

**Report presented by the Apointments and Remunerations Committee of TUBACEX, S.A., for the purposes set forth in Article 529 novodecies of the Corporations Act, in relation to the resolution on the approval of the Remunerations policy for Board of Directos regarding 2018, 2019 and 2020 financial years**

INTRODUCTION

This report includes the reasoned proposal of the Appointments and Remuneration in relation to the Remuneration Policy of the Directors of TUBACEX, S.A. during the three-year period 2018-2020 that will be presented to the General Shareholders' Meeting as a separate item on the agenda. This is made available to shareholders on the TUBACEX website, as ordered by article 529 novodecies, section 1, of Royal Legislative Decree 1/2010, of July 2, approving the revised text of the Law of Capital Companies for the improvement of corporate governance.

Aforesaid article requires that listed companies have a remuneration policy approved by the General Meeting at least every three years and that any remuneration received by the directors during the three fiscal years following the one in which the remuneration policy was approved is in accordance with the remuneration policy. that remuneration policy.

The approval in an advisory manner by the General Shareholders' Meeting of May 27, 2015 of the Annual Report on the Remuneration of Directors for 2014, involved considering the remuneration policy contained in such report as a remuneration policy for the following three years, all this in accordance with the provisions of the Transitory Provision, section 2 a), of Law 31/2014, on the reform of the Capital Companies Law for the improvement of corporate governance.

In view of the foregoing, the Appointments and Remuneration Committee submits once again for approval the remuneration policy that will be applicable from the date of approval of the General Shareholders' Meeting and will remain in effect for the next three years

EXPLANATORY MEMORANDUM

In this sense and in relation to the current remuneration policy of the Board of Directors, the Appointments and Remuneration Committee states that the remuneration policy for which approval is proposed is the same that has been applied to date except for the two unique variations that have occurred and that are detailed below:

1. The approval of a long-term incentive plan that included an action plan on options for the chief executive and that was approved by the General Shareholders' Meeting on May 25, 2016 and whose proposal to extend until December 31, 2016 March 2019 is submitted for approval by the next General Shareholders' Meeting.

2. The non-remuneration of any director due to his status as such in the management bodies of the TUBACEX group companies since 2016. Said remunerations in the case of the Chairman and the Chief Executive Officer were transferred to his fixed annual remuneration in the same year.

All of this is recorded in the Annual Directors' Compensation Reports that have been submitted to an advisory vote in 2016 and 2017.

The Appointments and Remuneration Committee does not consider at this time necessary to review the rest of the remuneration concepts of the members of the Board of Directors of TUBACEX.

The English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.