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Grupo Red Eléctrica

Board of Directors

5 May 2022

Ordinary General Meeting: Report and
Proposal to re-elect Ms. Mercedes Real
Rodríguez as proprietary director



1. Background and reasoning

Subsequent to a report dated 18 October 2017 by the Appointments and Remuneration Committee favourable to the proposal to appoint Ms Mercedes Real Rodríguez as proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) issued in accordance with sections 244 and 529 decies Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*), Articles 20, 21, and 24 of the Articles of Association, and Articles 7, 18, 21, 22, and 23 of the Board Regulations, on 31 October 2017 the Board passed a series of resolutions including the following:

“Pursuant to sections 244 and 529 decies Corporate Enterprises Act, Articles 20, 21, and 24 of the Articles of Association, and 7, 18, 21, 22, and 23 of the Board Regulations, having in mind the proposal by Sociedad Estatal de Participaciones Industriales (SEPI), and subsequent to acceptance by the Board at this meeting of the resignation by Mr José Ángel Partearroyo Martín as proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) following his appointment to a four-year term by resolution of the Ordinary General Meeting on 15 April 2016, to appoint Ms Mercedes Real Rodríguez as proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) on Red Eléctrica Corporación, S.A.'s Board to fill the resulting sole vacancy on the Board until the first General Meeting.”

In accordance with section 529 decies Corporate Enterprises Act and Articles 18, 21, and 23 of the Board Regulations, proposals to appoint proprietary directors, including by co-option, are to be made at the Board's proposal, and proprietary directors appointed by co-option will have a term of office until the date of the first General Meeting, which may ratify the appointment or appoint other directors.

Accordingly, on 22 March 2018, the Ordinary General Meeting passed a series of resolutions including:

“To ratify the appointment of Ms. Mercedes Real Rodríguez, resolved by the Board of Directors at its meeting on 31 October 2017, as a proprietary director of Red Eléctrica Corporación, S.A. and accordingly appoint her as a proprietary director representing the Spanish State's Industrial Holding Company (Sociedad Estatal de Participaciones Industriales, SEPI) for the four-year term stipulated by the Articles of Association, in accordance with Article 529 decies of the LSC.”

The above term of office of Ms Real Rodríguez as a director of the Company will end at the next Ordinary General Meeting in 2022, and Sociedad Estatal de Participaciones Industriales (SEPI) has notified the Company of its proposal to re-elect Ms Real Rodríguez to a new term as proprietary director representing SEPI. This makes it necessary for the Board to issue the requisite report and proposal concerning re-election of Ms Real Rodríguez as a proprietary director representing SEPI for submission to the above Ordinary General Meeting in 2022.

Therefore, the Appointments and Remuneration Committee has, pursuant to section 529 decies Corporate Enterprises Act, must previously draw up and submit this report, to be attached, if appropriate, to the report and proposal by the Board to re-elect Ms Mercedes Real Rodríguez to be a Board member as a proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI), for submission to the next Ordinary General Meeting scheduled for 6 June 2022 at the first call to meeting and 7 June 2022 at the second call to meeting.

The procedure and requirements for appointing the Company's proprietary directors are laid down in sections 529 decies to 529 duodecies and 529 quidecies Corporate Enterprises Act, in Articles 20 and 24 of the Articles of Association, and in Articles 7, 18, 21, 22, and 23 of the Board Regulations. These rules set the evaluation criteria, conditions, and circumstances to be considered when appointing proprietary directors.



2. Director's corporate profile

The Board of Directors and the Appointments and Remuneration Committee have issued the corresponding reports and proposals in the scope of their respective duties in accordance with the procedure laid down in the corporate rules for appointing the directors and have evaluated the profile and requirements considered essential to hold the position of director in line with corporate criteria and the skills, experience, knowledge, professional conduct, suitability, independent thinking, attributes, and abilities relating to the duties incumbent on the Board that Board members need to have in accordance with the Corporate Governance Policy (last updated by the Board at its meeting held on 24 November 2020). Its purpose is to help manage the balance, diversity, and overall and individual quality of the Board at all times and to set out the profile and requirements currently considered appropriate to hold the position of director, here as a proprietary director.

The Appointments and Remuneration Committee and the Board also have a set of Board functions updated by the Board in November 2021, listing three general areas the Board should address. These are the experience and knowledge of Board members as they relate to the Group's strategic priorities, the functions connected with the duties of the Board, and, lastly, diversity. This skillset, applied individually to each director, is an effective tool for the Appointments and Remuneration Committee and the Board, when issuing its reports and proposals on the appointment or re-election of directors, to take into account the objective of maintaining overall diversity in the composition of the Board of Directors, so that, at all times, the Board has the most appropriate knowledge and experience as a collegiate body.

It should further be noted that at its meeting of 4 May 2022, the Appointments and Remuneration Committee reported favourably to the Board concerning the proposal to re-elect Ms Mercedes Real Rodríguez as proprietary director for submission to the above Ordinary General Meeting in 2022.

In October 2017 the Committee had previously reported to the Board favourably concerning the proposed appointment of Ms Mercedes Real Rodríguez as proprietary director, considering her profile suitable for filling the vacancy as proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) following analysis of the applicable laws and corporate regulations; and at the meeting held on 31 October 2017, the Board approved her appointment by co-option until the next General Meeting, held on 22 March 2018, where Ms Real Rodríguez's appointment as a proprietary director of the Company was approved.

Subsequent to the new report by the Committee, the Board will issue its report and proposal, and to that end the circumstances and professional track record of the current proprietary director, Ms Real Rodríguez, need to be re-evaluated.

