee Chairman shall cast the tie-breaking vote.
- Minutes shall be taken of the meetings and a copy thereof shall be sent to all the members of the Board. Likewise, the Chairman of the Nomination and Compensation Committee shall inform the Board of Directors of the issues discussed and the resolutions adopted at its meetings during the first Board of Directors' meeting held after the Committee meeting.
- Within three months after the end of each year, the Nomination and Compensation Committee shall submit this report for approval by the Board of Directors, and it shall be made available to the shareholders during their ordinary general meeting.
- Finally, in order to perform its duties, the Nomination and Compensation Committee may seek external advice when deemed necessary for the performance of its duties under the same circumstances as those applicable to the Board (*mutatis mutandi*).

As regards the other rules of operation, the operating system established for the Board of Directors in the Regulations of the Board shall apply.

5. Activities

In 2017, the Committee met 4 times, and the matters and subjects discussed therein are as follows:

- a) **In relation to proposals or reports on the dismissal, appointment or naming of members of the Board of Directors and its Committees.**

The Nomination and Compensation Committee submitted a report in favour of the appointment of the Company's Coordinating Director, the dismissal and appointment of

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Senior Managers and the appointment of the Deputy Secretary of the Board of Directors and the Deputy Secretary of the Audit Committee.

In turn, the Nomination and Compensation Committee submitted a report in favour of the appointment of Mr. Francisco López Peña as Managing Director of the Company, issuing the compulsory report that accompanied the proposed appointment by the Board of Directors.

Finally, in terms of the hiring procedure for members of the Board of Directors, the Nomination and Compensation Committee drew up the Selection Policy of Members of the Board of Directors and submitted it to the Board of Directors for approval, and also created guidelines on the knowledge, capabilities, diversity and experience of the members of the Board of Directors, which are corporate documents that shall be used as the basis for hiring and appointing members of the Board of Directors.

b) Remuneration of Directors and Senior Management.

The Nomination and Compensation Committee has approved the variable remuneration scheme, and specifically, its application to executive directors and members of the Company's Steering Committee.

Likewise, the Nomination and Compensation Committee has assessed the compliance with the Remuneration Policy for Directors approved at the Company's General Shareholders' Meeting on 3 March 2017, finding that such policy was correctly applied in 2017 and that, therefore, remuneration for director status and for the performance of executive duties was in line with the terms set forth in said policy. Similarly, the Board of Directors resolved to propose the distribution of director status remuneration for 2018 for approval by the Board of Directors.

Finally, the Nomination and Compensation Committee resolved to propose a new Remuneration Policy for Directors to the Board of Directors, for the latter to submit it for approval at the 2018 Ordinary General Shareholders' Meeting, approving to this end the compulsory supporting report, which shall be placed at the shareholders' disposal along with the meeting announcement.

c) Assessment of the operation of the Nomination and Compensation Committee.

Pursuant to the terms of article 36.14 of the Regulations of the Board of Directors, the Board shall devote its first annual session to assessing the operation of the Board Committees during the previous year, based on the reports submitted by such Committees.

Given that the Company was not a public listed company in 2016, the Nomination and Compensation Committee did not have the opportunity to conduct this assessment in 2017.