

REPORT BY THE BOARD OF DIRECTORS JUSTIFYING THE PROPOSED RESOLUTION TO RE-ELECT MARIA HELENA DOS SANTOS FERNANDES DE SANTANA AS A DIRECTOR OF BME

I.- Purpose of the explanatory report.

This report is issued on 24 March 2020 pursuant to section 5 of article 529.decies of the Corporate Enterprises Act, and article 22.1 of the Board of Directors Regulations, which require that all proposals for the appointment or re-election of members of the Board of Directors be accompanied by an explanatory report from the Board of Directors evaluating the competence, experience and merit of the proposed candidate.

To this end, this report by the Board of Directors accompanies and assesses the proposal for re-election of Maria Santos Fernandes Santana as external Director of the Company, submitted by the Appointments and Remuneration Committee at its meeting of 20 February 2020, laid before the Board of Directors the proposed appointment of in compliance with Article 529.decies.4 and Article 529.quindecies.3.c) of the Corporate Enterprises Act and Articles 20.2.c) 22.1 of the Regulations of the Board of Directors.

II.- Explanatory report on the proposed re-election of María Helena dos Santos Fernandes de Santana as a Director.

In view of the foregoing and for the purpose of issuing the required explanatory report, the Board of Directors evaluated the conditions that must be met by the Directors in order to discharge their duties and the dedication required in exercising their functions.

In addition, the Board of Directors has assessed the competence, experience and merits of María Helena dos Santos Fernandes de Santana based on the information provided regarding her professional background:

“María 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 or Instituto Brasileiro de Governança 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.

Based on her professional experience, the Board of Directors believes that Ms Fernandes de Santana has the appropriate professional knowledge and experience and business and professional integrity to be re-elected as member of the Board of Directors of the Company.

In this connection, the Board of Directors values the knowledge of Ms Fernandes de Santana on Ibero-American financial markets, as well as her extensive professional career on the Boards of Directors and Audit Committees of listed companies.

The Appointments and Remuneration Committee also states that Ms 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 included in article 38.3 of the Bylaws and articles 20.4.a), b) and c) of the Board of Directors Regulations, or in any situations of prohibition to exercise the position, as established in article 213 of the Corporate Enterprises Act.

Furthermore, it can be ascertained from her professional profile that as at the date of issue of this report, Ms Fernandes de Santana complies with the provisions of article 23 of the Board of Directors Regulations which establishes that external Directors may not hold directorships at more than four companies whose shares are listed on Spanish or foreign stock markets.

By virtue of that set forth and taking into account the proposal made by the Appointments and Remuneration Committee, the Board of Directors considers that Ms Fernandes de Santana has the competence, experience and merit necessary for her re-election as Director of the Company.

For these purposes, the Board of Directors approves this justification accompanying the proposed re-election of María Helena dos Santos Fernandes de Santana as Director approved by the Appointments and Remuneration Committee to be submitted to the ordinary General Shareholders' Meeting.