



Policy on Board diversity
and appointment of directors





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1 Reason

The Code of Good Governance of listed companies of the Spanish Securities Market Commission (the "CNMV") recommends that the Board approve a policy aimed at promoting a specific, verifiable and appropriate composition of the Board; ensure that proposals for appointment or re-election are based on a prior analysis of the competencies required by the Board; and favour diversity of knowledge, experience, age and gender (Recommendation No. 14).

In turn, the Board Regulations of Red Eléctrica Corporación, S.A. (the "Company"), in determining the non-delegable responsibilities of the Board, and in particular, the general policies and strategies of the Company and the Group (the parent company together with its subsidiaries, "Redeia" or the "Group companies"), which must be approved directly by the Board, include the Board's diversity policy and appointment of directors (article 5.5(a) xii).

In exercising these responsibilities, within the framework of the Law, of the Company's internal regulations and best practices of corporate governance, and to consolidate in a document the guidelines that guarantee a broad sense of diversity in the Board, together with the process of selecting and appointing directors, the Board has approved this Policy on Board diversity and appointment of directors (the "Policy").

In any case, the Policy on Board diversity and appointment of directors must be applied and interpreted considering the various corporate governance rules in force at any given time and, in particular, the ethical values, principles and guidelines of conduct established in the Redeia Code of Ethics and Conduct.

This Policy is also based on and develops the principles established in the Group's Corporate Governance Policy approved by the Board, which are set out in the following:

- Consolidate the commitment to diversity in its broadest sense, not only in terms of gender, but also in terms of experience, knowledge, age, nationality or length of service of the directors, among others, in the composition of the Board and its committees.
- Ensure that there are appropriate procedures for selecting directors, which guarantee a reasonable balance and diversity within the Board in the performance of its mission.

In accordance with the Redeia Comprehensive Diversity Plan, respect for diversity in its broadest sense is a priority for the Company and encompasses gender, experience, knowledge, age, length of service, etc., to achieve an appropriate balance in the administrative and management bodies, and in the organisation.

2 Objective

The Board of Directors approve this Policy on Board diversity and appointment of directors to ensure that proposals for the appointment or re-election of directors are based on a prior analysis of the competencies required by the Board. This includes the catalogue of principles on which the selection procedures for Board members must be based, and on the basis of criteria for ability and objective merits.

The Policy also aims to promote diversity in the broadest terms in the Board's composition, including amongst other aspects, knowledge, training, experience, age, ability and gender. The requirements for selecting Board members must be aimed at achieving a diverse and balanced composition of the Board as a whole and, also, with regard to its committees, in such a way that it enriches the analysis and debate, provides multiple points of view and positions, favours decision-making based on the nature and complexity of the business, and the social and environmental context, and allows directors to enjoy due independence in the exercise of the powers attributed to them by law, the Articles of Association and the other corporate governance rules of the Company, respectively.

Redeia's corporate governance system is based on strict compliance with current legislation and, in particular, the Spanish Corporate Enterprises Act and the Securities Market Act, and on the application of the highest ethical and compliance standards generally recognised in international markets, adapted to Redeia's needs and business reality.

The Company is also committed to complying with the recommendations of CNMV's Code of Good Governance for listed companies, and with the recommendations and trends, both domestic and international, of the codes and organisations considered to be a benchmark in corporate governance at any given time.



3 Scope of application

This Policy will apply to the Company's Board of Directors, and to the procedures for selecting, appointing and re-appointing Board members.

4 Principles

The principles underpinning the Policy on Board diversity and appointment of directors are set out below:

- Promote a diverse and balanced composition of the Board and its committees to encourage their effective operation, the participation of all directors and agility in decision-making.
- Ensure that there are appropriate procedures for selecting directors, which guarantee a reasonable balance and diversity within the Board in the performance of its mission.
- Integrate equal opportunities and non-discrimination criteria, making an assessment, access to training and any other practice related to the selection and management of directors based on merit and professional ability and objective valuations.
- Consolidate the commitment to diversity in its broadest sense, not only in terms of gender, but also in terms of experience, knowledge, age, nationality or length of service of the directors, among others, in the composition of the Board and its committees.
- Encourage gender diversity on the Board, promoting the participation of the less represented gender in selection procedures. The Company's objective is to have 50% of women on the Board.
- Avoid any type of bias that may entail any kind of discrimination and, in particular, due to gender, sexual orientation, ethnic origin, age, ideology, religion, marital status, disability or vulnerability.
- Ensure transparency in candidate selection and appointment of director procedures, duly documenting the selection processes, including the main conclusions in the reports and proposals of the competent bodies that must be made available to shareholders when the General Meeting is held in a simple, complete and comprehensive manner.
- Comply with applicable regulations and principles of good corporate governance, so that the Company's director selection processes are carried out, in any case, in compliance with current legislation, the Articles of Association and other internal regulations of the Company, also considering the most advanced good governance practices in this area.

