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*Grupo Red Eléctrica*

## **Board of Directors**

*22 February 2022*

Annual Report on Remuneration of  
Directors 2021

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**Annex III Statistic of the Annual Report on Remuneration of Directors for listed companies (Circular 3/2021, of September 28, of the CNMV), corresponding to Red Eléctrica Corporación S.A ..... 55**

# 1. Presentation of the Report by the Chairwoman of the Appointments and Remuneration Committee

Dear shareholders,

On behalf of the Appointments and Remuneration Committee, I am pleased to present the Annual Report on Remuneration of Directors, which includes the remuneration policy for year 2022, according to the Directors' Remuneration Policy of Red Eléctrica Corporación 2022-2024<sup>1</sup> (hereinafter also referred to as the "Company", the "Entity", "REC", the "Group" or "Red Eléctrica"), approved by the General Shareholders' Meeting held on 29 June 2021 and the implementation of directors' remuneration in 2021, according to the Directors' Remuneration Policy of Red Eléctrica Corporación approved by the General Shareholders' Meeting held on 22 March 2019, in force for the financial year 2021.

First of all, I would like to highlight that, on 23 February 2021, the Board of Directors approved the **new 2021-2025 Strategic Plan of the Red Eléctrica Group**, with the aim of prioritising the efficient development of the energy Transition in Spain, consolidating the development achieved in the field of telecommunications and in the international activity, guaranteeing the Group's financial sustainability, consolidating innovation, talent and Sustainability as the basis of the Group's culture and generating positive impacts through alliances with the environment and with companies in the sector. The objectives of the annual and multi-year variable remuneration for the Chief Executive Officer reflect the priorities established in the aforementioned Strategic Plan.

On the other hand, at the **Ordinary General Shareholders' Meeting** held on 29 June 2021, four resolutions regarding the remuneration of the Board of Directors were submitted for approval. I would like to highlight the **broad support** obtained by the Company's shareholders in relation to the following **agreements** on proposals regarding **remuneration**, which obtained a very low vote against (less than 1%), in line with the results obtained in previous Meetings:

1º The Annual Report on Remuneration of Directors.

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<sup>1</sup> The Directors' Remuneration Policy of Red Eléctrica Corporación, S.A. 2022-2024 can be found in this link: [https://www.ree.es/sites/default/files/03\\_GOBIERNO\\_CORPORATIVO/Documentos/Junta\\_General\\_de\\_Accionistas/CA\\_RemunerationPolicy\\_JGOA2021.pdf](https://www.ree.es/sites/default/files/03_GOBIERNO_CORPORATIVO/Documentos/Junta_General_de_Accionistas/CA_RemunerationPolicy_JGOA2021.pdf)  
The Directors' Remuneration Policy of Red Eléctrica Corporación, S.A. 2019-2021 can be found in this link: [https://www.ree.es/sites/default/files/03\\_GOBIERNO\\_CORPORATIVO/Documentos/Junta\\_General\\_de\\_Accionistas/Politica\\_Remuneraciones\\_2019\\_ENG.pdf](https://www.ree.es/sites/default/files/03_GOBIERNO_CORPORATIVO/Documentos/Junta_General_de_Accionistas/Politica_Remuneraciones_2019_ENG.pdf)

2º The annual Remuneration of the Board of Directors, for all items, for the financial year 2021.

3º The Remuneration through the delivery of Company shares provided for in the new Long-Term Incentive Plan for the Promotion of the Energy Transition, Reduction of the Digital Divide and Diversification (applicable to the Chief Executive Officer).

Regarding the agreement on the Directors' Remuneration Policy of Red Eléctrica Corporación, S.A. 2022-2024, also submitted to the General Meeting of Shareholders in 2021, obtained a limited vote against (6%) from the shareholders, although higher than that of the General Meeting of Shareholders of 2019 regarding the previous Directors' Remuneration Policy (1.6%).

During 2021, the reasons and foundations of said votes against the Directors' Remuneration Policy 2022-2024 were analysed, as well as the main recommendations of the investment world and its proxy advisors in this regard, concluding that they were based on the recommendation to maintain the ownership of a minimum percentage of the Company's shares by the Chief Executive Officer, for a certain period of time, once said shares have been delivered as variable remuneration. Through various meetings with the investment world (engagement), the appropriate clarifications and explanations have been offered, indicating that Red Eléctrica complied with said recommendation through the delivery of a portion of the Chief Executive Officer's variable remuneration, both annual and multi-year, in shares. In these meetings, it was also highlighted his commitment, while holding said position, to maintain for, at least five years, the ownership of the shares received as annual variable remuneration.

Regarding the **economic results** achieved by the **Red Eléctrica Group in 2021**, it should be noted that the Group closed the year with a profit of 680.6 million euros, 9.6% higher than in 2020, that the strong cash flow has allowed to reduce its debt by 7.6% compared to the end of 2020 and that the investment has been 10.6% higher than that made in the previous year, which will enable the Board of Directors to propose to the next Ordinary General Shareholders' Meeting the distribution of a dividend of 1 euro per share, charged to the Accounts for the year 2021, maintaining its commitment to shareholders. In view of these results and, after evaluating the degree of achievement of the predetermined and quantifiable objectives, established at the beginning of the financial year 2021 by the Appointments and Remuneration Committee, to calculate the Annual Variable Remuneration of the Chief Executive Officer, the Committee, on 18 February 2022, has considered a **global level of achievement** of the **Objectives** to which the **Annual Variable Remuneration of the Chief Executive Officer** is linked for the **financial year 2021** of 108.3%, which represents a level of payment equivalent to 81.23% of his Annual

Fixed Remuneration for his executive functions. This Report includes details of the objectives, their weightings and the mechanics followed to determine the corresponding amounts. All this, in accordance with the provisions of the current Directors' Remuneration Policy and in the Annual Report on Remuneration of Directors, approved at the last Ordinary General Shareholders' Meeting held on 29 June 2021.

Also, on 18 February 2022, the Appointments and Remuneration Committee has approved the proposal of **Objectives** to which the Annual Variable Remuneration for the **year 2022** will be linked. In relation to these objectives, it is worth highlighting again, among the *business objectives*, the relevance of the "Return on Capital Invested by the Group (ROIC)" and the "Consolidated Net Profit (NP)". Among the *operating objectives linked to the Group's business activities*, the one that promotes "Making the energy transition in Spain a reality" is consolidated and the objectives related to "Efficiency", "People" and "Sustainability" are reinforced. Among the latter linked to "Sustainability", new CO2 Emission reduction targets have been incorporated for the Red Eléctrica Group. The detail is included in section 4. "Directors' Remuneration Policy in 2022", of this Report.

As was proposed for the financial year 2021, in February 2022, the Committee has decided to submit to the Board of Directors a new proposal for the **annual remuneration of the Board of Directors, for all items, for the financial year 2022**, in which it is proposed again to maintain the same amounts and items established for 2021, which is based on the principles of prudence and remuneration moderation.

On the other hand, it should be noted that, after the transposition in Spain of the Directive on Shareholders' Rights (Directive (EU) 2017/828 of the European Parliament and of the Council, of May 17) through Law 5/2021, of April 12 (by which the consolidated text of the Capital Companies Law is modified), Circular 3/2021, of September 28, of the National Securities Market Commission has been published, amending the Circular 4/2013, of June 12, which updates the content of the directors' annual remuneration report model for listed companies. Therefore, Red Eléctrica has prepared this Annual Report on Remuneration of Directors, adapting its content to that of the aforementioned Circular.

And, therefore, in accordance with the provisions of the aforementioned Circular 3/2021, as is the usual practice of Red Eléctrica, the Statistical Annex III of the Annual Report on the Remuneration of the Company's Directors is incorporated as an annex to this Report.

Finally, it should be noted that the Board of Directors will submit this Annual Report on Remuneration of Directors, among other proposals, to the approval of the next Ordinary General Shareholders' Meeting.

I would like to conclude by thanking the members of the Appointments and Remuneration Committee and to all those who have collaborated with this Committee for their commitment, support and assistance throughout the whole year; I would also like to express my appreciation for the comments, recommendations and suggestions received from our shareholders throughout our permanent engagement and consultation process, that are key factors for continuous improvement in adopting responsible corporate governance practices related to remuneration.

