



euskaltel

Extraordinary  
General  
Shareholders  
Meeting **2019**



ERRONKA GARBIA  
EVENTO AMBIENTALMENTE SOSTENIBLE

**REPORT PRODUCED BY THE BOARD OF DIRECTORS OF EUSKALTEL, S.A. ON THE PROPOSAL FOR RATIFICATION OF THE APPOINTMENT BY CO-OPTION AND FOR ELECTION OF MR. JOSÉ MIGUEL GARCÍA FERNÁNDEZ AS AN EXECUTIVE DIRECTOR, AS INCLUDED IN THE THIRD AGENDA ITEM FOR THE COMPANY'S EXTRAORDINARY GENERAL SHAREHOLDERS MEETING SCHEDULED FOR JULY 10, 2019 ON FIRST CALL AND JULY 11, 2019 ON SECOND CALL**

**I. Introduction**

This report has been produced by the Board of Directors of Euskaltel, S.A. (“**Euskaltel**” or the “**Company**”) in conformity with section 529 *decies* of the Spanish Capital Companies Act (*Ley de Sociedades de Capital*), on the subject of justification of the proposal for ratification of the appointment by co-option of, and for election of, Mr. José Miguel García Fernández as a Director. That proposal is being presented as the third agenda item for approval by the Extraordinary General Shareholders Meeting, and for such purposes, this report contains an assessment of the competencies, experience, and merits possessed by Mr. García Fernández.

On May 6, 2019, the Board of Directors appointed Mr. García Fernández as a Director of the Company by co-option, in the category of proprietary director. This took place after a favorable report had been submitted on that same date by the Appointments and Remuneration Committee.

Then, on June 5, 2019, Mr. García Fernández was appointed as Chief Executive Officer by the Board of Directors, which resulted in his re-categorization by the Board and its Appointments and Remuneration Committee as an executive director.

Therefore, in compliance with section 518(e) of the Spanish Capital Companies Act, this report contains a description of that Director’s identity and professional and biographical profile, along with the rest of the information referred to in article 8.2(vi) of the General Shareholders Meeting Regulations.

However, it is also being stated for the record that beginning at the time when Mr. José Miguel García Fernández Alonso was appointed as a Director by co-option, a description of his professional and biographical profile has been posted on the Company’s website, along with the rest of the appropriate information in conformity with the contents of the Company’s Bylaws.

This report also includes an assessment by the Board of Directors of the competencies, experience, and merits of Mr. José Miguel García Fernández, based on the report submitted by its Appointments and Remuneration Committee on May 6, 2019, in conformity with section 529 *decies* of the Spanish Capital Companies Act, with the Board of Directors fully accepting the contents of that report.

**II. Biographical profile, educational background, and experience of Mr. José Miguel García Fernández**

Mr. García Fernández was born in 1962 in Madrid.

He first earned a Bachelor's Degree in Electrical Engineering and Electronics, then obtained a Master's Degree in Digital Communications from Monash University in Melbourne, Australia.

Over the course of the last thirty (30) years, he has served as a CEO in sixteen (16) different countries, including Australia, the USA, and various countries in Europe and Latin America.

In 2018 he was a key participant in the processes carried out for acquisition of SQRRL and Briefcam by Amazon and Canon, respectively.

During 2016 and 2017 he served as a Vice Chairman and Director for the Millicon Group, and also as a Strategy Consultant for the Orange Group after being contracted directly by the Co-CEO during transformation of European business units as part of the group's fixed-mobile convergence.

From 2006 until 2015 he served as CEO of the Spanish telecommunications company Jazztel. During that time period he carried out significant changes that led to the acquisition of Jazztel by the Orange Group in June of 2015, for a price of €3.8 billion. As the CEO of Orange Spain, he directed the integration of the two companies, which produced more than €2.0 billion in synergies.

Prior to joining Jazztel in 2006, Mr. García Fernández had spent the majority of his career at Cable & Wireless, where he held positions including CEO for Spain and Portugal, Executive Vice Chairman for Europe, CEO for Panama, and Managing Director for the UK and Ireland.

Before that he had served as Executive Chairman and CEO for Spain and Portugal at Case Technology, a company he co-founded, subsequently overseeing its acquisition by Cable & Wireless, plc in the year 2000.

During the last twenty-five (25) years he has also been a Strategic Investor and Consulting Member of the Board of various start-ups around the world, including: Arrowpoint, Netscreens, Azuki, Acopia, Webramp, BriefCam, Sqrrl, and DataRobot.

