**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 of Mr. Iván Martén Uliarte, as a 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. 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 appointment of Mr. **Iván Martén Uliarte** as a member of the Board of Directors, with the status of **Independent Director**, 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:

Senior partner and managing director of The Boston Consulting Group, currently I the Vice Chairman of the Energy Practice. Since 2008 he has have been the Global Leader of BCG's Energy

practice, for which he was previously the Leader in Europe, Middle East and Africa. Member of

the BCG global Client Team leading the Seat at the Table Initiative.

Over the course of his more than 30 years in the energy and environment industry he has supported companies and CEOs in the power, gas, oil and green energy sectors to develop their strategic visions and transform their companies by defining and executing their change and transformation agendas. Has advised governments and regulators across the world on issues related to energy regulation and sustainable development.

In 2013 was honored to be named one of the "Top 25" most influential consultants of the year by Consulting Magazine, and chosen by The Wall Street Journal to become one of "The Experts"; an exclusive group of energy thought leaders.

Throughout his career he has published numerous articles and reports on energy, environment, and organization issues and I have become a frequent speaker on these topics; participating at forums such as WPC, IEF, GECF, ESADEGeo, Petrotech, Aspen Institute and many more.

He is also an advisory board member of several foundations, companies and educational institutions.

Prior to joining BCG's London office in 1987, he earned a PhD summa cum laude in business administration from the Universidad Autónoma de Madrid.

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.