Signed: Socorro Fernández Larrea

## 2. Appointments and Remuneration Committee

### Members as at 31 December 2021

Socorro Fernández Larrea  
(Chairwoman, independent)

Ricardo García Herrera  
(proprietary)

Marcos Vaquer Caballería  
(independent)

In 2021, the composition of the Appointments and Remuneration Committee has undergone the following modifications:

- The Board of Directors, in a meeting held on 26 January 2021, adopted unanimously, the appointment of the proprietary director (on behalf of the Sociedad Estatal de Participaciones Industriales), Mr. Ricardo García Herrera, as a member of the Appointments and Remuneration Committee of Red Eléctrica Corporación S.A., for the period of 3 years set forth in the Regulations of the Board of Directors, at the proposal of the Chairwoman of the Board of Directors and following a report from the Appointments and Remuneration Committee, in accordance with article 24 of the Corporate Bylaws and 17 of the Regulations of the Board of Directors, filling the existing vacancy on the Appointments and Remuneration Committee.
- The Board of Directors, in a meeting held on 2 July 2021, adopted unanimously, the appointment of the independent director Mr. Marcos Vaquer Caballería, as a member of the Appointments and Remuneration Committee of Red Eléctrica Corporación S.A., for the new period of 4 years set forth in the Regulations of the Board of Directors, in accordance with article 24 of the Corporate Bylaws and 17 of the Regulations of the Board of Directors.
- The Board of Directors, in a meeting held on 30 November 2021, adopted unanimously, the re-election of the independent director, Ms. Socorro Fernández Larrea, as a member of the Appointments and Remuneration Committee of Red Eléctrica Corporación S.A., for the period of 4 years set forth in the Regulations of the Board of Directors, in accordance with article 24 of the Corporate Bylaws and 17 of the Regulations of the Board of Directors.

Consequently, as at 31 December 2021, the Appointments and Remuneration Committee was composed of three (3) members, two (2) of them independent directors and one (1) proprietary director, being its Chairwoman an independent director.

In 2021 the Appointments and Remuneration Committee held thirteen (13) meetings, being three (3) of them an extraordinary meeting. The Board is informed of the meetings of the Committee, and upon conclusion of the meeting, the documentation discussed during the same is made available to the Board, through the director's portal; and the minutes of meetings held are drawn up and, once approved, are made available to all directors.

According to the calendar schedule set for the financial year 2022, the Appointments and Remuneration Committee is intended to hold eleven (11) ordinary meetings during said financial year, without prejudice to the possibility of holding extraordinary meetings, if appropriate.

**Most significant activities, related to remunerations, performed by the Committee in 2021 and 2022 (as of the date of this Report)**

Activities	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Evaluation of the achievement of the objectives linked to the Annual Variable Remuneration of the Chief Executive Officer for the financial year 2020					
Evaluation of the achievement of the business' objectives, Managerial and of the Management Committee and of the General Manager of System Operation, linked to the senior executives' annual variable remuneration for the financial year 2020					
Approval of the objectives linked to the Annual Variable Remuneration of the Chief Executive Officer and the senior executives for 2021					
Analysis of the Annual Report on the Remuneration of directors for financial year 2020-2021, for submission to the Board					
Evaluation of the agreement for approval by the 2021 Ordinary General Shareholders' Meeting on remuneration through the delivery of Company shares provided for in the new Long-Term Incentive Plan to Promote the Energy Transition, Reduction of the Digital Divide and Diversification					
Analysis and report of the 2022-2024 Directors' Remuneration Policy of Red Eléctrica Corporación, S.A., for submission to the Board and the 2021 Ordinary General Shareholders' Meeting					
Monitoring of the objectives linked to the Annual Variable Remuneration of the Chief Executive Officer and senior executives for 2021					
Evaluation of the achievement of the objectives linked to the Annual Variable Remuneration of the Chief Executive Officer for 2021					
Evaluation of the achievement of the business' objectives, Managerial and of the Management Committee and of the General Manager of System Operation, linked to the senior executives' annual variable remuneration for the financial year 2021					
Approval of the objectives linked to the Annual Variable Remuneration of the Chief Executive Officer and senior executives for the financial year 2022					
Analyses and reports on the proposals for the remuneration of the Board of Directors related to 2021 and 2022 and analysis of the Annual Report on Remuneration of directors for 2020 and 2021, for submission to the Board					

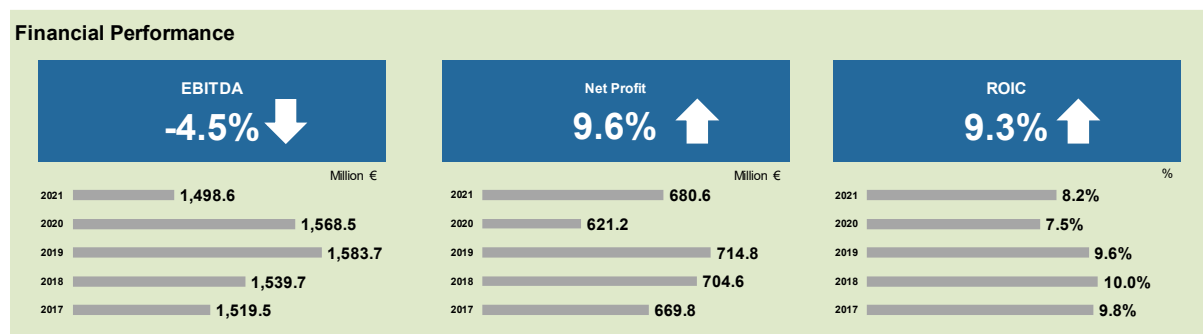


**External advisers**

In 2021 and 2022 –until the date this report is approved- WTW, an independent adviser specialised in directors' and executives' remuneration, has provided its services to the Committee for the following matters: remuneration benchmarking for the non-executive Chairwoman of the Board of Directors and for the Chief Executive Officer, remuneration benchmarking for the Non-executive Directors and, lastly, assistance in preparing the Annual Report on Remuneration of Directors.

### 3. Results and levels of incentives (Pay for Performance)

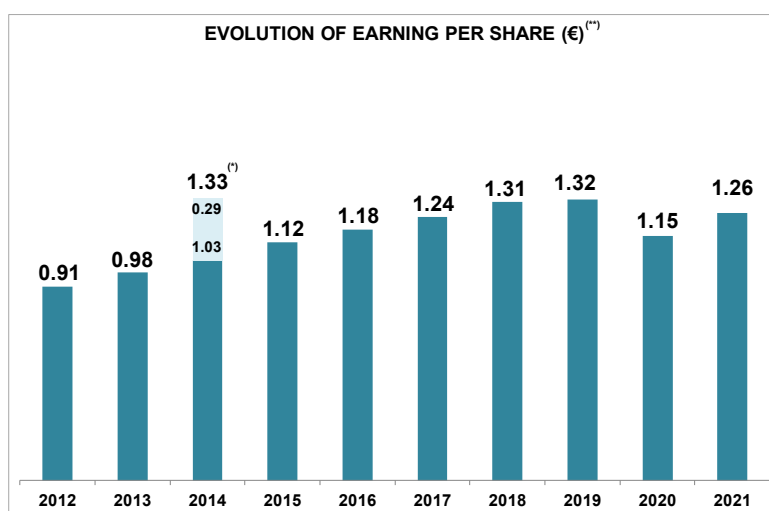
#### 3.1 Analysis of Red Eléctrica's Pay for Performance in *absolute terms*



Note: 2019 EBITDA and Net Profit are re-expressed in respect of the figures disclosed in the Annual Report on Remuneration of directors published in 2020, as a result of the accounting of the business combination of Hispasat with effect 3 October 2019.

In the financial year 2021, the following information should also be highlighted in relation to the performance of the Group:

- Regarding the dividend policy, in the financial year 2021 the Company has proposed a payout of EUR 1 per share, maintaining its commitment with the shareholders.

