



APPOINTMENTS AND REMUNERATIONS COMMITTEE REPORT ON THE PROPOSED RESOLUTION RELATING TO THE RATIFICATION OF MR DANIEL SCHMUCKI AS DIRECTOR OF BME

The Appointments and Remunerations Committee issues this report at its meeting dated 22 June 2020, in relation to the proposal of the Board of Directors to ratify Mr Daniel Schmucki as a 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”), classified as an external proprietary Director, pursuant to articles 529.decies, section 6 of the Corporate Enterprises Act and articles 20.2.d) and 22.1 of the Board of Directors Regulations, which commission the task of reporting on proposed appointments of proprietary Directors to this Committee.

Mr Dijsselhof has not participated in the preparation, deliberation and approval of this report by the Appointments and Remunerations Committee.

I. Background

The Board of Directors, at its meeting held on 18 June 2020, following a favourable report by the Appointments and Remunerations Committee, agreed to appoint Mr Johannes Bernardus Dijsselhof and Mr Daniel Schmucki as Directors by co-optation under the vacancy provision system, in order to fill two (2) of the vacancies presented on that date by the Board of Directors.

Messrs Dijsselhof and Schmucki were classified as proprietary external Directors, having been appointed at the proposal of SIX GROUP AG, majority shareholder of BME.

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 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 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 proposed ratification as Director of Mr Daniel Schmucki, 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 to ratify as Director of Mr Daniel Schmucki, classified as proprietary Director, will be submitted for approval by the by the extraordinary General Shareholders' Meeting, the proposal for the appointment of Ms Belén Romana García and the re-election of Mr David Jiménez-Blanco Carrillo de Albornoz, classified as independent Directors, the ratify of Mr Johannes Bernardus Dijsselhof and the appointment of Ms Marion Leslie, classified as proprietary Directors, and the re-election of Mr Javier Hernani Burzako, classified as executive Director.

III. Mr Schmucki's professional background

Daniel Schmucki has a Bachelor's degree in Accounting and Management Control from the University of Zurich (1994) and a Professional Master's Degree in Certified Accounting from the University of Zurich (1998).

Between 1990 and 1994, he worked as a Financial Controller at the WICOR Group, Weidmann AG, and from 1994 to 2008 he worked for the Bosch Group as CFO, head of the Control Division for Electronic Tools Accessories, Director of Ccontrol, Treasury and Relations with Investors and Operations Directors in Latin America.

From 2008 to 2017 he was CFO and managing director of global airport operations at Flughafen Zürich AG.

Since March 2017, Mr Schmucki has been the Chief Financial Officer (CFO) of SIX GROUP AG and a member of its Executive Council.

He has been a Board member of Flaschenpost Services AG and Swiss Euro Clearing Bank (SECB), as well as International Advisory Director of Universidad Fundação Dom Cabral and a member of the Economic Council of the German and European Airport Associations.

He is currently a Board member of Worldline, S.A. and Zoo Zurich, and Chairman of the Association of Swiss Chief Financial Officers (VSF).

IV. Procedure for the appointments of Directors.

Pursuant section 6 of article 529.decies of the Corporate Enterprises Act, and articles 22.1 and 20.2.d) of the Board of Directors Regulations state that it is the Appointments and Remunerations Committee's duty to inform on the proposed ratification of directors classified as executive and proprietary Directors by the Board of Directors, to be submitted for approval by the General Shareholders Meeting.

Likewise, in accordance with article 6, section 2, of the Board of Directors Regulations, the category of each Director will be explained to the General Shareholders Meeting who must, when applicable, ratify the appointments of Directors approved by the Board of Directors by co-optation under the vacancy provision system.

V. Analysis of Daniel Schmucki's compliance with the requirements laid down by law and under the Articles of Association for director appointments

Given that Mr Daniel Schmucki is currently a Director of the Company, it is therefore considered that compliance with the requirements of experience, expertise and integrity required to perform his duties is considered to have been already proven.

Regardless of the foregoing, the Appointments and Remunerations Committee has evaluated Mr Schmucki's professional track-record and confirmed that he fulfils the requirements of article 184 bis, section 1 of the Spanish Securities Markets 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.

The Appointments and Remunerations Committee has also verified that Mr Daniel Schmucki is not subject to any of the incompatibility causes and legal limitations which, to exercise his position, are established by the prevailing regulations and in article 213 of the Corporate Enterprises Act and articles 6.2 and 6.23 of the Board of Directors Regulations.

In particular, the Appointments and Remunerations Committee has taken account of Mr Schmucki's knowledge of financial, accounting and control matters, as well as his experience in the financial markets sector and as a director of a listed company.

Based on the analysis of the aforementioned data, the Appointments and Remunerations Committee has concluded that the positions held by Mr Schmucki in other companies do not constitute an obstacle to his ratification as Director and that he is available to provide the dedication required for the exercise of said position.

VI. Category that would be assigned to the Director.

Mr Daniel Schmucki has been classified as an external proprietary Director of the Company, in accordance with the provisions of article 529 duodecies, section 3, of the Corporate Enterprises Act, to which article 6, section 2, of the Board of Directors Regulations refers, and he was proposed for appointment by SIX GROUP AG, the majority shareholder of BME.

VII. Effects of the Director's ratification on the composition of the Board of Directors.

Simultaneously with the proposed ratification as Director of Mr Daniel Schmucki, classified as an external proprietary Director, the Board of Directors will expect to submit the proposals to modify the Articles of Association to the extraordinary General Shareholders Meeting, in order to reduce the minimum number, from nine (9) to six (6), and the maximum number, from fifteen (15) to nine (9), members of the Board of Directors, the removal of Directors with a valid position at the date of the aforementioned extraordinary General Shareholders Meeting, which does not affect Messrs. Dijsselhof and Schmucki, 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 of BME.

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 percent 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.- Assessment of services provided by Mr Schmucki during his last term of office.

Mr Daniel Schmucki was appointed Director by the co-option under the vacancy provision system on 18 June 2020 and since then has attended the sole Board of Directors meeting that has been held.

The Appointments and Remunerations Committee considers that the proposed ratification of Mr Daniel Schmucki as a member of the Board of Directors will be beneficial for BME given that, his professional experience, the quality of the professional services provided and his dedication shown since his appointment have been in the Company's best interest.

IX.- Conclusion of the Appointments and Remunerations Committee.

In light of the foregoing, the Appointments and Remunerations Committee, after due deliberation, has resolved to issue a favourable report on the proposal that, where appropriate, the Board of Directors would submit to the General Shareholders Meeting to ratify Mr Daniel Schmucki as a member of the Board of Directors.