



## **REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE IN RELATION TO THE PROPOSED RESOLUTION RELATING TO THE RATIFICATION OF MR JUAN MARCH JUAN AS A MEMBER OF BME'S BOARD OF DIRECTORS**

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The Appointments and Remuneration Committee, at its meeting on 23 March 2015, drew up this report in relation to the ratification of Mr Juan March Juan as a Director of the Company proposed by the Board of Directors in accordance with section 4 of article 529.decies of the Companies Act, as set forth in Law 31/2014, of 3 December, amending the Companies Act to improve corporate governance (hereinafter, "Law 31/2014").

By virtue of section 6 of article 529.decies of the Companies Act, the Appointments and Remuneration Committee must report to the Board of Directors on all proposals for re-election of any non-independent directors, which includes all ratification proposals. This report was already required by article 36.2.a) of the Articles of Association and articles 18.2.a) and 20.1 of the Board of Directors Regulations, which assigned this Committee the task of reporting to the Board of Directors on compliance with the requirements laid down by law and under the Articles of Association and the Board of Directors Regulations with regard to all proposals to be submitted by the Board to the General Meeting on the ratification of directors.

### **Background**

The Board of Directors, at its meeting held on 30 October 2014, following a favourable report by the Appointments and Remuneration Committee, resolved to appoint by co-option shareholders Mr Juan March Juan and Mr Santos Martínez-Conde y Gutiérrez-Barquín as Directors for the purpose of covering two vacancies submitted by the Board of Directors.

Mr. March Juan and Mr. Martínez-Conde y Gutiérrez-Barquín were classified as external proprietary Directors on having been appointed at the request of the significant shareholder Corporación Financiera Alba, S.A.

### **Professional background**

Mr Juan March Juan has a degree in Business Administration and Management from the Colegio Universitario de Estudios Financieros (CUNEF) and an Executive MBA from IESE.

In 2005 he carried out his professional activities in the Corporate Finance Department at Banco Santander, S.A.

From 2006 to 2009 he worked at *Goldman Sachs* (London) where he performed his activities in the advisory service departments in the natural resources, energy, industrial, transport and infrastructure industries, and in purchase and sale, corporate finance and similar transactions in the capital markets for Euro-Asian companies.

In 2009 he joined the March Group as associate director of Artá Capital, S.G.E.C.R., S.A., a venture capital company, the corporate purpose of which is the management of Deyá

Capital, S.C.R. At the same time, he joined the Management Committee of the holding company, Corporación Financiera Alba, S.A.

In 2010 Mr. March Juan was appointed director of Corporación Financiera Alba, S.A. and Cobra Gestión de Infraestructuras, S.A. He served as member of the Board of Directors of the Pepe Jeans-Hackett Group from that date until 2011.

Following his appointment in 2012 as director of Banca March, S.A. and a member of its Delegated Committee, he is currently the Deputy Chairman of Artá Capital, S.G.E.C.R., S.A. and member of the Board of Directors of Mecalux, S.A. and OCIBAR, S.A.

**Analysis of Mr Juan March Juan's compliance with the requirements laid down by law and under the Articles of Association for ratification of his appointment as Director**

Pursuant to article 244 of the Companies Act, article 38.2 of the Articles of Association and article 145.2 of the Mercantile Registry Regulations, the appointment of Mr Juan March Juan by co-option must be, where applicable, ratified at the first General Shareholders' Meeting which will be held following this appointment.

Section 6 of article 529.decies of the Companies Act, as set forth in Law 31/2014, requires the Appointments and Remuneration Committee to report to the Board of Directors on any proposal for re-election of a non-independent director, which includes all ratification proposals.

In this regard, prior to the entry into force of Law 31/2014, article 36.2.a) of the Articles of Association and articles 18.2.a) and 20.1 of the Board of Directors Regulations established that the Appointments and Remuneration Committee must report to the Board of Directors on any proposal for ratification of a non-independent director.