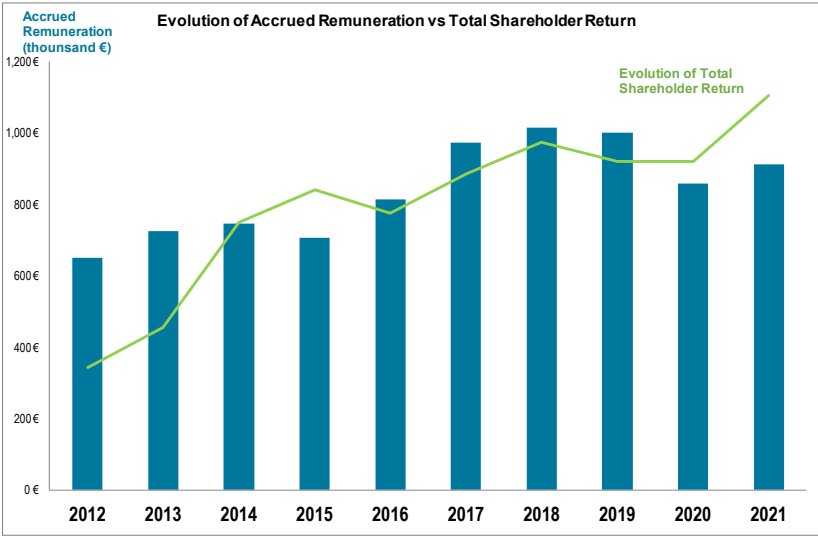


(\*) Note: The net profit specified for 2014 (EUR 1.33 per share) includes exceptional events taking place in that financial year, all of them positive.

(\*\*) Note: exclusively for the purposes of comparing between financial years, the 2016 split has been applied to share price in all financial years.

- On 15 March 2021 the credit rating agency Standard & Poor's maintained the long-term rating level as "A-" with a stable forecast. On 31 March 2021, Fitch Ratings maintained the long-term rating of Red Eléctrica Corporation, S.A. as "A-" with a stable forecast.

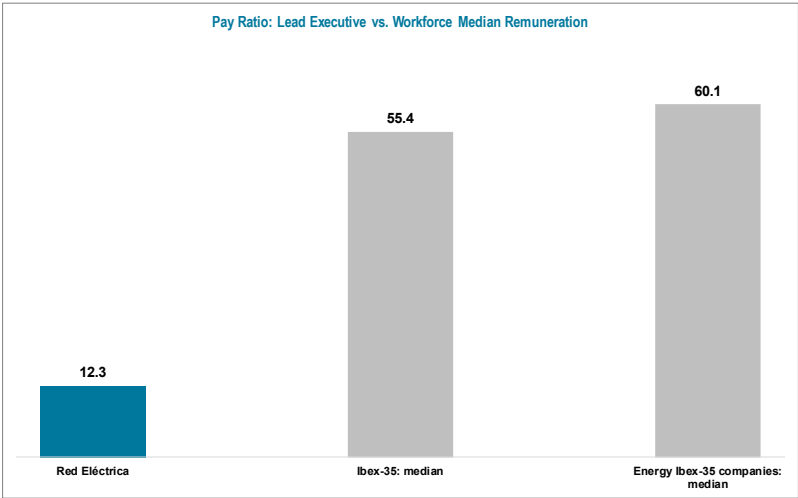
The following graph shows the variation in the total remuneration accrued by the lead executive compared with the variation in the Total Shareholder Return in the last 10 years:



Explanatory notes on the graph:

- The Total Shareholder Return is the total return of the share and includes the share price revaluation and the reinvestment of dividends.
- The remuneration accrued in 2019 includes the annual remuneration of the outgoing and incoming *chief executive officers* in that financial year.
- The remuneration in 2013 includes the accrual of the Long-Term Incentive Plan, “Extraordinary Plan, 25<sup>th</sup> Anniversary 2009-2013”.
- The remuneration in 2019 includes the accrual of the 2014-2019 Multi-Year Variable Remuneration Plan.

The following graph shows the relation between the total remuneration accrued by the lead executive and the average remuneration of the staff. This ratio is specified for Red Eléctrica, for the median of Ibex-35 (excluding Red Eléctrica) and for the median of the energy companies listed on the Ibex-35 (excluding Red Eléctrica).



Red Eléctrica’s data for 2020 shows the ratio between the Chief Executive Officer’s total remuneration accrued and the average total annual remuneration for all employees. This data is the same included in the table of Annex III Statistic of the Annual Report on Remuneration of Directors for listed companies (Circular 3/2021, of September 28, of the CNMV).

In order to calculate the market data, the total remuneration accrued by the lead executive in 2020 has been taken into account and, to estimate the workforce average remuneration, the total number of employees in 2020 and the personnel expenses disclosed in the consolidated annual accounts have been taken into account, excluding social security charges.

### 3.2 Analysis of Red Eléctrica’s Pay for Performance in relative terms

The Appointments and Remuneration Committee considers it is essential to regularly review the Directors’ Remuneration Policy in line with the best corporate governance practices adopted by institutional shareholders and the recommendations of the main proxy advisors.

In this respect, as is standard practice in the Company, the Committee has conducted a remuneration benchmarking for the position of Chief Executive Officer, considering three comparator groups in line with the analysis conducted in previous years:

- A peer group formed by companies listed on the Ibex-35, an index on which Red Eléctrica is listed.
- An ad-hoc peer group formed by 13 companies which have been selected based on the same criteria applied in the remuneration benchmarking conducted in previous years for the lead executive. These criteria (geographic scope, scope of responsibility, size and activity sector) are included, in detail, with regards to the Chief Executive Officer as lead executive in the Directors' Remuneration Policy, approved by the Ordinary General Shareholders' meeting in June 2021.

The companies forming the peer group are the following:

Acciona Energía Renovables	CIE Automotive	Fluidra	Prosegur
Acerinox	Ebro Foods	Indra	Sacyr
Almirall	Enagás	Mediaset	Viscofan
C.A.F.			

- A peer group formed by 13 European energy companies, which the Company ("REC") and/or the proxy advisor Institutional Shareholder Services ("ISS") consider comparable with Red Eléctrica, in 2021, in terms of size (revenues) and which are relevant in the energy sector in terms of results' evolution, as detailed below:

BKW (ISS)	EVN (ISS)	Severn Trent (ISS)
Électricité de Strasbourg (ISS)	Pennon (ISS)	Terna (ISS and REC)
Elia System Operator (ISS and REC)	REN (REC)	United Utilities (ISS)
Enagás (ISS and REC)	Snam (REC)	Verbund (ISS)
Energiedienst (ISS)		

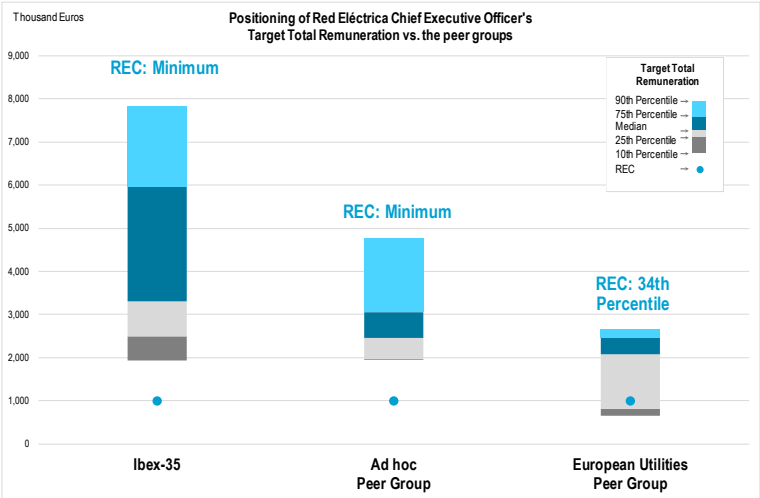
The following graphs show the results of the analyses:

- Analysis of the Ibex-35 group: an overall overview of the data regarding the size of the Red Eléctrica Group points to a market benchmark between the 25<sup>th</sup> percentile and the median of the Ibex-35. In terms of target remuneration (in other words, for a level of achievement of the objectives of 100%), the position of the Chief Executive Officer of the Red Eléctrica Group is positioned at the market's minimum.
- Analysis of the ad-hoc group: an overall overview of the data regarding the size of the Red Eléctrica Group points to a market benchmark between the median and the 75<sup>th</sup> percentile. In terms of target remuneration (in other words, for a level of achievement of the objectives of 100%), the position of the Chief Executive Officer of the Red Eléctrica Group is positioned at the market's minimum.
- Analysis of the European energy group: an overview of the data regarding the size of the Red Eléctrica Group points to a market benchmark between the median and the 75<sup>th</sup> percentile. In terms of target remuneration (in other words, for a level of achievement of the objectives of 100%), the position of the Chief Executive Officer of the Red Eléctrica Group is positioned at the 34<sup>th</sup> percentile.

