

redeia

El valor de lo esencial



BOARD OF DIRECTORS

30 April 2024

**Ordinary General Meeting: Report and nomination to re-appoint Mr. Roberto García Merino as executive director**

## Contents

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1	Background and reasoning .....	3
2	Director's business background .....	3
3	Track record in the Company, professional profile, and re-evaluation of his qualifications .....	4
4	Director category assignment .....	6
5	Report and nomination for re-appointment.....	7



## 1 Background and reasoning

Subsequent to a report dated 27 May 2019 by the Appointments and Remuneration Committee supporting the nomination to re-appoint Mr. Roberto García Merino as executive director of Redeia Corporación, S.A. (also the "Company") (formerly, Red Eléctrica Corporación, S.A.) issued in accordance with sections 244, 529 decies, 529 duodecies, and 529 quindecies Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*) (the "Act"), Articles 20 and 24 of the Articles of Association, and sections 7, 18, 21, 22, and 23 of the Regulations of the Board of Directors, on 27 May 2019 the Board of Directors of the Company approved a series of agreements, including the following:

*"To appoint Mr. Roberto García Merino as executive director of Red Eléctrica Corporación, S.A. until the next General Meeting is held, in accordance with sections 244, 529 decies, 529 duodecies, and 529 quindecies Corporate Enterprises Act, Articles 20 and 24 of the Articles of Association, and sections 7, 18, 21, and 23 of the Regulations of the Board of Directors, to fill the only current vacancy on the Board of Directors prior to approval of this agreement subsequent to Mr Juan Francisco Lasala Bernad's stepping down from his position as executive director, to which he had been appointed for a four-year term by agreement of the Extraordinary General Meeting held on 17 July 2015, all in accordance with the Report issued by the Appointments and Remuneration Committee and the Board of Directors."*

In accordance with sections 529 decies and 529 quindecies of the Act and sections 18, 21, and 23 of the Regulations of the Board of Directors, nominations to appoint external directors (other than independent directors), including appointments made by co-option, are to be made at the proposal of the Board of Directors, and external directors appointed by co-option are to serve until the next General Meeting, which may ratify the appointments or appoint other directors.

Accordingly, on 14 May 2020 the General Meeting approved a series of agreements including:

*"To ratify the appointment of Mr. Roberto García Merino as executive director of Red Eléctrica Corporación, S.A. resolved by the Board of Directors at the meeting held on 27 May 2019 and consequently to appoint him to be executive director for the four-year term stipulated in the Articles of Association in accordance with section 529 decies Corporate Enterprises Act."*

The Board of Directors is expected to call the Company's General Meeting to review the 2023 financial year at the Board meeting to be held on 30 April 2024, and given that Mr. García Merino's term as director will expire on the date of the above General Meeting, scheduled for 3 June 2024 at the first call to meeting and on 4 June 2024 at the second call to meeting, the Board of Directors must issue a report and proposal concerning the nomination to re-appoint Mr. Roberto García Merino for submission to the above 2024 General Meeting.

The procedure for appointing the CEO is set forth in section 11 of the Regulations of the Board of Directors, which provides that the appointment of the CEO is the responsibility of the Board of Directors subsequent to a report by the Appointments and Remuneration Committee.

In compliance with section 529 decies(6) of the Act, on 24 April 2024 the Appointments and Remuneration Committee therefore prepared the corresponding Report for submission, if appropriate, to the next General Meeting with the Board of Directors' nomination to re-appoint Mr. Roberto García Merino as the Company's executive director.

## 2 Director's business background

In putting forward this Report and the corresponding nomination, the Appointments and Remuneration Committee has followed the procedure and fulfilled the requirements laid down in the applicable legislation, the Company's regulations, and the Board of Director's Diversity Policy for the appointment of directors. It has taken into account the competency matrix for the skills of the individual members of the Board of Directors with the intent to achieve the skill set, experience, knowledge, professional conduct, suitability, independent

thinking, attributes, and abilities the members of the Board of Directors should have pursuant to the Board's Diversity Policy for the appointment of directors and the Corporate Governance Policy.

