

## Befesa S.A.

*société anonyme*

46, boulevard Grande-Duchesse Charlotte, L-1330 Luxembourg  
Grand Duchy of Luxembourg  
R.C.S. Luxembourg B 177697  
(the "Company")

REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS TO BE HELD ON 18 JUNE 2020 IN ACCORDANCE WITH ARTICLE 441-7 OF THE LAW DATED 10 AUGUST 1915 CONCERNING COMMERCIAL COMPANIES, AS AMENDED

In accordance with the provisions of article 441-7 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, the board of directors of the Company (the "**Board of Directors**") reports to the annual general meeting of shareholders convened for 18 June 2020 that the Board of Directors at its meeting held on 25 March 2020 deliberated and resolved on the recommendations of the Nomination and Remuneration Committee of the Company with respect to setting and paying-out of the performance bonus of the executive directors for 2019 (the "**Matter On Management Bonuses**").

**WHEREAS**, in connection with the Matter On Management Bonuses each of the three executive directors of the Company, namely, Javier Molina Montes, Wolf Uwe Lehmann and Asier Zarranonandia Ayo declared an interest of a financial nature, conflicting with the one of the Company.

**WHEREAS**, it was noted that, due such conflict of interest, each Javier Molina Montes, Wolf Uwe Lehmann and Asier Zarranonandia Ayo refrained from deliberating and voting on the resolution regarding the Matter On Management Bonuses and such matter was validly approved by the remaining non-executive members of the Board of Directors - who did not declare any conflict of interest - after considering that it was in the best interest of the Company.

Luxembourg, 15 May 2020

The Board of Directors