The target total remuneration includes:

- Base Salary.
- Target Annual Bonus, granted to the executive director for the last financial year, if 100% of the objectives are achieved.
- Annualized expected value of long-term incentives .
- Remuneration for membership of the Board and for attending the Board meetings and, when applicable, its Committees.
- Pension annual expense.

The market data are those disclosed in the Annual Report on Remuneration of Directors of each company published in 2021.

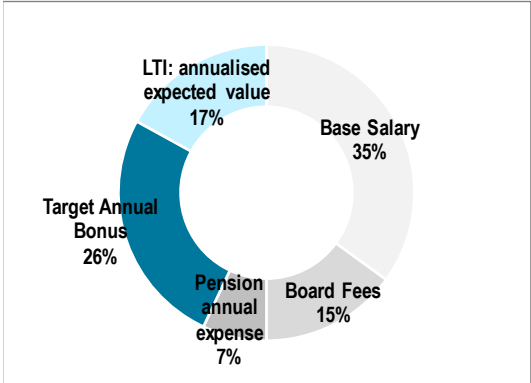


**Positioning (percentile) of Red Eléctrica Group vs. peer groups by size:**

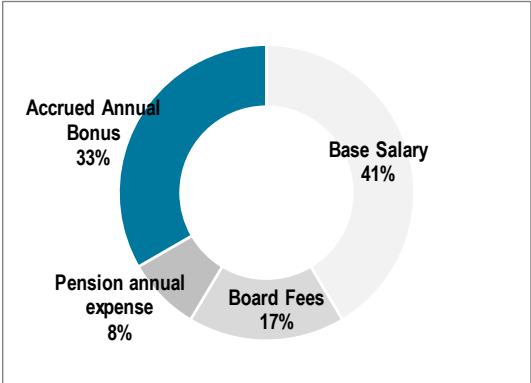
	Ibex-35	Ad-hoc	European utilities
2020 Revenues	31	44	41
Market Capitalisation 31.12.2020	57	Maximum	78
2020 Total Assets	35	97	77

The graphs below show the mix of the Chief Executive Officer's remuneration system and its comparison with the market for a scenario of standard achievement of objectives (target or 100%), as well as the mix for the Chief Executive Officer remuneration corresponding to the accrued remuneration in 2021. As a whole, in Red Eléctrica, the target variable remuneration (“pay at risk”), annual and multi-year, represents 43% of the target total remuneration (the sum of the Annual Base Salary and Annual and Multi-year Variable Remuneration).

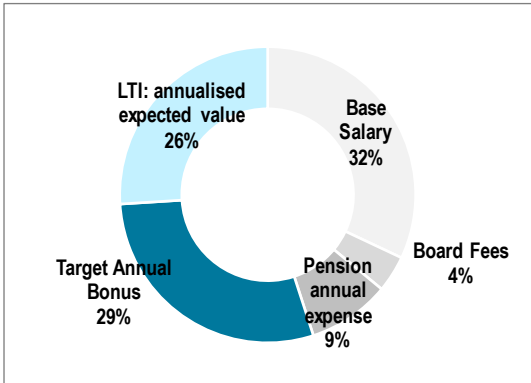
Red Eléctrica: Target Remuneration Mix  
Chief Executive Officer



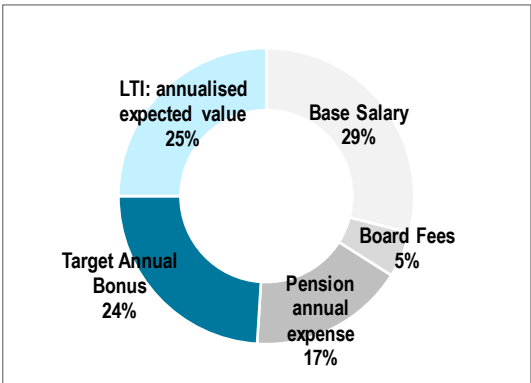
Red Eléctrica: 2021 Accrued Remuneration Mix  
Chief Executive Officer



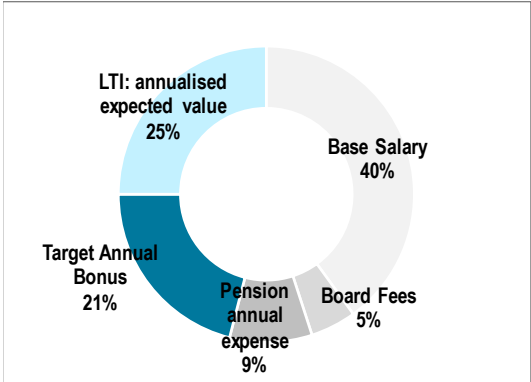
Ibex-35 Group: Target Remuneration Mix  
Lead Executive



Ad-hoc Group: Target Remuneration Mix  
Lead Executive

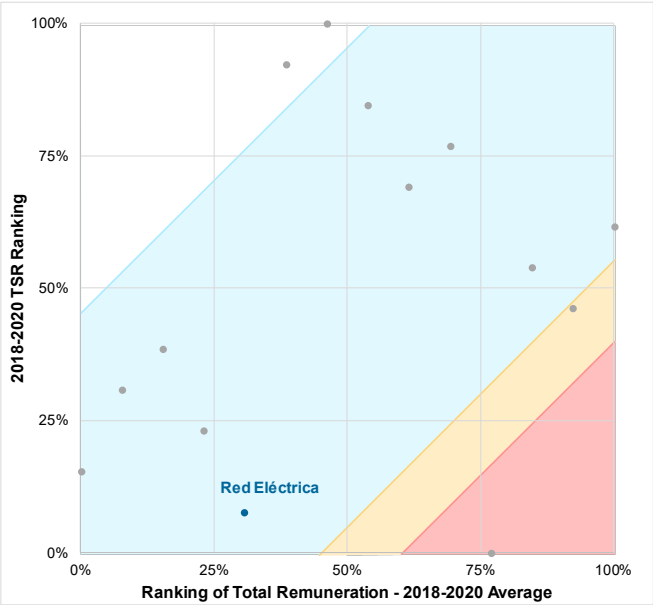


European Utilities Group: Target Remuneration Mix  
Lead Executive



The following graphs show the positioning of the Red Eléctrica Group compared with representative companies in the energy sector. The variation of the EBITDA between 2018 and 2020 and the Total Shareholder Return (TSR) of each company in the last 3 years is compared with the average of the total pay of its lead executive in the same period.

The transversal lines show the proportional correlation range between the growth of the indicator and that of the remuneration. A positioning in the yellow and red areas reveals a non-proportional growth correlation between the indicator considered and the remuneration. A positioning in the red right area reveals a more than proportional growth of the remuneration compared to the indicator considered and a positioning in the white left area reveals a more than proportional growth in the indicator considered (EBITDA and TSR in each graph) compared to the remuneration.



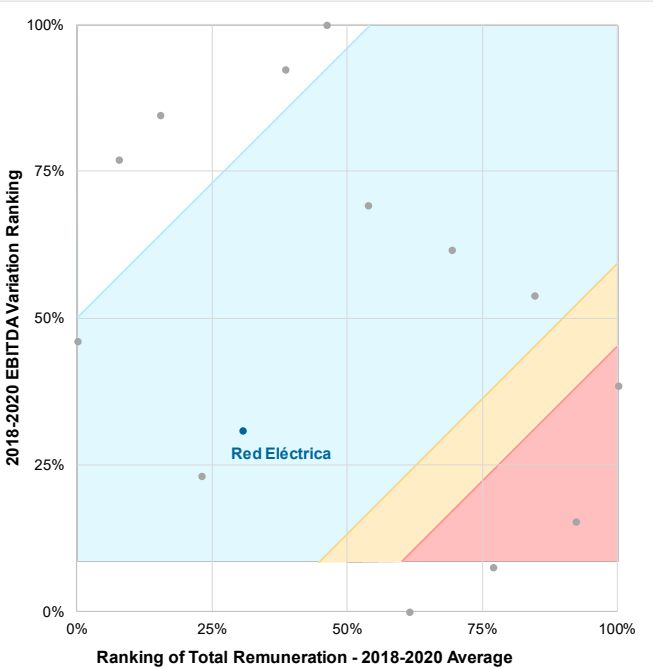
The Total Shareholder Return (TSR) is the total return of the share and includes the price revaluation of the share and the dividends.