5 Promoting diversity in the broadest terms in the Board's composition

As established in the Redeia Code of Ethics and Conduct, diversity is understood in a comprehensive manner: inclusion, non-discrimination and the total elimination of barriers and labels suffered by certain groups in society, including, inter alia, gender, sexual orientation, ethnic origin, age, ideology, religion, marital status, disability or vulnerability.

Along these lines, the Company applies the principle of promotion and respect for diversity, in its broadest sense, not only in terms of gender but also bearing in mind the experience, knowledge, age, nationality or length of service of the directors, among other aspects, in the composition of the Board of Directors and its Committees as a whole. This principle is an essential factor to enable it to achieve its objectives based on a plural and balanced vision, and in keeping with the characteristics and nature of Redeia's activities.

To this end, the process of selecting candidates must consider the inclusion of directors in the Board who provide different aspects of diversity, based on, amongst others, the Board's matrix of competencies. This matrix of competencies, approved by the Company's Board of Directors, is an essential tool for good governance that facilitates the supervision of the balance, diversity and overall and individual quality of the Board at any given time, and is based on the most advanced international practices and recommendations regarding corporate governance.

The application of the matrix of directors' individual competencies, which reflects the competencies, experience, knowledge, professionalism, suitability, independence of judgement, qualities and abilities established in the Corporate Governance Policy that Board members must have, makes it easier in turn to supervise overall Board diversity and facilitates informed and appropriate decision-making at any given time. This matrix of competencies is continuously updated so that it remains valid and in line with Redeia's strategy at all times.

Along these same lines, Article 22 of the Board Regulations establishes that the Board of Directors, within the scope of its powers, will ensure that the candidates nominated for directors are persons of good standing, competence and experience who ensure diversity on the Board in its broadest sense, considering among other aspects: gender, experience, training, knowledge and personal characteristics. The Board will also ensure that the procedures for selection of its members are free from implicit biases that may entail any kind of discrimination.

In turn, the Company's Board voluntarily assumed years ago, under Article 18.4(l) of the Board Regulations, the commitment to comply with the diversity recommendations established and, therefore, instituted the obligation for the Appointments and Remuneration Committee to submit an Annual Diversity Report to the Board, which is published on the Company's corporate website.

6 Procedure for selecting directors and competent bodies

- **Competent bodies**

The bodies responsible for ensuring diversity in the broadest sense of the Board and its committees, and for the director selection processes, are the Board itself and the Appointments and Remuneration Committee, which will endeavour to identify the most suitable candidates, at any given time, based on the Company's needs, all without prejudice to the powers of appointment, ratification, re-election and removal, as applicable, that correspond to the General Meeting.

The **Board of Directors**, within the framework of the powers of proposal and reporting legally assigned to the Board in relation to the appointment of directors, must ensure that Board members' selection procedures are based on abilities, merits and objective criteria, that ensure the suitability and individual and collective training of directors, favour the diversity criteria in the broadest sense established in this Policy and are not affected by implicit bias that may entail any kind of discrimination; in particular, ensuring that a balanced presence of women and men in its composition is maintained at all times.

In this context, it is important to highlight the important role of the **Appointments and Remuneration Committee** in promoting diversity on the Board of Directors, since, as laid down in Article 24 of the Articles of Association and in Article 18 of the Board's Regulations, this Committee is responsible for establishing a representation target for the under-represented gender on the Board of Directors. It is also responsible for evaluating the competencies, knowledge and experience, and other diversity criteria required on the Board at all times, submitting to the Board the proposals for the appointment of independent directors and reporting on proposed appointments of the other board members, among other duties.

- **Selection of candidates, evaluation and proposals**

Before issuing its report or making a proposal to appoint a director, the Appointments and Remuneration Committee will analyse the diversity of profiles and contributions of the current Board members, to ensure that the Board has the knowledge and experience necessary at all times to successfully meet the future challenges, progressing efficiently and proactively in fulfilment of the strategies and objectives of the Company and the Group companies.

