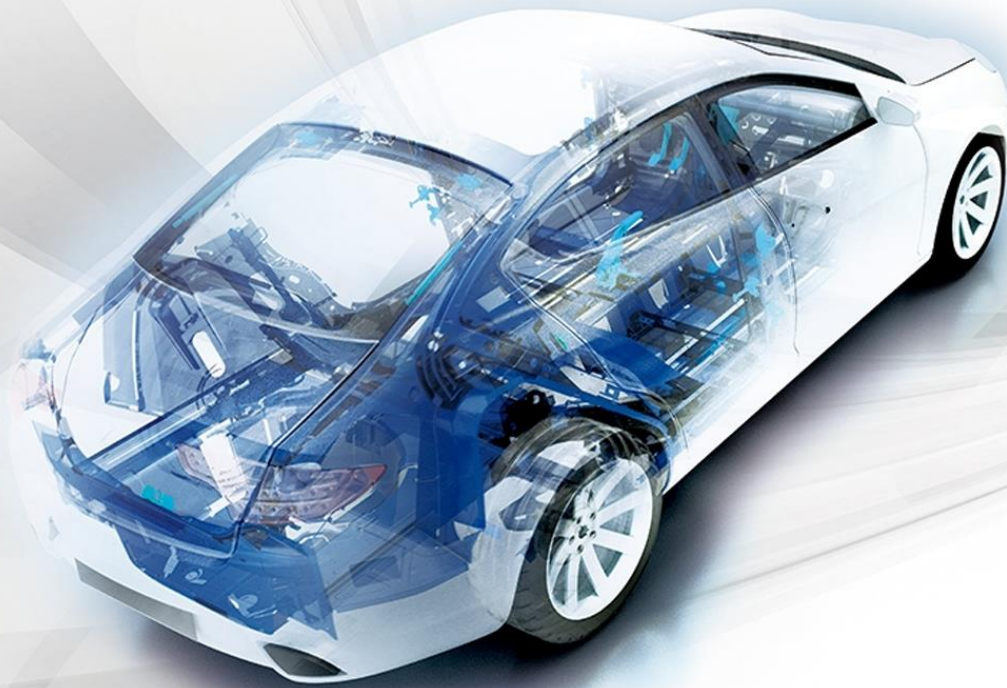


*This document is a translation into English of an original document drafted in Spanish. This translation is for information purposes only, therefore, in case of discrepancy, the Spanish version shall prevail.*



# Activities Report for the year 2018

## Nomination and Compensation Committee

Gestamp Automoción, S.A.

28 February 2019

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Activities Report for the year 2018

Nomination and Compensation Committee

## 1. Introduction

The Nomination and Compensation Committee of GESTAMP AUTOMOCIÓN, S.A. (the “Company”) has prepared this activities report (the “Report”) that sets out the main activities undertaken by the Committee during financial year 2018.

This report was prepared pursuant to article 39 (j) of the Company’s Regulations of the Board of Directors and in compliance with the recommendations of the Good Governance Code for Listed Companies approved by the National Securities Market Commission (CNMV) on 18 February 2015, and it shall be made available to the Company's shareholders when the convening notice regarding the 2019 Ordinary General Shareholders’ Meeting is made.

## 2. Regulations

The Nomination and Compensation Committee Regulations are set out in the Regulations of the Board of Directors, which were approved by said Board on 3 March 2017. Furthermore, the Nomination and Compensation Committee is governed by the provisions under the Spanish Companies Act and the recommendations of the Good Governance Code for Listed Companies.

## 3. Structure

Pursuant to the provisions of article 21 of the Company's By-laws and article 39 of the Company's Regulations of the Board of Directors, the Nomination and Compensation Committee must abide by the following:

- (a) Have at least three and at most five members appointed based on their knowledge, skills and experience, as well as the duties to be performed by the Committee.
- (b) The majority of members shall have the status of Independent Director, among them, its Chairman.
- (c) The Chairman shall be replaced every four years, with the possibility of re-election one year after being replaced. In turn, the Secretary of the Nomination and Compensation Committee shall be the Secretary of the Board of Directors.

Activities Report for the year 2018

Nomination and Compensation Committee

As of 31 December 2018, the Nomination and Compensation Committee has the following members:

Members	Position	Date Appointment	Category
Alberto Rodríguez-Fraile Díaz	Chairman	24/03/2017	Independent
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-member secretary

Therefore, as of 31 December 2018, the Company's Nomination and Compensation Committee (i) has three members, two of whom are Independent Directors and (ii) is chaired by the Independent Director, Mr. Alberto Rodríguez-Fraile Díaz. It is hereby stated that, until 2 April 2018, Mr. Noboru Katsu (Proprietary Director) was part of the Nomination and Compensation Committee and resigned from this position at the date indicated. Accordingly, the Nomination and Compensation Committee had four members at that time.

The members of the Nomination and Compensation Committee have the appropriate knowledge, skills and experience to carry out the tasks entrusted to the Committee by the Board.

In terms of establishing the profiles of members of the Nomination and Compensation Committee, the Board of Directors opted for Directors who have knowledge of the economic-financial area and the automotive sector, as well as international experience, and who have participated on other boards of directors in different positions, so that they can provide experience and guide the issues to address within the Committee and the Board of Directors. Mr. Alberto Rodríguez-Fraile Díaz was appointed Chairman of the Nomination and Compensation Committee due to his independent nature and knowledge, as well as previously being a member of other boards and having management experience at international companies. Mr. Gonzalo Urquijo Fernández de Araoz was also appointed after considering his experience on other boards of directors and his knowledge and management experience at international industrial groups. Finally, Mr. Pedro Sainz de Baranda Riva was appointed as a member of the Committee due to his extensive experience in managing international companies under different executive positions and his experience on other boards of directors.