Mr. García Fernández began his career as a telecommunications and technology consultant at Lincoln Scott International in Australia.

### **III. Positions held on other Boards of Directors**

He is currently a Board member of the following companies:

- ACEBO INVESTMENTS 2016, S.L.
- GREEN FROG ALOE, S.L.
- AGROECO PARK, S.L.
- TROPHIRA, S.L.

### **IV. Evaluation and appropriate category of Director**

The Company's Board of Directors has endorsed the evaluation produced by its Appointments and Remuneration Committee, and it believes that Mr. José Miguel

García Fernández has appropriate and adequate competencies, capacities, and merits to hold the position of Director.

Appointment of Mr. García Fernández is being proposed based upon his personal and professional characteristics.

Since his appointment as the Company's CEO means that he will be carrying out the duties of an executive for the Company and its corporate group, it has been established that Mr. García Fernández should be included in the executive director category, in accordance with the contents of point 1 of section 529 *duodecies* of the Spanish Capital Companies Act.

#### **V. Date of his appointment as a Director for the Company**

The proposal for appointment of Mr. José Miguel García Fernández received a favorable report from the Appointments and Remuneration Committee at its meeting held on May 6, 2019.

He was then appointed as a Director by co-option, based upon a resolution passed by the Board of Directors at a meeting held on that same date.

He was subsequently appointed as Chief Executive Officer, and because of this, the Board of Directors and its Appointments and Remuneration Committee re-categorized him as an executive director, in accordance with section 529 *duodecies* of the Spanish Capital Companies Act.

#### **VI. Holding of the Company's shares and stock options**

Mr. José Miguel García Fernández does not directly hold any shares in the Company or options to acquire such shares.

#### **VII. Proposal for resolution**

Based upon the above, it has been agreed to submit the following proposed resolution to the General Shareholders' Board:

*“Ratification of appointment by co-option of Mr. José Miguel García Fernández as an executive director and election for the statutory term of four (4) years*

*A resolution has been passed to ratify the appointment of Mr. José Miguel García Fernández as a Director, which took place by co-option based on Board resolution passed at its meeting held on May 6, 2019, and to appoint him as a Director in the category of executive director for the term of four years established in the Company's Bylaws, in conformity with the report produced by the Appointments and Remuneration Committee and the proposal and Report from the Board of Directors justifying his appointment.*

*In turn, Mr. García Fernández will accept that appointment if it is approved, by any means permitted by law.”*

\* \* \*

In Derio, province of Bizkaia, on June 5, 2019.

## ANNEX I

### FAVORABLE REPORT FROM THE APPOINTMENTS AND REMUNERATION COMMITTEE

#### REPORT PRODUCED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE OF EUSKALTEL, S.A. ON THE PROPOSAL FOR APPOINTMENT BY CO-OPTION OF MR. JOSÉ MIGUEL GARCÍA FERNANDEZ AS A MEMBER OF THE COMPANY'S BOARD OF DIRECTORS AND ITS AUDITING AND CONTROL COMMITTEE, APPOINTMENTS AND RENUMERATION COMMITTEE, AND STRATEGY COMMITTEE

##### **I. Introduction**

This report has been produced by the Appointments and Remuneration Committee of Euskaltel, S.A. (“**Euskaltel**” or the “**Company**”), in conformity with section 529 *decies* and section 529 *quindecies* of the Spanish Capital Companies Act, as well as the contents of article 5 of the the Appointments and Remuneration Committee Regulations, in relation to the proposal for appointment by co-option of Mr. José Miguel García Fernandez as a Director of Euskaltel and as a member of its Auditing and Control Committee, Appointments and Remuneration Committee, and Strategy Committee.

Specifically, the purpose of this report is to provide detailed reporting on that proposal for appointment, with special attention given to the competencies, experience, and merits possessed by Mr. José Miguel García Fernández.

In relation to production of this report, the guidelines from the Company’s Policy on Selection of Directors have been followed, as approved by the Board of Directors on April 26, 2016.

##### **II. Biographical profile, educational background, and experience of Mr. José Miguel García Fernández**

Mr. García Fernández was born in 1962 in Madrid.

He first earned a Bachelor’s Degree in Electrical Engineering and Electronics, then obtained a Master’s Degree in Digital Communications from Monash University in Melbourne, Australia.

Over the course of the last thirty (30) years, he has served as a CEO in sixteen (16) different countries, including Australia, the USA, and various countries in Europe and Latin America.