As a result of the Board of Directors' proposal to ratify Mr. March Juan as Director, the Appointments and Remuneration Committee has analysed his professional background under the following terms:

**Requirements laid down by law and under the Articles of Association necessary to be ratified as Director.**

Mr. March Juan is currently a Director at the Company and, therefore, compliance with the requirements of experience, expertise and integrity required to perform his duties is considered to have been already proven. In this regard, the Spanish National Securities Market Commission (CNMV) authorised his appointment as a member of the Board of Directors on 19 December 2014.

Similarly, the Appointments and Remuneration Committee analysed the professional background of Mr. March Juan and declares that he has the technical know-how, professional skills and business integrity necessary to continue discharging his duties as Director of BME.

Mr. March Juan's training in the financial sector, along with his experience as director at companies in various sectors is noteworthy of mention.

In addition, since his appointment as Director, he has met all obligations with the required diligence. In this regard, Mr. March Juan has attended four (4) of the five (5) Board of Directors meetings held, representing 80% attendance. By attending these meetings, he has actively and effectively contributed in the Company's decision-making process.

In addition, the Appointments and Remuneration Committee states that Mr. March Juan has not been and is not involved in any situations in which the Director must tender his resignation to the Board of Directors included in article 38.3 of the Articles of Association 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 Companies Act.

Accordingly, the Appointments and Remuneration Committee, by virtue of the resolution adopted by the Board of Directors on 20 March 2012, analysed whether the remaining professional obligations of Mr. March Juan would allow him to effectively carry out his duties as Director, and considers that, on limiting his professional obligations to companies of the March Group or investees thereof, they will not prevent him from discharging his duties in a competent manner and with the necessary dedication, as demonstrated by his attendance and active participation at the meetings.

#### Appointment of Director.

Mr Juan March Juan has been classified as an external proprietary director on having been appointed at the request of Corporación Financiera Alba, S.A., a significant shareholder of BME.

Corporación Financiera Alba, S.A., as of the date of this report, was the largest shareholder of BME, with an ownership interest of 8.28% in its share capital.

The ratification of Mr. March Juan as external proprietary director will not alter the structure of the Board of Directors and the percentage of external proprietary directors that form part of the Board, following the resignation tendered by Mrs Rosa María García García, shall remain the same.

In addition, the structure set forth in article 6.3 of the Board of Directors Regulations continues to be met, which requires a majority of external directors (81.81%) over executive directors (18.19%) and that independent directors have a significant presence (45.45% of all directors, which is increased to 54.54% if “other non-executive directors” is included).

#### **Conclusion of the Appointments and Remuneration Committee**

The Appointments and Remuneration Committee considers that the Board of Directors' proposal to ratify Mr. March Juan as director will be beneficial for BME given that, despite the brief period of time elapsed since his appointment by co-option, the quality of the professional services provided and his dedication during his term of office have been in the Company's best interest.

The Appointments and Remuneration Committee, after deliberation, has therefore resolved to issue a favourable report on the Board of Directors' proposal to ratify Mr Juan March Juan as a member of BME's Board of Directors, which will be executed at the Ordinary General Shareholders' Meeting.



## **REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE IN RELATION TO THE PROPOSED RESOLUTION RELATING TO THE RATIFICATION OF MR SANTOS MARTÍNEZ-CONDE Y GUTIÉRREZ-BARQUÍN AS A MEMBER OF BME'S BOARD OF DIRECTORS**

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The Appointments and Remuneration Committee, at its meeting on 23 March 2015, drew up this report in relation to the ratification of Mr Santos Martínez-Conde y Gutiérrez-Barquín as a Director of the Company proposed by the Board of Directors in accordance with section 4 of article 529.decies of the Companies Act, as set forth in Law 31/2014, of 3 December, amending the Companies Act to improve corporate governance (hereinafter, "Law 31/2014").

