



PROPOSAL BY THE APPOINTMENTS AND REMUNERATIONS COMMITTEE FOR THE APPOINTMENT OF MS BELEN ROMANA GARCIA AS DIRECTOR OF BME

The Appointments and Remunerations Committee, at its meeting of 22 June 2020, issues the present proposal of the Board of Directors for the appointment as a member of the Board of Directors of Bolsas y Mercados Españoles, Holding Company of Mercados y Sistemas Financieros, SA (hereinafter "BME" or "the Company") of Ms Belen Romana García, classified as an external independent Director, in accordance with the provisions of articles 529 decies, section 4, and 529 quincecies, section 3.c), of the Corporate Enterprises Act, and 22, section 1, and 20, section 2.c) of the Board of Directors Regulations.

I. Background

As a result of the success of the takeover bid for BME launched by SIX GROUP AG on 100% of BME's share capital and the new shareholding structure of the Company, which currently owns 93.16% of share capital, the Appointments and Remunerations Committee has reviewed and evaluated the Board of Directors structure in order to analyze the size and composition that this body would be appropriate to present.

The Appointments and Remunerations Committee concluded that it was advisable to submit to the Board of Director the proposal of the appointment as Director of Ms Belen Romana García, classified as an independent external director.

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

As a consequence of the new shareholding structure of the Company, with a shareholder owning 93.16% of the share capital, the Appointments and Remunerations Committee has analysed the size, composition and structure that would be appropriate for the Board of Directors to effectively perform the functions attributed to it, in accordance with the Medium- and long-term Planning of the structure and composition of the Board of Directors.

Specifically, among the criteria to be taken into account to determine the number of members considered appropriate by the Board of Directors and its composition, the aforementioned Planning makes special reference to the shareholding structure that the Company presents at all times and, in particular, the existence of owners of significant shares, as well as the composition requirements of the Board Committees and the possible modification of the activity carried out by the Company.

In this regard, to determine the number of members that the Board of Directors should have, the Appointments and Remunerations Committee has considered that the existence of a majority shareholder advises a reduction in the number of Directors.

It has also assessed the number of Board Committees on which the Directors will sit and the number and classification of the Directors that must be included on these Committees to comply with the legal requirements regarding their respective composition, to guarantee that the Directors have sufficient availability to correctly perform of their functions.

Thus, the Appointments and Remunerations Committee has taken into account the existence of three (3) Board Committees, two of which, the Audit Committee and Appointments and Remunerations Committee must be made up entirely of non-executive Directors, of which, in the case of the Audit Committee, the majority must have the status of independent Directors, while on the Appointments and Remunerations Committee, at least two (2) have to be classified as independent Directors. The Markets and Systems Operating Procedure Committee does not have any qualitative criteria regarding its composition.

The Appointments and Remunerations Committee has evaluated the Recommendations of the Good Governance Code of listed companies, which refer to the size of the Board of Directors and those that refer to the functional structure of the Board of Directors, the degree of independence of this body and the proportion of proprietary and independent Directors.

In this regard, the Appointments and Remunerations Committee has concluded that six (6) Directors consider themselves to form the adequate number of members of the Board of Directors, to guarantee its effective, participatory and functional operations, of which one (1) would be classified as executive, two (2) as external independent and the remaining three (3) would be classified as external proprietary Directors, representing the majority shareholder SIX GROUP AG.

With this composition of the Board of Directors, the proportion between proprietary and independent Directors is considered to be in line with the shareholder composition, and there is a minimum presence of executive Directors.

In view of the above, together with the proposal for appointment as Director of Ms Belén Romana García, in compliance with the Medium and long-term Planning of the structure and composition of the Board of Directors, and in line with the best governance practices, the Appointments and Remunerations Committee has assessed a proposal to reorganise the governance body, which sets the number of Directors at six (6) and the number of members of each of the Board Committee at three (3).

After this analysis and simultaneously with the proposal for appointment as Director of Ms Belen Romana Garcia, classified as independent Director, will be submitted for approval by the extraordinary General Shareholders Meeting the proposals for ratification of Mr. Johannes Bernardus Dijsselhof and Mr. Daniel Schmucki and appointment of Ms. Marion Leslie, classified as proprietary Directors, and the re-election by Mr Javier Hernani Burzako, classified as an executive director, and by Mr David Jiménez-Blanco Carrillo de Albornoz, classified as an independent external director.

