

**Report presented by the Board of Directors of TUBACEX, S.A., for the purposes set forth in Article 529 decies of the Corporations Act, in relation to the resolution on the appointment by co-opting of Mr. Antonio Gonz-alez-Adalid, on 29 June 2017 as Independent Director, submitted to the Shareholders' Annual General Meeting of 22 May 2018.**

## PREAMBLE

Article 529. decies of the Corporations Act, with the drafting provided by Act 31/2014, dated 3 December, sets out the following:

- "1. Members of the board of directors of a listed company shall be appointed by the Shareholders' General Meeting or, in the case of an early vacancy, by the board itself using the co-opting system*
  - 2. Co-opting in listed companies is to be governed by the provisions of this Act, with the following exceptions:*
    - a) Directors appointed by the board need not be shareholders of the company.*
    - b) When a vacancy arose after the notice of call of the annual general meeting is made and prior to such meeting being held, the board of directors may designate a board member until the forthcoming Shareholders' General Meeting was held.*
  - 3. In listed public limited companies (sociedades anónimas) substitutes may not be appointed.*
  - 4. Motions on the appointment or re-election of board members are the responsibility of the Appointments and Remunerations Committee, in the case of independent directors, and of the Board of Directors itself, in the remaining scenarios.*
  - 5. Motions shall be accompanied in any event by an explanatory report of the board assessing the competence, experience and merits of the suggested candidate, which is to be attached to the minutes of the Shareholders' General Meeting or of the board meeting itself.*
  - 6. Motions on the appointment or re-election of any non-independent directors shall further be preceded by a report issued by the Appointments and Remunerations Committee.*
- [..]"*

In order to fulfill the provisions laid down in sub-section 5 of the aforementioned article, the Board of Directors of TUBACEX, S.A. has drafted this report, attached to the motion for the ratification of the election by co-opting of Mr. Antonio Gonzalez-Adalid as a member of the Board of Directors, with the status of **Independent Director**, dated 29 June 2017, that is submitted to the Shareholders' Annual General Meeting of the Company.

For the purposes of making this motion, the Board of Directors has assessed the proposal of the Appointments and Remunerations Committee, in agreement with the provisions laid down in Articles 16, 19, 20 and 21 of the Board of Directors Regulations, having completed an analysis of the current membership of the Board and its needs, assessing the conditions to be fulfilled by board members to exercise their offices, and the dedication required to suitably fulfill their duties.

Furthermore, the Board of Directors, in issuing this report, has assessed, as set forth in the regulations provided above, the competence, experience and merits of the candidate proposed, in the terms provided below:

Naval Engineer from the Polytechnic University (Madrid) and Master in Economics and Business Management from IESE (Barcelona).

He is currently President of Cartera Industrial Rea S.A. and Non-executive Chairman of Global Power Generation. He is also Vice President of GASCAN S.A and Director of MIBGAS Derivatives. He is President of the Spanish Committee of the Lloyd's Register of Shipping since 2011.

Until joining REA, his entire career has been linked to the energy sector, where he has held the positions of financial director of Enagás, INH and Repsol, vice president of Exploration and Production and vice president of chemistry, as well as director of Repsol, Gas Natural and Petronor, or President of the IESE Alumni Association.

Between 2002 and 2007 he was President of Enagás. He has been a Director of Europac, Mecalux and Banco Popular.

He has been Proprietary Director of TUBACEX, S.A. and member of its Strategy and Investments Committee between 2009 and 2017 on behalf of Cartera Industrial Rea, S.A., which in June 2017 completely sold its equity participation.

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.