The companies included are those in the European energy peer group: BKW, Électricité de Strasbourg, Elia System Operator, Enagás, Energiedienst, EVN, Pennon, REN, Snam, Severn Trent, Terna, United Utilities and Verbund.

The evolution of Red Eléctrica's TSR in the last 3 years positions the Company at the 8<sup>th</sup> percentile of the peer group, whereas the average of the total remuneration in the same period is at the 31<sup>st</sup> percentile.

Source of TSR data: Bloomberg.

Source of remuneration data: annual reports on remuneration of directors published in 2021, 2020 and 2019.



The companies included are those in the European energy peer group: BKW, Électricité de Strasbourg, Elia System Operator, Enagás, Energiedienst, EVN, Pennon, REN, Snam, Severn Trent, Terna, United Utilities and Verbund.

The variation of Red Eléctrica's EBITDA in the last 3 years positions the Company at the 31<sup>st</sup> percentile of the peer group, whereas the average of the total remuneration in the same period is at the 31<sup>st</sup> percentile.

Source of EBITDA data: Bloomberg.

Source of remuneration data: annual reports on remuneration of directors published in 2021, 2020 and 2019.

# 4. Directors' Remuneration Policy in 2022

The Ordinary General Shareholders' Meeting held on 29 June 2021 approved the Directors' Remuneration Policy for year 2022. The valid term of such Policy encompassed the financial years 2022, 2023 and 2024. This Policy does not set forth the possibility to apply temporary exceptions.

What we do	What we don't do
<p><b>Executive director (Chief Executive Officer):</b></p> <ul style="list-style-type: none"> <li>• Link the payment of a relevant part of the remuneration to the Group's audited economic-financial results.</li> <li>• Defer the receipt of a relevant part of the remuneration.</li> <li>• Deliver a portion of the remuneration in Company shares.</li> <li>• Include <i>malus</i> and clawback clauses applicable to the short- and long-term variable remuneration.</li> <li>• Include severance payments for the termination of the legal relationship limited to one year of fixed and variable remuneration, for achieving 100% of the objectives.</li> <li>• Regularly review the alignment of the total remuneration with comparable companies.</li> <li>• Regularly obtain support from external advisors.</li> </ul> <p><b>Non-executive directors:</b></p> <ul style="list-style-type: none"> <li>• Link the remuneration with the effective time they spend, the responsibilities undertaken and performance of their duties as directors.</li> </ul>	<p><b>Executive director (Chief Executive Officer):</b></p> <ul style="list-style-type: none"> <li>• Guarantee increases in the fixed remuneration and payments of variable remuneration.</li> <li>• Grant discretionary remuneration.</li> <li>• Allow hedging of the value of the shares received in the holding period<sup>(*)</sup></li> <li>• Discriminate in remuneration on the basis of gender, age, culture, religion or race. The professionals of Red Eléctrica are remunerated based on their professional career, the time spent on their duties and the responsibility they undertake.</li> </ul> <p><b>Non-executive directors:</b></p> <ul style="list-style-type: none"> <li>• Participate in remuneration schemes linked to the Company's performance (they only receive a fixed remuneration).</li> <li>• Participate in retirement plans or other social benefit schemes.</li> </ul>

(\*) The holding period refers to the time after the vesting of the shares that have been granted as variable remuneration during which they cannot be sold or be accessible.

## 4.1. Remuneration policy for the executive director (Chief Executive Officer) in 2022

The remuneration system for the Chief Executive Officer (lead executive) includes fixed and variable elements, the latter short- and long-term, in line with the Group's objectives and strategies.



The elements included in the remuneration system for the Chief Executive Officer in 2022 are detailed below:

### **Annual Fixed Remuneration**

The amount of the Annual Fixed Remuneration for the executive director has been determined at EUR 350,000. It will be paid entirely in cash.

### **Annual Variable Remuneration**

The Annual Variable Remuneration for the executive director is based on achieving a combination of predetermined and quantifiable objectives, measured at Group level. The Appointments and Remuneration Committee is responsible for approving the objectives at the beginning of each financial year. The aforementioned Committee approved the objectives and their weightings for the financial year 2022, at its meeting held on 18 February 2022, as explained in this section.

All the objectives are contemplated in the Budget for the financial year 2022. These objectives are the following:

**I- 75%** of the incentive is linked to the following *business objectives*, the weightings of which are distributed as follows:

- 70% of the incentive depends on the economic-financial objectives, which measure the capacity to generate Group's profits and are materialised in the following metrics:
  - 35% Return on the invested capital (*ROIC*) of the Red Eléctrica Group, which measures the net operating profit over the invested capital.
  - 35% Achieve the Consolidated Profit of the Red Eléctrica Group.
- 30% of the incentive depends on aspects linked to the Group's Total Investment.

The following table details the weightings, the thresholds and the maximums applicable to the mentioned metrics.

**II-** The remaining **25%** depends on *operating managerial objectives linked to the Red Eléctrica Group's business activities*. These are disclosed below with their weightings:

- Making the Energy Transition a reality in Spain

- 35% of the incentive is linked to activities related to the development, profitability and quality of the TSO.
- Boost the connectivity
  - 7% of the incentive is linked to results generated by Reintel, by Hispasat and by Restel (5G) within the Group.
- Consolidate the international business
  - 5% of the incentive is linked to revenues generated by the international activity of the Group.
- Innovation and Technology
  - 6% of the incentive is linked to initiatives of technology development and internal innovation included in the 2022 Budget.
- People
  - 15% of the incentive is linked to the global severity index in the Red Eléctrica Group, related to accidents occurred in the Group and the efficiency in personnel management under the terms of the current Strategic Plan.
- Efficiency
  - 20% of the incentive is linked, basically, to the improvement of efficiency, through the EBITDA margin on Revenues, achievement of the CNMC ratios and the cost reduction of the contracts awarded by the Group.
- Sustainability
  - 12% of the incentive is linked to the progress of compliance with the 2020-2022 Sustainability Plan of the Red Eléctrica Group and to the permanence of the Company in the most relevant indices in the field of sustainability, in particular, in the Dow Jones indices (DJSI World and Europe) and Vigeo/Eiris.

Regarding the progress of the 2020-2022 Sustainability Plan, the degree of progress achieved in 2022 will be measured in each of the 4 priorities of the Commitment to Sustainability 2030: (i) Decarbonization of the economy, (ii) Responsible value chain, (iii) Contribution to the development of the environment, and (iv) Anticipation and action for change; and compliance with the new scope 1 emission reduction targets (reduction of SF6 emissions compared to 2015) and scope 1+2 (reduction of emissions compared to 2019) will also be assessed.

The following table details the weightings, the thresholds and the maximums applicable to the mentioned metrics. The information about such assessment will be included in the Annual Report on Remuneration of Directors that will be submitted to the Ordinary General Shareholders' meeting in 2023.

For the *operating managerial objectives linked to the Red Eléctrica Group's business activities*, the Appointments and Remuneration Committee may also assess the minimum threshold of individual achievement and determine a maximum level of individual achievement, which could reach a global maximum of 155% in the case of over-achievement. The Appointments and Remuneration Committee will have the level of autonomy required to evaluate the annual degree of achievement of these objectives.

A summarised table that includes all the objectives, ranges and weightings that determine the calculation of the Annual Variable Remuneration for the Chief Executive Officer is provided below:

METRICS	WEIGHTING	LEVEL OF ACHIEVEMENT OF OBJECTIVES			INCENTIVE PAYOUT LEVEL		
		Minimum	Target	Maximum	Minimum	Target	Maximum
<b>75% BUSINESS OBJECTIVES</b>							
1. ROIC	35%	95%	100%	100%	0%	100%	100%
2. Net Profit	35%	95%	100%	105%	0%	100%	200%
3. Group's Total Investment	30%	85%	100%	100%	0%	100%	100%
<b>25% OPERATING MANAGERIAL OBJECTIVES LINKED TO RED ELÉCTRICA GROUP'S BUSINESS ACTIVITIES</b>							
1. Making the Energy Transition a reality in Spain	35%		100%	185.7%		100%	185.7%
2. Boost the connectivity	7%		100%	200%		100%	200%
3. Consolidate the international business	5%		100%	200%		100%	200%
4. Innovation and Technology	6%	Assessment by the ARC <sup>(*)</sup>	100%	100%	Assessment by the ARC <sup>(*)</sup>	100%	100%
5. People	15%		100%	153.3%		100%	153.3%
6. Efficiency	20%		100%	125%		100%	125%
7. Sustainability	12%		100%	100%		100%	100%

(\*) In said assessment, as for the rest of the objectives, the Committee will consider the degree of achievement and the weighting of each of the objectives and the internal rules and procedures for evaluating objectives, established by the Company for its executives, will be applied.

