

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 Mrs. Isabel López Paños, on 23 March 2018 as a Proprietary 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 Mrs. Isabel López Paños as a member of the Board of Directors, with the status of **Proprietary Director**, dated 23 March 2018, upon proposal of Corporacion Aristrain S.L., 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:

Board member of Hernández-Echevarría Abogados.

She began her professional career in Federico Puig's Law Firm, advising the Governing Councils of various Cooperative Societies.

She has extensive experience as a procedural lawyer in the civil and commercial field.

She has a long professional career advising large family estates ("family-offices") and venture capital funds, both in ordinary business transactions and in extraordinary acquisitions. She has rendered services in commodities transactions, as well as in the industrial and real estate sectors.

She has held the position of Secretary of the Board of Directors of different companies.

She manages and coordinates the legal affairs of several family heritages.

She advises Aristrain Group since 2006 in the development and implementation of its corporate and business strategy and in the entire legal field.

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.