



# Extraordinary General Shareholders Meeting **2019**



**ERRONKA GARBIA**  
EVENTO AMBIENTALMENTE SOSTENIBLE

**REPORT PRODUCED BY THE BOARD OF DIRECTORS OF EUSKALTEL, S.A., JUSTIFYING THE NOMINATION OF MR. ROBERT W. SAMUELSON AS A PROPRIETARY DIRECTOR FOR THE COMPANY, AS REFERRED TO IN THE SECOND 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. Purpose of the report**

This report has been produced by the Board of Directors of Euskaltel, S.A., in compliance with section 529.5 *decies* of Spanish Legislative Royal Decree 1/2010 of July 2, which approves the consolidated text of the Spanish Capital Companies Act (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*) (the “**Spanish Capital Companies Act**”). Its purpose is to provide a detailed justification for the nomination of Mr. Robert W. Samuelson for appointment as a proprietary director of the Company, with special emphasis on his competencies, experience, and merits.

In relation to production of this report and issuance of any corresponding proposals, 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.

The contents below present an assessment by the Board of Directors of the competencies, experience, and merits of Mr. Robert W. Samuelson, as well as an evaluation of his suitability for performing the duties required of a Director of Euskaltel. This assessment has been based on the report produced by the Appointments and Remuneration Committee (**Annex I**), in conformity with points 4 and 6 of section 529 *decies* of the Spanish Capital Companies Act and article 8 of the General Shareholders Meeting Regulations, with the Board of Directors having fully complied with all such rules and provisions.

Also, in conformity with section 518(e) of the Spanish Capital Companies Act, this report contains complete information regarding Mr. Samuelson’s identity and Curriculum Vitae, as well on his assignment to the appropriate category of Director.

**II. Justification for the nomination**

**1. Biographical profile and educational background**

Mr. Robert W. Samuelson was born in 1964 in Bradford, England.

He earned a Master's Degree in Natural Sciences from the University of Cambridge and an MBA from Cranfield University (Cranfield School of Management).

## **2. Notable experience related to performance of his duties at the Company**

Mr. Samuelson's initial employment experience was in the area of industry and engineering, with positions held at British Aerospace and Royal Ordnance.

Later he worked as a consultant at professional services firm Arthur D. Little Ltd., where he was Director of the Corporate Finance division, providing consultation to companies in the telecommunications industry.

In the year 2000 he was hired by the Virgin Group, where he took on a variety of responsibilities. In particular, Mr. Samuelson served as executive director of Group Strategy for Virgin Media, Inc., and he also held the positions of Director of Corporate Development and executive director of Telecoms & Media at Virgin Management Limited.

He was responsible for creating new business ventures for Virgin and for guiding their initial development in the telecommunications industry in Canada, the USA, France, and South Africa. In 2001, he created the American company Virgin Mobile USA, LLC.

In January 2015, Mr. Samuelson founded Zegona Communications plc, where he holds the position of Chief Operating Officer and executive director.

In July of 2017, Mr. Samuelson was nominated for appointment as a Director of the Company, in the category of proprietary director.

## **3. Category**

Mr. Robert W. Samuelson has been nominated based upon his relationship with Zegona Communications plc, a significant shareholder that has proposed his appointment.

Therefore, because Mr. Samuelson has been proposed by one of the Company's significant shareholders (Zegona Communications plc), the Appointments and Remuneration Committee has assigned his nomination to the category of proprietary director, in conformity with point 3 of section 529 *duodecies* of the Spanish Capital Companies Act.

## **4. Holding by the nominee of the Company's shares and financial derivatives with those shares as the underlying asset**

At the present time, Mr. Robert W. Samuelson is not the direct holder of any shares in Euskaltel or any financial instruments indexed to the value of those shares.

## **5. Requirements for appointment**

Based upon the information provided by the nominee, the Appointments and Remuneration Committee has been able to confirm that Mr. Robert W. Samuelson meets the requirements on reputation, suitability, solvency, competencies, experience, qualifications, educational background, availability, and commitment to his duties, as required in order to hold the position of proprietary director on the Company's Board of Directors. The Committee has also verified that Mr. Samuelson meets the general requirements established by law for all of the Company's Directors.

In particular, the Appointments and Remuneration Committee has acted with the understanding that, in the particular case of Mr. Samuelson, in order to adequately carry out the duties inherent to the position for which he has been nominated, the nominee 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.

The Board of Directors believes that Mr. Robert W. Samuelson complies with the conditions listed above.

It has also been verified 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.

## **6. Conclusion**

The Appointments and Remuneration Committee has submitted a favorable report on the nomination of Mr. Robert W. Samuelson for appointment as a Director of the Company, in the category of proprietary director.

The Board of Directors believes that Mr. Samuelson possesses appropriate and adequate competencies, experience, and merits for performing the duties of his position. It also believes that his appointment will allow the Board of Directors to continue to possess a balance that enhances its decision-making process and provides a plurality of perspectives during its deliberations on matters under its authority, while maintaining a balanced composition, structure, and size in agreement with the needs of the Board and those of the Company itself.