III. Professional background.

Ms Belen Romana García is a Graduate in Economics. Universidad Autónoma de Madrid - UAM- (1988), she studied postgraduate studies at *Skidmore College - Tufts University-* in the United States (1988) and has been a Commercial Technician and State Economist since 1994.

She has also completed several training programmes in International Economics at Harvard University (2009), Senior Management in *Digital Business* at *The Valley Digital School* (2017) and Disruptive Technologies at *Singularity University -Mountain View-* in California (2017).

Until 1994, she worked at Fraser Consulting AG located in Essen –Germany- (1988-1989) and at Bestinver as a Fixed Income, Options and Futures *trader* (1989-1991).

Between 1994 and 2000, he worked as a Commercial Technician and State Economist in the General Directorate of Economic Policy of the Ministry of Economy.

Subsequently, she was General Director of Economic Policy of the Ministry of Economy between 2000 and 2003, holding, in that period and on behalf of the Ministry of Economy, the status of Director at various companies and public agencies (ICO, Mercasa, SEIASA, Sidenor, CERSA) and the position of Head of the Spanish Delegation on the Economic Policy Committee of the European Union and the OECD Economic Policy Committee.

She also served as the Director General of the Treasury and Financial Policy of the Ministry of Economy between 2003 and 2005, holding, during this period and on behalf of this Directorate-General, the position of member of the Governing Council of the Bank of Spain and of the Council of the National Securities Markets Commission, as well as Head of the Spanish Delegation on the European Union's Financial Services Committee.

She has also been Director of Economics for the *Círculo de Empresarios* between 2005 and 2008; Director of Strategy and Corporate Development of ONO between 2008 to 2010, an entity in which she has also been responsible for Internal Audit, Risk Management and Investor Relations; General Secretary of the *Círculo de Empresarios* between 2010 and 2012; and Chairman of the *Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB)* from December 2012 to January 2015.

Since 2008, she has held various positions in various listed and supervised companies such as Banesto, where she acted as independent Director, Chairperson of the Audit Committee and of the Appointments and Remunerations Committee and member of the Executive Risks Committee; Acerinox SA, in which between 2009 and 2013 she was an independent Director and Chair of the Audit Committee; and in the company listed in Belgium and the Netherlands Ageas SA (former FORTIS), in which she was an independent Director and member of the Appointments and Remunerations Committee from 2010 to 2012.

Between 2013 and 2014, she was a member of the Group of Experts on Euro Letters and the European Debt Fund, which is a group created by President Barroso and by Vice-President Olli Rehn, European Commission.

Currently, since December 2015, Mr Romana García has been a Member of the Board of Directors of Banco Santander, SA and a member of its Audit Committee, Innovation and Technology Committee, Executive Committee and Responsible Banking Committee, as well as the Risk Supervision, Regulation and Compliance Committee.

Additionally, since June 2015 she has been a member of the Board of Directors of the British insurer AVIVA plc and Chairman of its Risk Committee and a member of its Audit, Appointments and Client Committees. She has also been President of the Global Board of the Digital Future Society since February 2019 and Advisor to Tribaldata, a *start-up* dedicated to data since July 2019.

IV. Appointment procedure.

Section 4 of article 529.decies and section 3.c) and article 529.quindecies of the Corporate Enterprises Act, and articles 20.2.c) and 22.1 of the Board of Directors Regulations state that it is up to the Appointments and Remunerations Committee to present to the Board of Directors

the proposals for the appointment of external independent Directors to be submitted for approval by the General Shareholders Meeting.

In addition, in accordance with article 6.3 of the Board of Directors Regulations this proposal includes an explanation of the category into which the Director whose appointment is proposed to the extraordinary General Shareholders Meeting would be classified within the categories of Directors set out in article 529 duodecies of the Corporate Enterprises Act.

V. Analysis of compliance by Ms Belen Romana García of the requirements laid down by law and under the Articles of Association for appointment as Director.

This analysis by the Appointments and Remunerations Committee will focus in the first place on Ms Belen Romana García compliance with the requirements necessary to be appointed a director of the Company.

