

REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSAL OF RATIFICATION AND APPOINTMENT, BY CO-OPTION, OF MS. PILAR PLATERO SANZ, AS INDEPENDENT DIRECTOR

I

The passing away of Mr. Luis Egido Gálvez, Chief Executive Officer of the Company resulted in a vacancy in the Board of Directors, covered by the appointment by co-option of Ms. Pilar Platero Sanz as independent Director, as per agreement of the Board of November 26th, 2019, following a proposal of the Appointments and Remuneration Committee.

II

In accordance with the provisions of article 244, in relation to article 529 decies of the Capital Companies Act, the appointment by co-option has to be ratified by the next General Meeting of the Company held. Therefore, the Board, following the proposal of the Appointment and remuneration Committee, has proposed to submit to the General Shareholders Meeting the ratification and appointment of Ms. Pilar Platero Sanz as independent Director.

III

The Appointments and Remuneration Committee, in its meeting of January 28th, 2020, evaluated again the professional and biographical profiles of Ms. Pilar Platero Sanz, which is the following:

Ms. Pilar Platero Sanz holds a Law degree from the Complutense University of Madrid, and is a member of the State Tax Inspectorate, the Official Register of Accounts Auditors and the State Controllers and Auditors. She currently has leave of absence from all of them, for personal reasons.

She held various positions at the State Comptroller's General Office from 1989 to 2009, and performed economic and strategic advisory functions, in private consulting, from 2009 to 2011.

She was Under-Secretary at the Ministry of Finance and Public Administration from 2011 to 2016, and Chair of the SEPI (a Spanish state-owned industrial holding company).

IV

The Appointments and Remuneration Committee has noted that Ms. Platero:

- i) still fulfils the requirements of the Law and of the Company's Policy on the Selection of Directors of 19th December, 2017, (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of their office, and absence of conflicts of interest) for appointment as a Director;
- ii) is not involved in any case involving prohibition or incompatibility under the Law or under the Company's Policy on the Selection of Directors; and
- iii) fulfils the legal and statutory requirements for inclusion in the category of independent Director.

In addition, the Committee appreciates the performance of Mrs. Platero from the moment of her appointment by co-optation.

In consequence, the Appointments and Remuneration Committee unanimously proposed to ratify and appoint Ms. Pilar Platero Sanz as independent Director.

V

Ms. Platero Sanz will serve in the capacity of independent Director, in accordance with Article 529 duodecies 4 of the Capital Companies Act, Article 7.1.3 of the Rules of the Board of Directors of 26th January, 2016, and Article 4.1 c) of the Company's Policy on the Selection of Directors, of 19th December, 2017.

VI

In view of the foregoing, the Board of Directors unanimously agreed to adopt the above-mentioned Report of the Appointments and Remuneration Committee, related to the ratification proposal and appointment by the General Shareholders Meeting of Ms. Pilar Platero Sanz as an independent Director, on the understanding that Ms. Platero has the necessary skills, experience and merits, and fulfils the requirements to be ratified and appointed by the General Shareholders Meeting as independent Director of the Company.

Leganés, 28th January, 2020.

The Secretary,

María Echenique Moscoso del Prado