The Board of Directors' competency matrix was updated at the Board meeting held on 25 July 2023 and lists the aggregate values the Board should have, divided into three categories: (i) the experience and expertise of the Board's members as they relate to the strategic priorities of the companies in the group (also "Redeia"), (ii) the cross-cutting functions most closely connected with the Board of Directors' own duties, and (iii) diversity. Considering this competency matrix individually for each director when drawing up appointment or re-appointment reports is an effective tool available to the Committee and the Board in pursuing the objective of forming a Board of Directors that is diverse in its overall composition to ensure that the Board of Directors, as a collective body, can draw on the most appropriate expertise and experience at all times.

This helps manage the balance, diversity, and quality of the Board of Directors as a whole and its individual members at all times and helps in specifying the profiles and requirements currently considered appropriate for holding the position of member of the Company's Board of Directors, here as executive director.

In keeping with the above principle of diversity set out in the Board of Director's Diversity Policy for the appointment of directors and in the Corporate Governance Policy (both posted on the Company's website), the Committee and the Board of Directors seek to promote diversity in the Board's composition in the broadest sense, namely, diversity of knowledge, experience, age, gender, nationality, and time in position, etc., as a key factor enabling the Board of Directors, through a balanced and diversified membership, to fulfil its mission and perform its duties with a view to successfully tackling future challenges and moving efficiently and proactively forward towards accomplishing the strategies and objectives of the Company and the companies making up Redeia.

It should also be noted that at its meeting held on 24 April 2024, the Appointments and Remuneration Committee re-evaluated the qualifications and career details of the current Chief Executive Officer, Mr. García Merino, and issued a favourable report to the Board of Directors supporting the proposed nomination to re-appoint him for submission to the 2024 General Meeting.

After evaluating the applicable legislation and the Company's own regulations, the Committee had already issued a report to the Board of Directors favourable to the nomination to appoint Mr. Roberto García Merino as executive director in May 2019, on considering his profile to be suitable for filling the vacancy that existed at the time. At the meeting held on 27 May 2019, the Board of Directors unanimously agreed to his appointment by co-option until the next General Meeting, which took place on 14 May 2020 and ratified and approved Mr. García Merino's appointment as executive director of the Company.

Subsequent to the new Report by the Committee, the Board is issuing its Report and proposal, and to that end the qualifications and professional track record of Mr. García Merino need to be re-evaluated.

For the reasons set out below, as regards Mr. García Merino's career profile first evaluated in May 2019, in this Report the Board of Directors concurs with the Appointments and Remuneration Committee and ratifies the reasoning and arguments put forward in its Report dated 27 May 2019, all validated by Mr. García Merino's outstanding track record during his term as the Company's executive director and CEO now expiring.

### 3 Track record in the Company, professional profile, and re-evaluation of his qualifications

As mentioned above, Mr. García Merino joined the Company's Board of Directors on 27 May 2019, and his initial appointment by co-option was ratified at the General Meeting held on 14 May 2020. Accordingly, his first term as Company director is now expiring, and if he is re-appointed as executive director by the General Meeting, he will be starting his second term as a member of the Company's Board of Directors.

Mr. García Merino's career profile is published on the Company's website and can be viewed at the following link: [Mr. Roberto García Merino](#). It has been re-evaluated by the Appointments and Remuneration Committee in depth and is transcribed below.

Mr. Roberto García Merino was born on 20 March 1973 and holds a degree in Economics and Business Administration from the University of Valladolid, a GMP from IESE (2016), and an MBA from IE Business School (1999).