Therefore, after receiving a favorable report from its Appointments and Remuneration Committee, the Board of Directors is proposing appointment of Mr. Robert W. Samuelson as a proprietary director.

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In Derio on June 5, 2019

## ANNEX I

### FAVORABLE REPORT FROM THE APPOINTMENTS AND REMUNERATION COMMITTEE

#### **Report from the Appointments and Remuneration Committee of Euskaltel, S.A., in favor of the proposal by the Board of Directors to appoint Mr. Robert W. Samuelson as a proprietary director**

This report is being issued in compliance with section 529 *decies* of the Spanish Capital Companies Act, and its purpose is to provide a favorable report to the Board of Directors of Euskaltel, S.A. in relation to the appointment of Mr. Robert W. Samuelson as a proprietary director, in preparation for submittal of that proposal for approval at the next Extraordinary General Shareholders Meeting.

According to the contents of the above-cited section of the Spanish Capital Companies Act, and in conformity with article 5 of the Appointments and Remuneration Committee Regulations, this committee is responsible for:

- (i) submitting proposals to the Board of Directors on appointment of Independent Directors, regarding whether nominees should be appointed by the Board by co-option or presented for voting at a General Shareholders Meeting, as well as proposals on whether the General Shareholders Meeting should re-elect or remove those Directors; and
- (ii) submitting reports on whether nominees for all other Director positions should be appointed by the Board by co-option or presented for voting at a General Shareholders Meeting, as well as proposals on whether the General Shareholders Meeting should re-elect or remove them.

For such purposes, the Appointments and Remuneration Committee acts with the understanding that nominees must demonstrate an appropriate and sufficient combination of capacities, competencies, and experience in the following areas:

- (a) the telecommunications industry and the market in which Euskaltel carries out its operations;
- (b) strategic vision for business ventures;
- (c) a history of value creation;
- (d) management of human resources and teams of personnel;
- (e) experience in business management, leadership, and strategy as a Director;

- (f) the highest level of ethics and respect for the business community in general;
- (g) absence of any conflicts of interest, and time available for attending the scheduled Board meetings and, as applicable, those of its various committees; and
- (h) sufficient evidence of a maximum degree of loyalty, commitment, and dedication to the Company's plans.

Having taken into account the current competencies of the members of the Board of Directors as well as the Board's current needs, appointment of the individual who is the subject of this report is considered as appropriate, based upon the analysis summarized below on evaluation of his career and evidence of his dedication.

In conformity with article 52 of the Company's corporate Bylaws, Directors are appointed for a term of four (4) years, with the possibility of being re-elected for one or more additional terms, each with a four-year (4-year) maximum.

This Committee is therefore issuing a favorable report on appointment of Mr. Robert W. Samuelson as a member of Euskaltel's Board of Directors in the category of proprietary director, for the term of four (4) years as established in the corporate Bylaws.

The Committee's detailed report on Mr. Robert W. Samuelson is presented below.

Based on the information available to the Company, and on an evaluation of Mr. Samuelson's professional career, it can be established that the nominee not only possesses adequate knowledge, but also has the necessary professional experience to carry out the duties of his position.

Mr. Robert W. Samuelson was born in 1964 in Bradford, England. He earned a Master's Degree in Natural Sciences from the University of Cambridge and an MBA from Cranfield University (Cranfield School of Management).

Mr. Samuelson's initial employment experience was in the area of industry and engineering, with positions held at British Aerospace and Royal Ordnance.

Later he worked as a consultant at professional services firm Arthur D. Little Ltd., where he was Director of the Corporate Finance division, providing consultation to companies in the telecommunications industry.

In the year 2000 he was hired by the Virgin Group, where he took on a variety of responsibilities. In particular, Mr. Samuelson served as executive director of Group Strategy for Virgin Media, Inc., and he also held the positions of Director of Corporate Development and executive director of Telecoms & Media at Virgin Management Limited. He was responsible for creating new business ventures for Virgin and for guiding their initial

development in the mobile telecommunications industry in Canada, the USA, France, and South Africa. In 2001, he created the American company Virgin Mobile USA, LLC.

In January 2015, Mr. Samuelson founded Zegona Communications plc, where he holds the position of Chief Operating Officer and executive director.

Among other positions, Mr. Samuelson is a member of Virgin Mobile Canada, Virgin Mobile France, and Virgin Mobile South Africa's Board of Directors. He is also a member of the Virgin Group's Strategy Committee, a body responsible for proposing new alternatives for investment and corporate operations.

In view of the above, it can be established that Mr. Robert W. Samuelson has adequate and appropriate competencies, experience, and merits to carry out the duties of his position. The Appointments and Remuneration Committee is therefore issuing a favorable report on the nomination of Mr. Robert W. Samuelson for appointment by the General Shareholders Meeting as a Director of the Company, in the category of proprietary director.