For further information on the members of the Nomination and Compensation Committee, see the following links to the Company's website:

- [www.gestamp.com/Investors-Shareholders/Corporate-Governance/Board-of-Directors](http://www.gestamp.com/Investors-Shareholders/Corporate-Governance/Board-of-Directors)
- [www.gestamp.com/Investors-Shareholders/Corporate-Governance/Committees-of-the-Board-of-Directors](http://www.gestamp.com/Investors-Shareholders/Corporate-Governance/Committees-of-the-Board-of-Directors)

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Nomination and Compensation Committee

## 4. Functions

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.

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

- (a) Assessing the competencies, skills and experience of the Board, describing the duties and required skills of the candidates to fill vacancies, and assessing the time and dedication required for them to perform the assigned tasks.
- (b) To verify compliance with the board member hiring policy each year, and to report on this in the Annual Corporate Governance Report.
- (c) 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.
- (d) Guiding the proposals for appointment and dismissal of Senior Management members that the Chairman submits to the Board and the basic conditions of their contracts.
- (e) 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.
- (f) 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.
- (g) Guiding the Board on gender diversity issues, setting representation targets for the under-represented gender on the Board of Directors and creating guidelines for achieving such targets.
- (h) Arranging and coordinating periodic assessments of the Chairman of the Board of Directors and, in conjunction with such person, periodic assessments of the Board of Directors, its Committees and the CEO 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 Shareholders' Meeting is obeyed and it shall be responsible for making proposals to the Board of Directors in relation to:

- (i) The remuneration policy for Directors and for the parties that carry out senior management duties and under direct supervision of 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.

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Nomination and Compensation Committee

- (ii) The individual remuneration of Directors and approval of the contracts entered into by the Company and its Directors who carry out executive duties.
- (iii) The types of contracts for Senior Management.

The functions described did not change during the year.

## 5. 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 Spanish Companies Act, the By-laws and the Regulations of the Board of Directors.

Pursuant to the provisions of article 20 of the Company's By-laws and article 39 of the Company's 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 each year-end, it shall submit this report for approval by the Board of Directors, which shall be made available to the shareholders during their Annual General Shareholders' Meeting.
- In order to carry out its functions, it may seek external advice whenever it deems it necessary.

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

## 6. Meetings

During financial year 2018, the Appointment and Remunerations Committee met five times and all members of the Committee were in attendance at every meeting.

Furthermore, the Nomination and Compensation Committee met on three occasions with the Company's Human Resources Management to receive advice and to directly address certain matters relating to the appointment and remuneration of Directors and Senior Managers.

## 7. Activities

In 2018, the Nomination and Compensation Committee mainly carried out the following activities:

- **Proposal and report on the termination and appointment of Directors and Senior Managers.**

The Nomination and Compensation Committee favourably reported the termination of Mr. Noboru Katsu as director and member of the Nomination and Compensation Committee. As such, the Nomination and Compensation Committee favourably reported the co-opted appointment of Mr. Shinichi Hori as Proprietary Director, issuing the mandatory report that accompanied the agreement of the Board of Directors. Furthermore, for the purpose of its ratification in the 2018 Annual General Shareholders' Meeting, the Nomination and Compensation Committee prepared the report that accompanied the proposal of the Board of Directors. In this regard, the Committee also verified compliance with the Policy for the Selection of the Board of Directors during financial year 2018 in the context of said appointment.

Furthermore, the Nomination and Compensation Committee favourably reported the termination and appointment of Senior Managers during financial year 2018.

- **Remuneration of Directors and Senior Management.**

The Nomination and Compensation Committee verified the degree of achievement of the 2017 objectives in relation to the variable component of the remuneration of Executive Directors and the Senior Management, as well as the result of said component. In this regard, the Nomination and Compensation Committee prepared an objectives proposal for variable remuneration targets for Executive Directors and the Senior Management corresponding to financial year 2018.

Likewise, the Nomination and Compensation Committee assessed compliance with the Remuneration Policy for Directors approved at the Company's General Shareholders' Meeting on 7 May 2018 and found that such policy was correctly applied in 2018 and that, as such, the remuneration for director status and for the performance of executive duties was in line with the terms set forth in said policy. In this respect, the Board of Directors agreed to propose, for the corresponding approval by the Board, the distribution of the remuneration of Directors for financial year 2019, as well as to increase the fixed and variable remuneration of Executive Directors in order to adjust it to the general salary review undertaken on the workforce of the Group's Corporate Services.

- **Assessment of the functioning 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.

In this respect, the Nomination and Compensation Committee, in its last session of the year, coordinated the evaluations of the Board of Directors, its committees, the CEO and of the Chairman of the Board of Directors and prepared the relevant reports for their approval by the Board of Directors in its first session of financial year 2019.

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- **Activities related to the Company's corporate governance.**

The Nomination and Compensation Committee reviewed and favourably report on the information contained in the Annual Report on the Remuneration of Directors for financial year 2017. Furthermore, the Committee reviewed the content of the Annual Corporate Governance Report for financial year 2017 in all the sections under its competency.

## 8. Preparation and approval

This Report was prepared by the Nomination and Compensation Committee on 28 February 2019 and approved by the Board of Directors on the same date.