Note: Intermediate levels (between minimum and target and between target and maximum) will be calculated by linear interpolation.

Under exceptional circumstances, the Appointments and Remuneration Committee may propose adjustments to the Annual Variable Remuneration to the Board due to internal or external factors. The details of these adjustments will be disclosed, if appropriate, in the relevant Annual Report on Remuneration of Directors.

The overall maximum level of achievement of the previous objectives (business and managerial-operating) may not exceed 110%.

The target level, which will be reached in the case of achieving 100% of the predetermined objectives, will be equivalent to 75% of the Annual Fixed Remuneration. The maximum level of Annual Variable Remuneration (EUR 288,750), which will be reached in the case of maximum over-achievement of the predetermined objectives will be equivalent to 82.5% of the Annual Fixed Remuneration (EUR 350,000), corresponding to the overall maximum level of achievement of the objectives (110% of the target level).

75% of the gross Annual Variable Remuneration will be settled in cash and the remaining 25% will be delivered in Company shares. In addition, the executive director has undertaken the commitment with the Company, while he holds such position, to maintain the ownership of the shares he receives for at least five (5) years.

### **Multi-year Variable Remuneration**

The Chief Executive Officer participates in the Long-Term Incentive Plan for Promotion of Energy Transition, Reduction of the Digital Divide and Diversification.

The total term of the Plan is 6 years, which is the performance period to measure the objectives, and will end on 31 December 2025.

The right to receive the incentive is conditional on the achievement of objectives linked to the new 2021-2025 Strategic Plan, as well as permanence in the Company during the term of the Plan. To set the aforementioned objectives, the Appointments and Remuneration Committee and the Board have taken into account, among other issues, the transversal sustainability strategy of the 2021-2025 Strategic Plan, the alignment with the Red Eléctrica Group's Commitment to Sustainability, its Sustainability Policy and the 2030 Agenda for Sustainable Development of the United Nations Organization, compliance with which is periodically

supervised by the Company's Sustainability Committee. The objectives and their metrics are detailed below:

WEIGHT	OBJECTIVES	METRICS
45%	<b>Making the Energy Transition a reality in Spain</b>	<ul style="list-style-type: none"> <li>• Volume of regulatory asset base (RAB) placed in service (25%)</li> <li>• Average interruption time (AIT) of electric power demand (7.5%)</li> <li>• Electricity system operator: penetration of renewables (7.5%)</li> <li>• Investments in operation of the electricity system (5%)</li> </ul>
15%	<b>Boosting Connectivity</b>	<ul style="list-style-type: none"> <li>• EBITDA of the Telecommunication business</li> </ul>
10%	<b>Consolidating the International Business</b>	<ul style="list-style-type: none"> <li>• EBITDA of the international business</li> </ul>
5%	<b>Innovation and Technology</b>	<ul style="list-style-type: none"> <li>• Compliance with the Innovation Plan</li> </ul>
5%	<b>People</b>	<ul style="list-style-type: none"> <li>• Accident severity rate</li> </ul>
10%	<b>Efficiency</b>	<ul style="list-style-type: none"> <li>• Average annual ROIC (weighted by EBITDA) (5%)</li> <li>• Compliance with CNMC ratios (5%)</li> </ul>
10%	<b>Sustainability</b>	<ul style="list-style-type: none"> <li>• Compliance with the Sustainability Plan</li> </ul>

The Appointments and Remuneration Committee will monitor the objectives on an annual basis and, once the Plan's measurement period has ended, in the first quarter of the fiscal year following its expiration it will evaluate the achievement of each of the objectives and the fulfilment of the Plan as a whole, considering the information provided by the Company, and will propose the incentive levels associated with compliance, based on the achievement scales established in the Plan.

The Appointments and Remuneration Committee is supported by the Corporate Economic-Financial Department, responsible for the management control function of the Red Eléctrica Group, which provides information on the audited results of the Company and the Red Eléctrica Group. Both for the establishment of the objectives and for the evaluation of their fulfilment, the Commission will also consider any associated risks.

In addition, the Company's Audit Committee verifies the economic-financial data that may form part of the established objectives, since it is necessary for this Committee to previously verify the economic results of the Company and the Group that, if applicable, are considered for the calculation of the corresponding objectives.

In any case, it is established that the average weighted level of achievement of the set of targets must reach, at least, 70%. Otherwise, no right to receive the incentive will arise, regardless of the individual achievement of each target. Likewise, the maximum achievement of the set of targets in the Plan will be 110%, although the average weighted achievement of the targets may be higher.

In determining the level of achievement of the objectives, the economic effects, positive or negative, derived from extraordinary events that could distort the results of the evaluation shall be eliminated.

The total incentive assigned to the Chief Executive Officer consists of the sum of an incentive in shares and a cash incentive:

- For a scenario where the degree of achievement of the objectives is 100% (target), the number of shares that the Chief Executive Officer may receive would be 14,966 shares. The target incentive in cash that, where appropriate, the Chief Executive Officer could receive, is equivalent to the difference between: a) 50% of the Annual Fixed Remuneration at the end date of the Plan multiplied by each of the years of the performance period and; b) the value of the target number of shares considering the weighted average price of the Company's share in the 30 trading days immediately prior to 1 January 2020, without including the aforementioned day in the calculation (17.54 euros per share).
- In a scenario of maximum achievement of all objectives, the maximum incentive would be equivalent to 110% of the indicated target incentive.

In the Annual Report on Remuneration of Directors of the corresponding year, the degree of achievement of the objectives and the corresponding level of incentive in shares and in cash will be reported.

With regard to the shares that, if applicable, could be delivered to the Chief Executive Officer in execution of the Plan, when it ends and its compliance is evaluated by the Appointments and Remuneration Committee, it should be noted that there is no retention period on the aforementioned shares once they are delivered.

## **Ex-post control of the Annual and Multi-Annual Variable Remuneration**

Pursuant to the provisions in the Directors' remuneration Policy approved by the Ordinary General Shareholders' meeting of June 2021, the Appointments and Remuneration Committee is responsible for proposing to the Board cancellation or refund of the payment of the short- and long-term variable remuneration of the beneficiary or beneficiaries or people responsible or relevant person due to circumstances arising that show that the variable remuneration has been accrued or paid on the basis of inaccurate or erroneous information or data, or the internal corporate regulations or applicable laws have been infringed, which are subsequently proven. In addition, the Appointments and Remuneration Committee will assess whether, due to exceptional circumstances of this kind, it could even be proposed to the Board of Directors termination of the contractual relationship with the beneficiary or beneficiaries or people responsible or relevant person, also being able to propose the adoption of any measures it deems appropriate.

The Appointments and Remuneration Committee may propose to the Board of Directors that adjustments should be made to the elements, criteria, thresholds and limits of the annual or multi-year variable remuneration due to exceptional circumstances caused by extraordinary internal or external factors or events. The details and justification for such adjustments will be recorded in the relevant Annual Report on Remunerations of Directors.

## **Social benefits and other remuneration**

The Chief Executive Officer participates in a defined contribution retirement scheme. Red Eléctrica's liability is limited to the realisation of an annual contribution equivalent to 20% of the Chief Executive Officer's Annual Fixed Remuneration.

The scheme covers the following contingencies: retirement, death and permanent disability.

This scheme is funded through an insurance policy underwritten with an external insurer. The benefit consists of the economic right that corresponds to the beneficiary as a consequence of the occurrence of any of the contingencies covered by the scheme.

In case of termination of the relation, the economic rights will consolidate in favour of the Chief Executive Officer, except when the termination occurs because of a severe negligent conduct on his side, in the exercise of his functions, which causes damages to the Company. The receipt of any severance payment will be compatible with the recognition of the economic right over the retirement scheme in such cases.

The Chief Executive Officer is entitled to an allowance in lieu for social benefits, which amounts to EUR 60,000. Such amount may be received in cash or in kind as social benefits.

The Chief Executive Officer does not receive any other kind of social benefits.

The remuneration Policy of the Chief Executive Officer includes the entity granting of loans, advances and guarantees, in line with the policy of the Group's executives.