By virtue of section 6 of article 529.decies of the Companies Act, the Appointments and Remuneration Committee must report to the Board of Directors on all proposals for re-election of any non-independent directors, which includes all ratification proposals. This report was already required by article 36.2.a) of the Articles of Association and articles 18.2.a) and 20.1 of the Board of Directors Regulations, which assigned this Committee the task of reporting to the Board of Directors on compliance with the requirements laid down by law and under the Articles of Association and the Board of Directors Regulations with regard to all proposals to be submitted by the Board to the General Meeting on the ratification of directors.

If Mr Santos Martínez-Conde y Gutiérrez-Barquín is ratified as a member of the Board of Directors by the Ordinary General Shareholders' Meeting, his re-election as a member of the Markets and Systems Operating Procedures Committee would be reported for the purpose of complying with that established in article 36.2.b) of the Articles of Association and article 18.2.a) of the Board of Directors Regulations.

### **Background**

The Board of Directors, at its meeting held on 30 October 2014, following a favourable report by the Appointments and Remuneration Committee, resolved to appoint by co-option shareholders Mr Juan March Juan and Mr Santos Martínez-Conde y Gutiérrez-Barquín as Directors for the purpose of covering two vacancies submitted by the Board of Directors.

Mr. March Juan and Mr. Martínez-Conde y Gutiérrez-Barquín were classified as external proprietary Directors on having been appointed at the request of the significant shareholder Corporación Financiera Alba, S.A.

In addition, at the aforementioned Board of Directors meeting, Mr Santos Martínez-Conde y Gutiérrez-Barquín was appointed a member of the Markets and Systems Operating Procedures Committee following a favourable report issued by the Appointments and Remuneration Committee.

### **Professional background**

Mr Santos Martínez-Conde y Gutiérrez-Barquín is a civil engineer, with a Master's Degree in Business Administration and Management and a degree in nuclear technology from the Universidad Pontificia de Comillas ICAI-ICADE.

From 1979 to 1998 he carried out his professional activity at several engineering and financial companies: Sener, Técnica Naval e Industrial, S.A., Técnicas Reunidas, S.A., Bestinver, S.A., Corporación Borealis, S.A. and Banco Urquijo, S.A.

Mr. Martínez-Conde y Gutiérrez-Barquín has also held the position of director at many listed and unlisted companies.

Mr. Martínez-Conde y Gutiérrez-Barquín is currently the Chief Executive Officer of Corporación Financiera Alba, S.A., and holds the position of director at Banca March, S.A., Banco Inversis, S.A., ACS Actividades de Construcción y Servicios, S.A., Acerinox, S.A., Indra Sistemas, S.A., Artá Capital, S.G.E.C.R., S.A., Artá Partners, S.A., Alba Participaciones, S.A. and Deyá Capital, S.C.R., S.A.

### **Analysis of Mr Santos Martínez-Conde y Gutiérrez-Barquín's compliance with the requirements laid down by law and under the Articles of Association for ratification of his appointment as Director**

Pursuant to article 244 of the Companies Act, article 38.2 of the Articles of Association and article 145.2 of the Mercantile Registry Regulations, the appointment of Mr Santos Martínez-Conde y Gutiérrez-Barquín by co-option must be, where applicable, ratified at the first General Shareholders' Meeting which will be held following this appointment.

Section 6 of article 529.decies of the Companies Act, as set forth in Law 31/2014, requires the Appointments and Remuneration Committee to report to the Board of Directors on any proposal for re-election of a non-independent director, which includes all ratification proposals.

In this regard, prior to the entry into force of Law 31/2014, article 36.2.a) of the Articles of Association and articles 18.2.a) and 20.1 of the Board of Directors Regulations established that the Appointments and Remuneration Committee must report to the Board of Directors on any proposal for ratification of a non-independent director.