Currently CEO of Redeia Corporación, S.A. and member of the management bodies of the following group companies: Hispasat, S.A. (appointed representative of RESTEL on the Board of Directors), Redeia Infraestructuras de Telecomunicación S.A. (REINTEL), Redeia Sistemas de Telecomunicaciones S.A.U. (RESTEL), and Red Eléctrica Internacional S.A.U. (REI). At the subsidiary Red Eléctrica de España, S.A.U. he is also the appointed representative of the sole legal person on the Board, namely, Redeia Corporación, S.A.

Since joining Redeia in 2004, he has performed various duties involving strategic planning and business development, especially in the international sphere and in the field of telecommunications, notably in the following executive positions: Redeia's Executive Director for Telecommunications and International Affairs (since March 2019), Corporate Director for Business Diversification (2015-2019), Director of Business Strategy and Development (2012-2015), Director of the Strategic Planning Department (2007-2012).

Outside Redeia, he was an investment banking internal analyst at Banco Espírito Santo (2000-2004).

After this summary of his career, the Board of Directors and the Committee have considered it appropriate also to evaluate Mr. García Merino's qualities, skills, and experience not only as executive director but also as the Company's executive director and CEO, the position he currently holds and foreseeably will continue to hold upon re-appointment as executive director.

The Committee and the Board of Directors have in the first place considered the requirements set out in the Company's regulations and the Board of Director's Diversity Policy for the appointment of directors to specify the profile and requirements deemed suitable for the position of Company director along with the competency matrix of individual skills for the Board of Directors as updated last July 2023. The Committee and the Board of Directors must further take into account all the skills, knowledge, experience, and leadership capabilities held to be necessary for the position of chief executive of the Company and of Redeia.

Following the preceding summary of his career, Mr. García Merino's extensive knowledge and experience in strategic planning and business development, key skills for any executive director heading up a business group that aims to maintain executive leadership in its sector, are set out below.

The Board of Directors and the Committee also underscore his international experience and vision and his insight into the business landscape in Latin America. During his time as a member of Redeia's management team, Mr. García Merino was for several years one of the top-level leaders managing the main international investments in Latin America.

As already mentioned, as the Company's executive director and CEO Mr. García Merino is responsible for the day-to-day management and effective guidance of the Company's and Redeia's organisation and business. In this regard, the Board of Directors and the Committee draw attention to the high level of commitment and leadership Mr. García Merino has demonstrated in implementing Redeia's current Strategic Plan for 2021-2025 in an international scenario marked initially by the impact of the Covid-19 pandemic and afterwards by the war in Ukraine and rising inflation in which interest rates have reached their highest levels in recent decades.

Mr. García Merino's solid executive leadership in effectively managing the businesses and activities in which Redeia engages should also be noted. This is evidenced, for instance, by: (i) significant investments by Red Eléctrica de España in the Transmission Grid (TG) and advances in the Energy Transition process in Spain, in which the TG plays a fundamental role; (ii) growth in international electricity transmission activity through the Redinter subsidiary, with a firm commitment to consolidation and organic growth in Brazil, Chile, and Peru; (iii) development and growth of the satellite business through Hispasat, extending into new strategic segments such as service providers (e.g., the Axess Networks acquisition) plus advancement of the traditional business (launch of the new Amazonas Nexus satellite and start-up of business activities); and (iv) growth of the telecommunications business through the Reintel subsidiary (in association with the KKR as financial partner) and of its fibre network to provide services to new regional and local operators.

The Committee the Board of Directors have also taken note of Mr. García Merino's overriding commitment to: i) promoting innovation and technology throughout the entire organisation as a strategy to meet the new challenges in the electricity and telecommunications sectors; ii) Redeia's operational and financial efficiency;

and iii) acting together with the essential work of the President in promoting sustainability in all Redeia's processes and businesses.

His executive and negotiating skills and his ability to reach consensus at the highest levels through managerial leadership has enabled Redeia to continue consolidating its position at the forefront of excellence and quality and should likewise be noted. These too are skills essential for the position of executive director in an Ibx-35 listed company. The Committee also underlined his skills in communicating and building relationships with the different stakeholders, in particular through meetings and permanent contacts with international shareholders and investors at a series of road shows held all year long, where he personally explains the activities carried on by Redeia and its most direct challenges and listens to shareholders' concerns and recommendations.