On reconsidering Ms Real Rodríguez's profile evaluated previously, at this Board meeting has, for the reasons set out below, concurred with the Appointments and Remuneration Committee and ratifies the reasoning and findings set out in the Committee's report issued in October 2017, which are further supported by Ms Real Rodríguez's outstanding work as a director of the Company during her term that is now drawing to a close.

3. Track record in the Company, professional profile, and re-evaluation of her qualifications

As previously stated, the director joined the Board four years ago following Board resolution dated 31 October 2017. The Ordinary General Meeting held on 22 March 2018 subsequently ratified that resolution and appointed her to be a proprietary director on the Board. Therefore, Ms Real Rodríguez is now completing her first term as a director and will therefore be starting her second term in that role if she is ultimately re-elected by the General Meeting.

The director has held the following positions on the Committees of the Company's Board:



- Member of the Appointments and Remuneration Committee (from 31 October 2017 to 27 November 2018, when she was appointed to the Audit Committee).
- Member of the Audit Committee (since 27 November 2018, a position she continues to hold at this time).

The Committee has re-evaluated her professional history in detail (published on the corporate website and available using the following link [Ms Mercedes Real Rodrigálvarez](#). Ms Real Rodrigálvarez was born on 6 January 1968. She holds a Master's Degree in Economics and Business Administration and an LL.M. in Law from the Universidad Pontificia de Comillas (ICADE E-3) (Pontifical University of Comillas), and she has completed the IESE Business School's Executive Development Programme (PDD).

Outside the Company, the positions she currently holds includes Sociedad Estatal de Participaciones Industriales (SEPI)'s Director of Investee Companies and Board member and Chair of the Audit Committee of ENRESA, S.A., S.M.E.

The Board of Directors and the Appointments and Remuneration Committee further note that in her career she has also held positions that include Board member of ENUSA Industrias Avanzadas, S.A., S.M.E.; Chief Financial and Control Officer, Comptroller, and Director of Human Resources with the INFOBOLSA Group (BME Group and Deutsche Börse, AG Group); Board member and Chief Financial and Control Officer of OPEN FINANCE, S.L.; and Audit Team Director for Financial Sector Companies at ARTHUR ANDERSEN (currently DELOITTE & TOUCHE).

To conclude, the re-evaluation of her professional track record both within and outside the Company by the Board and the Committee both call attention to her experience and knowledge in economic, financial, and securities market matters and in accounting, audit, and internal control matters. Also noteworthy is her experience as an executive and director at public and private companies, very valuable in relation to good corporate governance. The Board and the Committee consider that the above proprietary director's profile remains highly suitable for filling the vacancy that will occur on the date of the next Ordinary General Meeting, meets the requirements for proprietary directors set forth in the Board Regulations and in the Corporate Enterprises Act, and likewise conforms to the current scope of the Board's duties as updated by the Board in November 2021.

The Committee and the Board further consider the proposal to re-elect Ms Real Rodrigálvarez as proprietary director of the Company to be in keeping with the policy of retaining top talent on the Board, in this case, a director who has had a distinguished professional career.

Lastly, Ms Real Rodrigálvarez is currently a member of the Audit Committee, and the Committee and the Board particularly value her experience and skills in the areas of accounting, auditing, both financial and non-financial risk management, and more generally in the areas of management, economics, finance, and business, in accordance with the recommendations of the current Code of Good Governance for listed companies and the CNMV's Technical Guidelines 3/2017 on Audit Committees of Public Interest Entities of 27 June 2017.

4. Director category assignment

According to the information available to the Board and to the Committee, and having current legislation and the Board Regulations in mind, Ms Real Rodrigálvarez should be classified as a proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) in compliance with the Companies Act and the Board Regulations.

The Board and the Committee further consider that the profile of the director concerned is consistent with the position's requirements for impartiality, objectivity, and high professional reputation and satisfies the conditions of recognised standing, ability, and experience required by the Board Regulations for continued performance of the position of outside director, in this case proprietary director.

No grounds for ineligibility to serve in the assigned category of "proprietary" director under the Corporate Enterprises Act, the Board Regulations, or the Corporate Governance Policy have been observed.



Finally, before re-election, Ms Real Rodríguez will have to re-issue the regular declaration that she is not barred on any legal or regulatory grounds or pursuant to corporate rules and that she has no conflicts of interest that would prevent her from performing the duties of her position as proprietary director of the Company.

5. Report and proposal for re-election

Consequently, in accordance with sections 529 decies to 529 duodecies and 529 quindecies Corporate Enterprises Act, Articles 20 and 24 of the Articles of Association, and Articles 7, 18, 21, 22, and 23 of the Board Regulations, further to completion of the corresponding evaluation and subject to a new formal declaration by Ms Real Rodríguez that there are no legal, regulatory, or corporate grounds preventing her from performing the duties of proprietary director as required, the Board, in view of the report issued by the Appointments and Remuneration Committee at its meeting of 4 May 2022 concerning the proposal to re-elect Ms Mercedes Real Rodríguez as proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) for the four-year term stipulated in the Articles of Association, issues this report and proposal for submission to the Ordinary General Meeting.

To re-elect Ms Mercedes Real Rodríguez as proprietary director of Red Eléctrica Corporación, S.A. representing Sociedad Estatal de Participaciones Industriales (SEPI) for the term of four years set in the Articles of Association, on proposal of the Appointments and Remuneration Committee, in accordance with section 529 decies of the Corporate Enterprises Act.