As a result of the Board of Directors' proposal to ratify Mr. Martínez-Conde y Gutiérrez-Barquín as Director, the Appointments and Remuneration Committee has analysed his professional background under the following terms:

#### **Requirements laid down by law and under the Articles of Association necessary to be ratified as Director.**

Mr. Martínez-Conde y Gutiérrez-Barquín is currently a Director at the Company and, therefore, compliance with the requirements of experience, expertise and integrity required to perform his duties is considered to have been already proven. In this regard, the Spanish National Securities Market Commission (CNMV) authorised his appointment as a member of the Board of Directors on 19 December 2014.

Similarly, the Appointments and Remuneration Committee analysed the professional background of Mr. Martínez-Conde y Gutiérrez-Barquín and declares that he has the technical know-how, professional skills and business integrity necessary to continue discharging his duties as Director of BME.

In the case of Mr. Martínez-Conde y Gutiérrez-Barquín, his extensive professional experience in managing listed companies, in which he has held the position of Director, and in companies in the financial sector is noteworthy of mention, which makes his profile ideal for becoming a member of BME's Board of Directors.

In addition, since his appointment as Director, he has met all obligations with the required diligence. Mr. Martínez-Conde y Gutiérrez-Barquín has attended five (5) Board of Directors meetings and five (5) Market and Systems Operating Procedures Committee meetings, representing 100% attendance. He has actively and effectively contributed in the decision-making process in both bodies.

In addition, the Appointments and Remuneration Committee states that Mr. Martínez-Conde y Gutiérrez-Barquín has not been and is not involved in any situations in which the Director must tender his resignation to the Board of Directors included in article 38.3 of the Articles of Association 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.

Accordingly, the Appointments and Remuneration Committee, by virtue of the resolution adopted by the Board of Directors on 20 March 2012, analysed whether the remaining professional obligations of Mr. Martínez-Conde y Gutiérrez-Barquín would allow him to effectively carry out his duties as director, and considers that, on limiting his professional obligations to companies of the March Group or investees thereof, they will not prevent him from discharging his duties in a competent manner and with the necessary dedication, as demonstrated by his attendance and active participation at all Board of Directors and Market and Systems Operating Procedures Committee meetings held.

#### Appointment of Director.

Mr Santos Martínez-Conde y Gutiérrez-Barquín has been classified as a external proprietary director on having been appointed at the request of Corporación Financiera Alba, S.A., a significant shareholder of BME.

Corporación Financiera Alba, S.A., as of the date of this report, was the largest shareholder of BME, with an ownership interest of 8.28% in its share capital.

The ratification of Mr. Martínez-Conde y Gutiérrez-Barquín as external proprietary Director will not alter the structure of the Board of Directors and the percentage of external proprietary directors that form part of the Board of Directors, following the resignation tendered by Mrs Rosa María García García, shall remain the same.

In addition, the structure set forth in article 6.3 of the Board of Directors Regulations continues to be met, which requires a majority of non-executive directors (81.81%) over executive directors (18.19%) and that independent directors have a significant presence (45.45% of all directors, which is increased to 54.54% if "other non-executive directors" is included).

#### **Conclusion of the Appointments and Remuneration Committee**

The Appointments and Remuneration Committee considers that the Board of Directors' proposal to ratify Mr. Martínez-Conde y Gutiérrez-Barquín as Director will be beneficial for BME given that, despite the brief period of time elapsed since his appointment by co-option,

the quality of the professional services provided and his dedication during his term of office have been in the Company's best interest.

The Appointments and Remuneration Committee, after deliberation, has therefore resolved to issue a favourable report on the Board of Directors' proposal to ratify Mr Santos Martínez-Conde y Gutiérrez-Barquín as a member of BME's Board of Directors, which will be executed at the Ordinary General Shareholders' Meeting.

If Mr Santos Martínez-Conde y Gutiérrez-Barquín is ratified as a member of the Board of Directors by the Ordinary General Shareholders' Meeting, the Appointments and Remuneration Committee, in accordance with the powers granted thereto by article 36.2.b) of the Articles of Association and article 18.2.a) the Board of Directors Regulations, would support the re-election of Mr. Martínez-Conde y Gutiérrez-Barquín as a member of the Market and Systems Operating Procedures Committee.