With respect to this proposal, the Appointments and Remunerations Committee has evaluated Ms Romana Garcia professional track-record and confirmed that she fulfils the requirements of article 184 bis, section 1 of the Spanish Securities Market Law, which substitutes article 152, section 1.f) of the same Law, referred to in point 3 of the additional provision six, stipulating that members of BME's Board of Directors have the acknowledged honourability, honesty and integrity and sufficient knowledge, competence and experience, and are able to act independently, and are in a position to exercise good governance at the Company.

Furthermore, the Appointments and Remunerations Committee has verified that Ms Belen Romana García is not involved in any of the causes of incompatibility or legal limitations that, for the performance of the position, are established by current regulations and articles 213 of the Corporate Enterprises Act and 6, section 2, and 23 of the Board of Directors Regulations.

The Appointments and Remunerations Committee has taken into consideration Mrs Romana García extensive experience in multiple public administration positions, her membership in the Board of Supervisors Banco de España and the National Securities Market Commission and her experience as a Director and member of the Committees of Boards in credit institutions and other listed companies.

Based on the analysis of the above data, the Appointments and Remunerations Committee has concluded that the positions held by Ms Romana García in other companies do not constitute an obstacle to her appointment as Director and that she is available to fulfil the dedication required for the exercise of the position.

VI. Category into which the proposed candidate would be classified.

Ms Belen Romana Garcia has been classified as an external independent Director of the Company in accordance with section 4 of article 529 duodecies of the Corporate Enterprises Act, which is referred to be article 6.2 of the Board of Directors Regulation, as her appointment has been made for her personal and professional qualities and as she would be in position to perform her duties without being influenced by relationships with the Company, its majority shareholders or its management, and as none of the situations set forth therein precluding this classification exist, as verified by the Appointments and Remunerations Committee based on her professional background.

VII. Effects of the appointment of the Director on the composition of the Board of Directors

Simultaneously with the proposal for appointment as Director of Ms Belen Romana Garcia, classified as an external independent Director, the Board of Directors expects to submit to the extraordinary General Shareholders Meeting proposals to modify the Articles of Association, with a reduction of the minimum number of members of the Board of Directors from nine (9) to six (6), and the maximum number of members from fifteen (15) to nine (9), the removal of Directors in office at the date of the aforementioned extraordinary General Shareholders Meeting, which does not affect Messrs. Dijsselhof and Schmuckiand, and the setting of the number of members of the Board of Directors at six (6).

In line with the foregoing, the proposal for the appointment of six (6) Directors has been submitted to the extraordinary General Shareholders Meeting, of which two (2) would meet the status of external independent Directors, three (3) would be classified as external proprietary Directors and one (1) would be classified as an executive Director.

The Appointments and Remunerations Committee considers that this composition by category of the Board of Directors is appropriate for the Company's shareholding structure, in which SIX GROUP AG holds 93.16% of the share capital.

Thus, the Board of Directors would be composed of a vast majority of external Directors, 83.33% of the total number of Directors, of which 50% would be external proprietary Directors and 33.33% external independent Directors, in accordance with Recommendation 17 of the Good Governance Code of listed companies for companies that have a shareholder that controls more than 30% of the share capital.

The presence of a third of external independent Directors guarantees, to the understanding of the Appointments and Remunerations Committee, an adequate and relevant representation of the interests of non-controlling shareholders, which represent 6.84%, without any of them holding a significant stake in BME's share capital.

With the proposed composition of the Board of Directors, the presence of female Directors on this body would account for 33.33% of the total number of Directors. This percentage would meet the target number of female directors set by the Appointments and Remunerations Committee of 30% of total Directors for 2020, in line with Recommendation 14 of the Good Governance Code of listed companies.

The geographic and cultural diversity of this body would also be increased by incorporating Directors of European origin and residence, who represent 50% of the total number of Directors.

VIII.- Conclusion of the Appointments and Remunerations Committee

The Appointments and Remunerations Committee believes that the proposed appointment of Ms Belen Romana Garcia as a Director benefits BME on account of her profile, professional experience and knowledge of the securities market sector in the best interests of the Company.

Based on the foregoing, the Appointments and Remunerations Committee, after due deliberation, has agreed to propose the appointment of Ms Belen Romana Garcia as Director of BME and submit to the Board of Directors the proposal of her appointment.