

**BOARD OF DIRECTORS' REPORT ON THE PROPOSAL TO THE SHAREHOLDERS GENERAL MEETING TO RATIFY AND APPOINT MR. GREGORIO MARAÑÓN Y BERTRÁN DE LIS, AS INDEPENDENT DIRECTOR**

I

Mr. Marañón, at the meeting of the Board of Directors on February 10<sup>th</sup>, 2020, resigned from his positions of Director of the Company and Chairman of its Board of Directors, with the aim that both the Board of Directors and the General Meeting of Shareholders could decide on his continuity or not as Director, in view of the new stage that opens for the Company, adjusting, if appropriate, his mandate with that of the new Directors. The Board took notice of his resignation, and after the corresponding deliberation, and following a previous proposal of the Appointments and Remuneration Committee, it agreed on his appointment by co-option, subject to ratification by the next General Meeting of Shareholders. The Board also agreed on his appointment as Chairman of the Board of Directors.

II

In accordance with the provisions of article 244, in relation to article 529.10 of the Companies Act, the appointment by co-option needs to be ratified by the next General Meeting of the Company to be held. Therefore, the Board, prior a proposal of the Appointments and Remuneration Committee, has agreed to submit to the General Shareholders Meeting the ratification and appointment of Mr. Gregorio Marañón y Bertrán de Lis as independent Director.

III

The Appointments and Remuneration Committee, in its meeting of February 10<sup>th</sup>, 2020, evaluated again the professional and biographical profiles of Mr. Gregorio Marañón y Bertrán de Lis, which is the following:

Mr. Gregorio Marañón y Bertrán de Lis is the Chairman of Compañía de Distribución Integral Logista Holdings S.A. He also serves as Chairman of Universal Music and of Air City Madrid Sur, and he is member of the Board of Patrimonio Nacional. He is Chairman of the Board and the Executive Committee of the Teatro Real opera house and has a wide experience in the financial and business spheres. He was awarded the Grand Cross of Alfonso X el Sabio; the Gold Medal of the Comunidad Autónoma de Madrid; and the Gold Medal of Castilla-La Mancha Region. He was appointed Commandeur de la Légion d'Honneur Française and Commendatore della Ordine de la Stella della Repubblica Italiana.

Mr. Marañón received his Bachelor of Laws from Complutense University of Madrid (1964), and completed an Advanced Management Program at the IESE Business School (1979). He is Doctorate Honoris Causa by the University of Castilla-La Mancha.

#### IV

The Appointments and Remuneration Committee has noted that Mr. Marañón:

- 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, having expressed full availability for it;
- 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.

The Appointments and Remuneration Committee also particularly appreciates Mr. Marañón's leadership in managing the changes that recently have taken place in the management of the Company.

Therefore, the Appointments and Remuneration Committee unanimously proposes to ratify and appoint Mr. Gregorio Marañón y Bertrán de Lis, as independent Director.

#### V

Taking into account all these considerations, the Board of Directors unanimously decides to adopt and approve the ARC proposal related to the ratification and appointment by the General Shareholders Meeting of Mr. Gregorio Marañón y Bertrán de Lis as independent Director, as it considers that Mr. Gregorio Marañón y Bertrán de Lis has the adequate capabilities, experience and merits for the performance of his functions, and highly appreciates his leadership in managing the changes that have recently taken place in the management of the Company. For all this, the Board considers that he fulfils the requirements to be ratified and appointed as independent Director by the General Shareholders Meeting.

Madrid, February 10<sup>th</sup>, 2020

The Secretary of the Board,

Ms. María Echenique Moscoso del Prado