



PROPOSAL BY APPOINTMENTS AND REMUNERATION COMMITTEE IN RELATION TO RE-ELECTION OF MARÍA HELENA DOS SANTOS FERNANDES DE SANTANA AS MEMBER OF THE BOARD OF DIRECTORS OF BME

At its meeting held on 20 February 2020 the Appointments and Remuneration Committee submitted to the Board of Directors this proposal of the re-election of María Helena dos Santos Fernandes de Santana as member of the Board of Directors of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (hereinafter "BME" or "the Company"), pursuant to the provisions of Articles 529 decies. section 4, and 529.quincecies, section 3.c), of the Companies Act, and Articles 20.2.c) and 22.1 of the Board of Directors Regulations.

The proposal to re-elect Ms Fernandes de Santana includes the contents of the report that, in terms of the Director's re-election, must be issued by the Appointments and Remuneration Committee pursuant to the provisions of Article 22.2 of the Board of Directors Regulations.

I. Background.

Ms María Helena dos Santos Fernandes de Santana was appointed as member of the Board of Directors at the Ordinary General Shareholders' Meeting held on 28 April 2016.

II. Medium and long-term planning of the structure and composition of the Board of Directors.

As a result of the forthcoming termination of the positions of the independent proprietary members of the Board of Directors, the Appointments and Remuneration Committee have analysed the structure and composition of the Board of Directors to evaluate if it is appropriate for the Company to proceed with their re-election for a new term of four years.

Thereby, the Appointments and Remuneration Committee has considered that if Ms Fernandes de Santana is re-elected to the Board of Directors there would continue to be a vast majority of external Directors on the Board compared to the executive directors, with independent Directors accounting for more than 50% of all members of the Board of Directors in line with the recommendations of the Good Governance Code of listed companies.

Furthermore, if Ms Fernandes de Santana is re-elected, the number of female Directors would continue to stand at 27.27%, a percentage that is close to the target established in recommendation 14 of the Good Governance Code of listed companies that requires that by 2020, the number of female Directors comes to at least 30% of all members of the Board of Directors.

Furthermore, the Appointments and Remuneration Committee has analysed the current composition of the Board of Directors and the areas of experience and knowledge that its members collectively hold and has concluded that it would be appropriate for the proper management of the company to preserve the knowledge and experience that Ms Fernandes

de Santana has in terms of international financial markets and, more particularly, Latin American financial markets and, consequently, propose her re-election as Director.

III. Appointment procedure.

Pursuant to the provisions of section 4 of article 529.decies of the Companies Act and articles 20.2.c) and 22.2 of the Board of Directors Regulations, it is the Appointments and Remuneration Committee's duty to propose the re-election of independent Directors before the Board of Directors to be submitted for approval by the Ordinary General Shareholders' Meeting.

In addition, in accordance with article 6.3 of the Board of Directors Regulation, this proposal shall include an explanation of the category into which Ms Fernandes de Santana is qualified within those set out in article 529.duodecies of the Companies Act.

IV. Professional background.

Ms Maria Helena dos Santos Fernandes de Santana has a degree in economics from the Faculty of Economics and Administration of the University of São Paulo (FEA-USP).

She is a member of the Board of Directors, Coordinator of the Staff, Appointments and Governance Committee and member of the Audit, Risk and Controls Committee at *OI, S.A.*, a Director of *XP Inc.*, and Chairs its Audit Committee; member of the Audit Committee of *Itau Unibanco Holding, S.A.*; co-ordinator of the *IBGC - Instituto Brasileiro de Governança Corporativa Audit Committees* since 2017; member of Consultative Committee of the *Mercado de Governança de Estatais de BM&FBOVESPA*; and a member of the *B3 Issuers and Structurers Market Consultative Committee*.

She was also a member of the Board of Directors of *IFRS Foundation*, an entity that is part of the *International Accounting Standards Board (IASB)*, between 2014 and 2019; member of the Mergers and Acquisitions Council (CAF); member of the Board of Directors and Chair of the Corporate Governance Committee of *Companhia Brasileira de Distribuição, S.A.*, between 2013 and 2017; member of the Board of Directors and Coordinator of the Audit Committee of *TOTVS, S.A.* between 2013 and 2017; a member of the Board of Directors at *CPFL Energia, S.A.* between 2013 and April 2015; Executive Chairman of the Brazilian Securities And Exchange Commission (*Comisión de Valores Mobiliarios (CVM)*) between 2007 and 2012; Director of this Commission between 2006 and 2007; and representative of the Commission on the *Financial Stability Board (FSB)* between 2009 and 2012.

She was previously Chairman of the Executive Committee of the *International Organisation of Securities Commissions (IOSCO)* between 2011 and 2012, while also a member of the *International Integrated Reporting Committee (IIRC)*; and Vice-Chairman of the *Brazilian Institute of Corporate Governance* between 2004 and 2006, and member of its Board of Directors since 2001.