### **Contractual terms**

The contract regulating the duties and commitments of the Chief Executive Officer is of a commercial nature and includes the clauses that in practice are usually contained in these kinds of contracts.

The main severance, exclusivity and non-competition clauses of the aforementioned Chief Executive Officer's contract are described below, in accordance with the Remuneration Policy approved by the General Shareholders' Meeting.

Without prejudice to the confidentiality obligation expressly established in such contract, the Chief Executive Officer is also bound by the duty of confidentiality established in article 31 of the Regulation of the Board of Directors, applicable to all directors, in accordance to which directors are to refrain from disclosing the information, data, reports or records to which the director has had access in the performance of his duties. The confidentiality obligation shall survive, even after leaving the position.

In his capacity as a director of Red Eléctrica, the Chief Executive Officer has the obligation of not developing activities, as an employed or self-employed, which mean an effective competition, current or potential, with the Company on the terms in which such obligation is regulated for directors of the Company in law and in article 32 of the Regulation of the Board of Directors.

In addition, the non-compete obligation is expressly set forth in the contract for a term of two (2) years after his termination, such obligation not giving him a right to post-contractual noncompetition indemnity, as it is deemed to have been remunerated by way of his remuneration set form in the contract.



The contract, following common market practices, contemplates an indemnity equivalent to one year of remuneration in the case of termination of the contractual relation as a result of discretionary dismissal by Red Eléctrica (provided that there is no serious, intentional and culpable conduct of the Chief Executive Officer in the exercise of his functions, which causes damages to the Company) with no prior notice from the Company being required. The aforesaid indemnity will also apply if the Chief Executive Officer voluntarily resigns due to a serious and culpable breach of the Company, or a material modification of the Chief Executive Officer's duties for reasons not attributable to the same. In the calculation of such indemnity, the base used will be one year's Fixed Remuneration, plus the amount corresponding to the variable remuneration as Chief Executive Officer, calculated considering a 100% achievement of targets.

In the event of voluntary resignation by the Chief Executive Officer, he must notify the Company within 2 months' notice and in case of breach of this period, the Chief Executive Officer must compensate the Company with the amount of all the corresponding compensation for the remaining time for fulfilling that period.

In a scenario of change of control, the Chief Executive Officer will have the option, within 2 months, to cease his position, automatically terminating his contract and receiving the severance pay indicated in cases of dismissal by the Company.

Following the market practices for these cases, as a result of the appointment of the Chief Executive Officer, the previous contractual labour relationship is suspended. In the event of termination, the remuneration existing at the date of the suspension would be accrued as severance payment, considering, accordingly, his seniority in Red Eléctrica de España, S.A.U. until the date of his appointment as Chief Executive Officer (15 years), plus the period of services - if any - after his termination as Chief Executive Officer, all in accordance with the existing labour laws. Upon conclusion of process to boost the corporation, conducted in 2020, the entity which assumes the said obligation is Red Eléctrica Corporación, S.A.

#### **4.2. Remuneration Policy for the Directors in their condition as members of the Board of Directors in 2022<sup>(\*)</sup> ("in their capacity as such", in accordance with the Law on Capital Companies -LSC-, for their non-executive functions)**

<sup>(\*)</sup> This is also applicable to the Chief Executive Officer as a member of the Board of Directors.

The elements of the remuneration Policy for the directors in their position as such (for their non-executive duties) are provided below.

The Corporate Bylaws set the maximum overall annual remuneration for the entire Board, i.e. in their position as members of the Board ("in their position as such" according to the LSC), for all items, and will not exceed an amount equivalent to 1.5% of the Company's net income, approved by the General Shareholders' Meeting, and will remain in force insofar if no change is approved.

The previous remuneration is, in any case, the maximum payable and the Board is responsible for proposing the allotment of its amount among the specified items and among the directors, in the form, at the time and in the proportion specified, bearing in mind the duties and responsibilities assigned to each director, membership on the Board's Committees and other objective circumstances considered relevant.

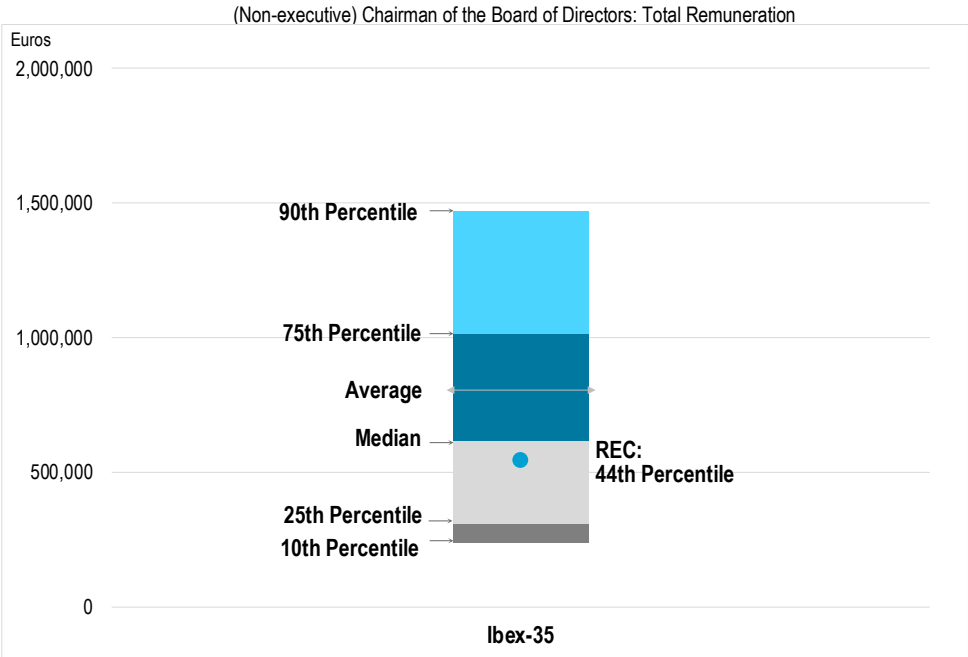
The Appointments and Remuneration Committee regularly reviews the Board of Directors' remuneration Policy in line with best corporate governance practices adopted by the institutional shareholders and according to the recommendations of the main proxy advisors.

In this respect, in 2021 a remuneration benchmarking has been conducted for the position of non-executive Chair of the Board of Directors, in which a peer group formed by 15 of the 17 companies in the Ibex-35 that have appointed a non-executive chair has been considered. The following companies have been excluded:

- Arcerlomittal, since the Board of Directors is located abroad.
- Meliá Hotels International, given that the remuneration Policy does not establish specific remuneration for the position of the Chairman of the Board and the incumbent is a member of the main shareholder family and holds over 50% of the share capital.

In terms of size, Red Eléctrica is positioned between the 25<sup>th</sup> percentile and the median of the peer group. The remuneration for the position of the non-executive Chair of the Board in Red Eléctrica sits on the 44<sup>th</sup> percentile.

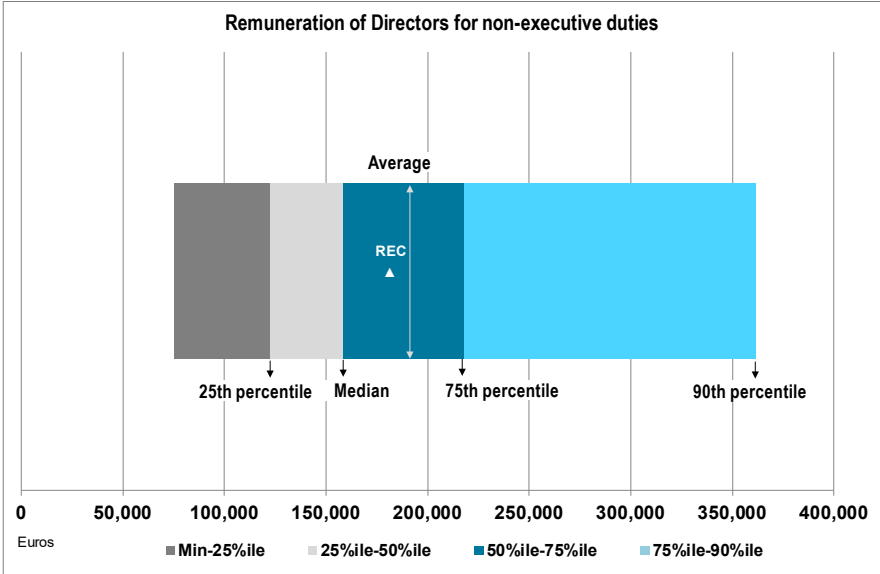
The following graph shows a comparison of the remuneration of the Chairwoman of Red Eléctrica’s Board of Directors with the aforementioned peer group:



Note: The total remuneration includes the total amount of the remuneration accrued by the non-executive chairmen, according to the information disclosed in the financial year 2021.