In addition, Mr. García Merino has for years held the position of director in the group's main companies in Peru and Chile and currently continues to hold those posts in the group's companies in the telecommunications sector in Spain. He is therefore also experienced in and knowledgeable about the responsibilities and duties of directors of public limited companies, extremely valuable qualities for top executives of a diversified international group like Redeia.

Lastly, it is to be noted that re-appointing Mr. García Merino as executive director would preserve the current corporate model for balancing power in the structure and composition of the Board of Directors, in which supervision of the Board is led by its non-executive President, who also performs strategic corporate duties for the Company (including, for instance, institutional relations, communications and territorial relations, sustainability and research, and internal audit and risk management), while management of the businesses (electricity sector in Spain and the international, telecommunications, and satellite businesses) is led directly by the executive director and CEO. This model has gained widespread recognition since it was implemented in 2015. In this sense the Committee and the Board of Directors itself consider that these two leaders cooperate very effectively. This view is shared by the other directors, as reflected by the results of the Board of Directors' successive annual self-evaluations.

Summing up, the Committee and the Board of Directors once again conclude that having in mind Redeia's present needs arising from its current Strategic Plan and the future strategic challenges it will be facing in the coming years, Mr. García Merino's background and skills make him ideal to continue in the position of the Company's executive director and Chief Executive Officer. They therefore support the nomination to re-appoint Mr. Roberto García Merino as executive director of the Company for submission to the Board of Directors and then onwards to the next General Meeting.

## 4 Director category assignment

Based on the information available to the Board of Directors and the Appointments and Remuneration Committee and in light of the legislation in force, the Regulations of the Board of Directors, and the Board of Director's Diversity Policy for the appointment of directors, Mr. García Merino should be re-appointed Chief Executive Officer with the category of executive director of the Company in accordance with section 529 duodecies(1) of the Act.

No grounds that would disqualify him from serving as executive director under the Act, the Regulations of the Board of Directors, the Board of Director's Diversity Policy for the appointment of directors, or the Corporate Governance Policy have been found.

Furthermore, the Board of Directors and the Committee find that the profile of the director under consideration meets the necessary requirements of impartiality, objectivity, and high professional repute; satisfies the conditions of recognised standing, competence, and experience required by the Regulations of the Board of Directors for performing the duties of the position of executive director of the Company; and meshes perfectly with the current competency matrix approved by the Board of Directors.

Lastly, before re-appointment, Mr. García Merino will have to re-issue his declaration that he is not disqualified on any legal or regulatory grounds or pursuant to the Company's regulations and that he has no conflicts of interest that would prevent him from performing the duties of his position as executive director of the Company.

## 5 Report and nomination for re-appointment

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Consequently, in accordance with sections 529 decies to 529 duodecies and 529 quindecies of the Act, Articles 20 and 24 of the Articles of Association, and sections 7, 18, 21, 22, and 23 of the Regulations of the Board of Directors, further to completion of the corresponding evaluation and subject to a new formal declaration by Mr. García Merino that he is not disqualified from performing the duties of executive director on any legal or regulatory grounds or pursuant to the Company's regulations as required, the Board of Directors, in view of the report issued by the Appointments and Remuneration Committee at its meeting of 24 April 2024 concerning the nomination to re-appoint Mr. García Merino as executive director of Redeia Corporación, S.A. to the four-year term stipulated in the Articles of Association, issues this Report and submits the following proposal to the General Meeting:

*To re-appoint Mr. Roberto García Merino as executive director of Redeia Corporación, S.A. for the four-year term stipulated in the Articles of Association on nomination by the Board of Directors with the reports in favour issued by the Board of Directors and the Appointments and Remuneration Committee pursuant to section 529 decies Corporate Enterprises Act.*

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