The Appointments and Remuneration Committee, after prior analysis of the competencies required by the Board, will proceed to analyse the functions and skills necessary for the candidates to fill each vacancy, and will assess the time and dedication required to properly perform such duties. The result of that prior analysis and the description of the reasons justifying the candidate's suitability will be included in the nomination or report of the Appointments and Remuneration Committee, as applicable in each case, based on the category of director concerned.

In any case, the director selection procedure will fully comply with the Company's Articles of Association and the Board Regulations, also considering the good corporate governance recommendations in effect at any given time.

- **External advisors**

The Board may use **external advisors** when considered necessary, ensuring that any potential conflict of interest relationship or situation affecting external advisors is avoided. This advice may consist of the collaboration of external advisors specialised in the director selection processes, issuing, where applicable, the corresponding reports in which they will assess the competencies and experience of each candidate. These reports will be analysed and assessed by the Appointments and Remuneration Committee to issue the report and/or the proposal for appointing a director to be submitted to the Board.

7 Requirements to be appointed director

Candidates participating in the selection process are assessed taking into account, among others, the competencies, experience, professionalism, suitability, age, gender, independence of judgement, knowledge, qualities, abilities and availability of the existing Board members, with the Appointments and Remuneration Committee playing an important role in this selection process.

Board members must have adequate personal and professional honesty and good standing, be professionals with integrity and that have demonstrated a professional conduct and career in line with the principles set out in Redeia's Code of Ethics and Conduct and with the Company's vision and values; and they must meet the following requirements:

- **Personal and professional good standing**

Company Board members must have personal and professional good standing or repute.

The Company's directors must be professionals of integrity whose conduct and professional career are in line with the ethical principles and duties set out in the Company's various internal rules and with Redeia's vision and values. In addition, the Code of Ethics and Conduct expressly considers the conduct of Board members to be a key element of exemplary conduct for the application of the Code.

In this regard, it will be understood that there is no personal or professional good standing in those candidates who are in situations, whether or not related to the Company itself, that may harm the Company's credibility and reputation, or in any way adversely affect the operation of the Board or the Company.

In addition, the candidate must inform the Company of all legal, administrative or any other type of complaints, whether or not related to the Company itself, which, due to their importance, could harm the credibility and reputation of the Company or its Group and, in particular, of any criminal case in which the candidate is under investigation, and of the procedural situations involved.

- **Professional good standing, competence and experience**

The Board of Directors, within the scope of its powers, will ensure that the candidates selected are persons of good standing, competence and experience appropriate for the position of director of the Company.

For the Board of Directors to perform its supervisory and control function, all its members must have abilities, knowledge and competencies, amongst others, in relation to the following areas:

- Knowledge in the energy/electricity and telecommunications sectors, with special attention to the regulated activities carried out by Red Eléctrica de España, S.A.U.
- Sustainability and corporate governance know-how.
- Experience and knowledge in economic, financial and non-financial and management matters.
- They must have held senior management positions.
- International experience.

To this end, the Board's matrix of competencies, which reflects the competencies, experience, knowledge, professionalism, suitability, independence in judgement, qualities and abilities established in this Policy, and in the Corporate Governance Policy for Board members, establishes a list of aggregated criteria for the Board based on three categories: the experience and knowledge of Board members in relation to Redeia's strategic priorities, the functions related to the Board's responsibilities and, lastly, diversity.

This matrix of competencies, applied individually to each director, serves as an effective tool for the Appointments and Remuneration Committee and the Board itself to pursue the objective of maintaining overall diversity in the composition of the Board.

However, and based on the fact that the directors are not required to have the same level of competencies, knowledge and experience in all areas, it is relevant for the Board and its committees, as a whole, to have an adequate combination of profiles with the aim of maintaining diversity in the broadest sense in its composition, so that, at all times, the Board has the most appropriate abilities, knowledge and competencies as a collective body.

In turn, Article 15 of the Board Regulations establishes that the process for the appointment of the members of the **Audit Committee** must consider their knowledge and experience in accounting, auditing or risk management, both in financial and non-financial matters. The above article also establishes that the members of this Committee will have the relevant technical knowledge in relation to the sectors of activity to which the Group companies belong.

