

Ercros' Extraordinary Shareholders' Meeting

The Board of Directors of Ercros, in exercise of its powers, has called an Extraordinary General Meeting to be held on November 14, 2016, on first call, and, if quorum is not met, on November 15, 2016, in second call. The agenda of this Extraordinary Meeting includes three items of eight featuring the requirement filed by shareholders holding 3.28%, but, considering that were matters within competence of the Board of Directors, were out of the agenda of the Extraordinary General Meeting held on 29 September.

Despite the explanations formally communicated to the authors of the request, they filed to the *Registro Mercantil* (Comercial Register) a request to call for another Extraordinary Meeting to discuss and, if necessary, approve these three points. The Board of Directors, in order to resolve the situation created and to avoid possible damages to the Company and its shareholders that may have the maintenance of a conflict, unanimously agreed to call the Extraordinary Meeting.

The points included in the agenda of this new Meeting refer to the approval of: (i) a remuneration policy of premium for attendance to the Meeting which excludes the extraordinary meetings; (ii) a reduction of the annual maximum amount for all directors to receive that shall be set in 350,000 euros and (iii) instruct the Board of Directors that in the event that benefits are obtained in 2016, a dividend may be distributed. Also, the call includes a fourth item, usual in all meetings, to allow the Board of Directors correct and notarize the resolutions adopted.

The Board of Directors has recommended voting against the three aforementioned items due to the following reasons:

Regarding point (i), the application to restrict the payment of the premium for attending only the Ordinary Meeting is inconsistent with the purpose of this figure, recognized at the good corporate governance, which is none other than to encourage the participation of shareholders in the company, whether through ordinary or extraordinary meetings. This purpose is expressly referred to in the Company's policy of premium for attendance, following the relevant recommendation of the Code of Good Governance of the CNMV.

Regarding point (ii), the proposal to reduce the maximum annual amount that can potentially receive all directors of the Company was made a month and a half after the conclusion of the General Meeting, where the policy of remuneration was discussed and approved, including the maximum amount that the Board may receive in the next three years. The Board of Directors understands that between June 10, when the General Meeting was held, and on July 27, when the requirement of shareholders was drafted, did not occur any event to justify a change in this policy. Also, the Board is not aware of any event since then to date, or the occurrence of any urgent reason to change the current policy.

Finally, regarding point (iii), the shareholder group relies on legislation for the Board to instruct the Council to propose the distribution of a dividend, ignoring the exception that contains the invoked law and is included in the rules of the Company. The Board understands that the appropriate time to discuss this matter will be the next General Meeting, when in the view of the results of the year, will be possible, in addition to mandatory, to discuss its implementation.

Barcelona, October 13, 2016