In 2018 he was a key participant in the processes carried out for acquisition of SQRRL and Briefcam by Amazon and Canon, respectively.

During 2016 and 2017 he served as a Deputy Chairman and Director for the Millicon

Group, and also as a Strategy Consultant for the Orange Group after being contracted directly by the Co-CEO during transformation of European business units as part of the group's fixed-mobile convergence.

From 2006 until 2015 he served as CEO of the Spanish telecommunications company Jazztel. During that time period he carried out significant changes that led to the acquisition of Jazztel by the Orange Group in June of 2015, for a price of €3.8 billion. As the CEO of Orange Spain, he directed the integration of the two companies, which produced more than €2.0 billion in synergies.

Prior to joining Jazztel in 2006, Mr. García Fernández had spent the majority of his career at Cable & Wireless, where he held positions including CEO for Spain and Portugal, Executive Vice-President for Europe, CEO for Panama, and Managing Director for the UK and Ireland.

Before that he had served as Executive Chairman and CEO for Spain and Portugal at Case Technology, a company he co-founded, subsequently overseeing its acquisition by Cable & Wireless, plc in the year 2000.

During the last twenty-five (25) years he has also been a Strategic Investor and Consulting Member of the Board of various start-ups around the world, including: Arrowpoint, Netscreens, Azuki, Acopia, Webramp, BriefCam, Sqrrl, and DataRobot.

Mr. García Fernández began his career as a telecommunications and technology consultant at Lincoln Scott International in Australia.

### **III. Positions held on other Boards of Directors**

He is currently a Board member of the following companies:

- ACEBO INVESTMENTS 2016, S.L.
- GREEN FROG ALOE, S.L.
- AGROECO PARK, S.L.
- TROPHIRA, S.L.

### **IV. Appropriate category of Director**

In accordance with point 3 of section 529 *duodecies* of the Spanish Capital Companies Act, Mr. José Miguel García Fernández is being included in the category of Independent proprietary director, since he has been nominated by one of the Company's significant shareholders, Zegona Communications plc.

### **V. Holding of the Company's shares and stock options**

Mr. José Miguel García Fernández does not directly or indirectly hold any shares in the Company or options to acquire such shares.

### **VI. Requirements**

Based upon the information the Company has available, and in view of the nominee's career history, it can be established that Mr. García Fernández (i) meets the

requirements on reputation, suitability, solvency, competencies, experience, qualifications, educational background, availability, and commitment to his duties, as required for the position of proprietary director on the Company's Board of Directors, and to serve as a member of that Board's Committees; and (ii) meets the general requirements established for all of the Company's Directors, in accordance with the provisions of the applicable laws and Euskaltel's Policy on Selection of Directors.

In particular, the Appointments and Remuneration Committee has acted with the understanding that, in the particular case of Mr. García Fernández, in order to adequately carry out the duties inherent to the positions for which he has been nominated, he must present an appropriate and sufficient combination of abilities, competencies, and experience in the following areas:

- (i) the telecommunications industry and the market in which Euskaltel carries out its operations;
- (ii) strategic vision for business ventures;
- (iii) a history of value creation;
- (iv) management of human resources and teams of personnel;
- (v) experience in business management, leadership, and strategy as a Director;
- (vi) the highest level of ethics and respect for the business community in general;
- (vii) absence of any conflicts of interest, and time available for attending the scheduled Board meetings and, as applicable, those of its various committees; and
- (viii) sufficient evidence of a maximum degree of loyalty, commitment, and dedication to the Company's plans.

Mr. García Fernández has also confirmed that he is not directly or indirectly subject to any of the causes for incompatibility or prohibition, and that he does not possess any conflicts of interest with the interests of the Company, as established in general by law or more specifically in Euskaltel's corporate Bylaws.

## **VII. Conclusion and proposal to the Board**

In view of the above, it can be established that Mr. José Miguel García Fernández has adequate and appropriate competencies, experience, and merits to carry out the duties of the positions for which he has been nominated.

In particular, his knowledge and experience in relation to the fields of engineering and telecommunications, which he possesses based upon his education, career history, and abilities, makes him the ideal person for holding the position of Director and for membership on the Committees the Board relies upon for consultation.

In conformity with the contents above, the Committee has agreed to produce a favorable report on appointment of Mr. José Miguel García Fernández for appointment as a member of Euskaltel's Board of Directors, in the category of proprietary director, and as a member of its Auditing and Control Committee, Appointments and Remuneration Committee, and Strategy Committee.

\* \* \*

In Derio, province of Bizkaia, on May 6, 2019.