She worked in *Special Projects at the São Paulo Stock Exchange* (now known as B3) between 1994 and 2006, and was Executive Superintendent of Corporate Relations between 2000 and 2006. In this post, she was responsible for the supervision of listed companies and development of the "Novo Mercado" or New Market segment, which requires high standards of corporate governance.

V. Analysis of compliance by María Helena dos Santos Fernandes de Santana of the legal and statutory requirements for her re-election as Director of BME.

The Appointments and Remuneration Committee then analyses the fulfilment of the legal and statutory requirements in relation to the proposed re-election of Maria Helena dos Santos Fernandes de Santana qualified as external independent director.

Ms Fernandes de Santana is currently a Director at the Company and, therefore, compliance with the requirements of experience, expertise and integrity required to perform her duties is considered to have been already proven.

Nevertheless, the Appointments and Remuneration Committee has evaluated Ms Fernandes de Santana's professional track-record and confirmed that she fulfils the requirements of article 152.1.f) of the Spanish Securities Market Act, referred to in point 3 of the sixth additional provision of the same Act, stipulating that members of BME's Board of Directors have the integrity knowledge and experience necessary for the appropriate discharge of their functions and the time available to exercise good governance of the Company.

Furthermore, the Appointments and Remuneration Committee does not consider that there is just cause, in the event that this Committee's proposal is approved by the Board of Directors, for Ms Fernandes de Santana resigning from her position as independent Director pursuant to the provisions of Article 22.3 of the Board of Directors Regulations.

Furthermore, the Appointments and Remuneration Committee has verified that María Helena dos Santos Fernandes de Santana has not been and is not involved in any situations in which the Director must tender her resignation to the Board of Directors, pursuant to the provisions of Article 22.4 of the Board of Directors Regulations or any of the circumstances of legal incompatibility or limitations which, to hold this position, are set out in prevailing legislation or included in Article 23 of the aforementioned Regulations.

VI. Directors category into which María Helena dos Santos Fernandes de Santana would be qualified.

Ms María Helena dos Santos Fernandes de Santana has been qualified as an external independent Director at the Company, given that, pursuant to the provisions of Article 529.duodecies.4 of the Companies Act, her appointment has been made for her personal and professional qualities and as she would be in position to perform his duties without being influenced by relationships with the Company, its significant shareholders or its management, and as none of the situations set forth therein precluding this classification exist.

VII. Effects of Ms Fernandes de Santana re-election on the composition of the Board of Directors.

As at the date of this proposal, the Board of Directors is composed of eleven (11) Directors, of which nine (9) are external, two (2) are proprietary, six (6) are independent, one (1) is other external and the remaining two (2) are executive.

Furthermore, there are two (2) vacancies on the Board of Directors following the resignation of Mr Ramiro Mato García-Ansorena, a proprietary external Director and the death of Mr Manuel Olivencia Ruiz, an independent external Director.

The proposed re-election of Ms Fernandes de Santana as Director of the Company would not alter the structure of the Board of Directors, which would retain a significant presence of external independent Directors accounting more than 50% of all its members.

VIII. Assessment of the services provided by Ms Fernandes de Santana during her the last term of office.

The quality of Ms Fernandes de Santana's work and competencies as a member of the Board of Directors is assessed annually as per article 10.3 of the Board of Directors Regulations, by way of the approval of the Report on the performance of the Board of Directors and its Committees, which includes the assessment that each of the Committees performs on its own undertakings.

Based on these annual reports, the Appointments and Remuneration Committee approves Ms Fernandes de Santana's performance and his contribution to the development of the activities undertaken by the Board of Directors.

Regarding the dedication of Ms Fernandes de Santana during her term of office as a member of the Board of Directors, it is worth noting that she has attended 38 of the 50 meetings of the Board of Directors, which represents 76 percent of all meetings.

Below, the attendance details of Ms Fernandes de Santana in each year of her term of office are provided.

In 2016, she attended 6 of the 8 meetings held following her appointment as a Director, which represents an attendance rate of 75%.

In 2017 and 2018, she attended 9 of the 12 meetings held each year, which equates to an attendance rate of 75%.

In 2019, she attended 13 of the 17 meetings of the Board of Directors held, equating to an attendance rate of 76.47%.

In the short period of time that has elapsed in 2020 up until the date of this report, Ms Fernandes de Santana has attended the only meeting held, equating to an attendance rate of 100% of all meetings held.

IX. Conclusion of the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee considers that the proposed re-election of María Helena dos Santos Fernandes de Santana as a member of the Board of Directors is beneficial to BME given her profile, her professional experience in financial markets and her knowledge of the Latin American region. Furthermore, the dedication shown and her contributions to the Board of Directors in the best interests of the Company have been taken into account.

As a result, the Appointments and Remuneration Committee, after deliberation, hereby submits the proposed re-election of María Helena dos Santos Fernandes de Santana as a member of the BME Board of Directors to the Board of Directors for approval by the Ordinary General Shareholders' Meeting.