This Policy is in line with both the Recommendations of the CNMV's Code of Good Governance and with the basic principles and guidelines of the Technical Guide 3/2017, of the CNMV, on Audit Committees of Public Interest Entities, of 27 June 2017, regarding the diversity in the composition of the Audit Committee. The policy must also ensure, as far as possible, that at least one of the members of the Audit Committee has experience in information technologies to facilitate efficient supervision of internal risk control and management systems, such as that relating to cybersecurity.

Likewise, as regards the **Appointments and Remuneration Committee**, this Policy takes into account the peculiarities required in the regulations and in the recommendations for application of both the CNMV's Code of Good Governance and the CNMV's Technical Guide 1/2019, on Appointments and Remuneration Committees, of 20 February 2019, as regards the diversity in the composition of the Appointments and Remuneration Committee.

In addition, the role of the **Sustainability Committee** within the scope of the Diversity Policy must be pointed out; and this is because Article 24 bis of the Articles of Association and Article 18 TER of the Board Regulations establish within the basic responsibilities of that Committee, amongst others, to oversee the content and compliance with the Group's sustainability policy, and the sustainability aspects of the other corporate policies, ensuring that they are geared to achieving the Sustainable Development Goals approved by the United Nations Organization and, in particular, in relation to talent, diversity and equality.

- **Commitment to fulfilment of directors' duties and obligations**

The Board will assess the candidates' availability and ability to devote the necessary time and effort to perform effectively their role as director, ensuring, in particular, that directors have sufficient time available to properly perform their functions, and in any case, duly respecting the maximum number of positions they may hold simultaneously as directors, in accordance with the Company's internal corporate governance regulations in effect at any given time.

- **Absence of conflicts of interest, prohibitions and incompatibilities**

Without prejudice to the above, persons who are nominated as candidates to be appointed as directors must meet any other requirements established in the legal provisions in force, in the Articles of Association and in the Board Regulations. This includes those determined by the Appointments and Remuneration Committee at any given time, considering best good governance practices and, in any case, they must not be affected by any of the cases of prohibition or incompatibility established by law or in the Company's corporate governance rules.

Directors must also sign an annual statement of absence of conflicts of interest and legal and regulatory incompatibilities and submit it to the Company.

- **Independence**

In addition to the requirements envisaged above, candidates for the position of independent director of the Company must meet the independence requirements envisaged by law and the Company's corporate governance rules. For these purposes, before proposing the appointment of an independent director, the Appointments and Remuneration Committee will confirm that the candidate meets the requirements established for this purpose by law, the Articles of Association and the Board Regulations.

Likewise, independent directors must sign and deliver to the Company, on an annual basis, a statement on their independence in accordance with the form approved by the Board, at the proposal of the Appointments and Remuneration Committee; this statement must also be signed and submitted to the Company by the candidates for independent director of the Company, prior to their appointment.

However, the composition of the Board, in addition to independent directors and, where applicable, directors assigned to the category of "other non-executive directors", will include nominee and executive directors. This will ensure that: a) in the composition of the Board, the nominee and independent directors represent a broad majority over the executive directors; b) the number of executive directors is the required minimum, taking into account the complexity of the group and the percentage of participation of executive directors in the Company's capital, and c) the number of independent directors represents at least half of the total number of directors.

- **Performance assessment**

In addition to the above requirements, within the framework of the re-election of directors, the proposals or reports of the Appointments and Remuneration Committee, as applicable, must take into account the same factors, elements and conditions, as if it were a first election and, additionally, the performance of the director may be assessed during the time the position has been exercised, and their ability to continue to perform it satisfactorily.



In addition, any other requirements determined by the Board, the Appointments and Remuneration Committee and the applicable legislation at any given time must be considered.

8 Policy supervision and dissemination

The Appointments and Remuneration Committee will regularly assess the effectiveness of this Policy and take the appropriate measures to keep it up to date, in accordance with the most advanced corporate governance practices, making proposals to the Board for improvement as it considers appropriate.

In addition, the Appointments and Remuneration Committee will annually verify compliance with this Policy, reporting on this matter in the Company's Annual Corporate Governance Report, in the Annual Diversity Report and in any other documents it considers appropriate.

This Policy on Board diversity and appointment of Company directors was approved by the Board on 29 November 2022 and entered into effect on the same day of its approval.

This Policy on Board diversity and appointment of Company directors will be published on the corporate website.

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