In addition, for the purpose of reviewing the suitability of the directors’ remuneration levels (for their non-executive duties) and to ensure they are in a reasonable proportion to the entity’s importance, its economic situation from time to time and the market standards of comparable companies, the Committee considered, among other factors, an analysis of external competitiveness conducted in 2021. In such study, also developed with the support of the independent consulting firm WTW, the selected peer group was comprised of companies belonging to the Ibex-35 stock exchange index, in the same way as in previous years, since the Red Eléctrica Group belongs to this index and is positioned at about the median thereof for market capitalisation.

The following graph shows a comparison between the remuneration of Red Eléctrica’s non-executive directors<sup>(\*)</sup> and the specified peer group in 2021:



(\*) This includes the remuneration that could be paid to a director for being a member of the Board, the Executive Committee (there is none at Red Eléctrica) and one of the other Board’s Committees (whether Audit or Appointments and Remuneration or other committees that could have been created, as the Sustainability Committee in Red Eléctrica).

The remuneration of the Company’s directors for their non-executive duties is in line with the average of the peer group (Ibex-35), in the same way as in previous years.

As a result of the previous analyses and based on the principles for prudence in remuneration and the link of the directors remuneration for their non-executive duties with the effective time they spend, with their responsibility and the development of their duties as directors<sup>1</sup>, the Board of Directors has decided, in its meeting held on 22 February 2022, according to the Appointments and Remuneration Committee’s proposal, for the financial year 2022, to maintain the same remuneration of the directors for their non-executive functions as members of the Board of Directors and its Committees as those determined for 2021. This agreement, as it is the Company common practice, will be submitted for approval of the 2022 Ordinary General Shareholders’ Meeting.

The remuneration for the non-executive duties of Directors has remained unchanged, by elements and amounts, since financial year 2014, except for the position of the non-executive Chair of the Board which was created in financial year 2016, and since then its remuneration amount also remains unchanged.

<sup>1</sup> Applicable to the Chief Executive Officer as a member of the Board of Directors.

Therefore, the amounts and remuneration concepts foreseen for 2022 would be as follows:

### **Fixed Remuneration**

- EUR 130,742 per annum per director, to be paid monthly before the fifth (5th) day of the following month.

### **Remuneration for attending meetings of the Board of Directors**

- EUR 1,500 for personal attendance of each director at each of the eleven (11) ordinary meetings contemplated for the year 2022 in the calendar approved by the Board of Directors. Proxies may be granted without losing the entitlement to receive the per diem for just cause, a maximum of two (2) times a year. Such amount shall be paid within fifteen (15) days of the meeting being held.

The holding of extraordinary meetings of the Board of Directors, in person or electronically, does not result in remuneration in the form of per diems.

### **Non-executive Chairwoman of the Board of Directors**

- EUR 399,170 per annum, to be paid monthly before the fifth (5th) day of the following month.

The Chairwoman of the Board of Directors will also maintain the annual remuneration established for all directors, as members of the Board of Directors, as “Fixed remuneration” and “Remuneration for attendance meetings of the Board of Directors”.

### **Assignment to Board of Directors’ Committees**

- EUR 27,900 per annum for each member of the Board Committees, to be paid monthly before the fifth (5th) day of the following month. The above amount per year, regardless of the number of meetings of the Committees held during the year 2022.

- EUR 15,000 per annum for each of the chairmen of the Board Committees (additionally to the remuneration as member of the Committee), to be paid monthly before the fifth (5th) day of the following month. The above amount is per year, regardless of the number of meetings of the Committees held during the year 2022.

### **Lead Independent Director**

- EUR 15,000 per annum, to be paid monthly, before the fifth (5<sup>th</sup>) day of the following month.

Directors will be paid or reimbursed for reasonable and duly justified expenses incurred as a result of attending meetings and other duties directly related to the performance of their position, such as travel, accommodation, maintenance and any other that they may incur.

The Remuneration Policy for the Directors in their position as members of the Board of Directors with non-executive duties, does not include granting loans, advance payments or guarantees provided by the Company in their favour.

Nor does it contemplate the participation of the directors with non-executive duties in pension schemes, or indemnities for their supervisory duties or take part in a group decision on the termination of their relationship with the Company due to their position as non-executive directors, or the granting of any other additional remuneration apart from that referred to above.

In 2022 the Company has underwritten civil liability insurance policies that cover claims by third parties for possible damages and/or losses caused by acts or omissions in the exercise of the position as members of the Board of Directors.

In addition to the aforementioned remunerations, pursuant to the Remuneration Policy of Directors in force, the directors of Red Eléctrica could receive remunerations, if applicable, coming from other entities of the Red Eléctrica Group for membership of the Board of Directors on said entities. These remunerations will be subject to the corresponding legal and statutory requirements applicable to each of these entities, and directors' perception will be duly disclosed in the corresponding Annual Report on Remuneration of Directors of Red Eléctrica. In the case of directors of the Company who are also directors or individuals representing legal persons in the Board of Directors of the subsidiary Hispasat S.A., with the exception of the Chief Executive Officer of Red Eléctrica Corporación, S.A., who does not receive remuneration as individual representing the director legal person Red Eléctrica Sistemas de Telecomunicaciones, S.A.U. (RESTEL), in the Board of that subsidiary.

At the date of issuance of this Report, in relation to the remuneration of the directors for the year 2022, there is no other type of remuneration concept than those explained in the previous sections.

## **5. Implementation of the remuneration policy in 2021**

The Board of Directors and the Appointments and Remuneration Committee have applied the Remuneration Policy, in 2021, strictly following the principles established therein.

The remuneration accrued in financial year 2021 has followed the terms of the Remuneration Policy approved by the Ordinary General Shareholders' Meeting on 22 March 2019, in accordance with the provisions of article 529 novodecies of the Capital Companies Law. It is hereby stated that in 2021 there has been no deviation from the procedure established for the application of the aforementioned Remuneration Policy, the current limits have not been exceeded and no temporary exception has been applied to it.

### **5.1. Implementation of the remuneration policy for the Chief Executive Officer (executive director) in 2021**

During 2021 the Remuneration Policy approved by the Ordinary General Shareholders' meeting held in 22 March 2019 was applied.

#### **Annual Fixed Remuneration**

The Chief Executive Officer's Fixed Remuneration amounted to EUR 350,000 in 2021, within the maximum limit established in the remuneration Policy (EUR 399,170). This was paid entirely in cash.

## Annual Variable Remuneration

The Chief Executive Officer had been assigned a target Annual Variable Remuneration equivalent to 75% of his Annual Fixed Remuneration in the case of achieving 100% of the objectives predetermined by the Appointments and Remuneration Committee at the beginning of the year, and which can reach up to a maximum level of 82.5% of his Annual Fixed Remuneration.

The Appointments and Remuneration Committee, at its meeting held on 16 February 2021, established the objectives and their weightings for the determination of the variable remuneration of the Chief Executive Officer, for the year 2021. Quarterly the Appointments and Remuneration Committee has monitored performance and at the end of the financial year, the Committee has conducted a process to assess its achievement, supported by the Economic-Financial Corporate Management, responsible for the Group's management control and which has provided information about the Group's audited results. In such assessment, the Committee has also considered the possible impact of the objectives in the long term and any risk associated to them.

Before explaining the analysis of the specific objectives for the financial year 2021, with regards to the **economic results** achieved by the **Red Eléctrica Group in 2021**, it should be noted that the Group closed the year with a profit of 680 million euros, 9.6% higher than in 2020, that the strong cash flow has allowed to reduce its debt by 7.6% compared to the end of 2020 and that the investment has been 10.6% higher than that made in the previous year, which will enable the Board of Directors to propose to the next Ordinary General Shareholders' Meeting the distribution of a dividend of 1 euro per share, charged to the Accounts for the year 2021, maintaining its commitment to shareholders.

The Annual Variable Remuneration for the Chief Executive Officer, established for 2021, is based on achieving a combination of *business objectives*, quantitative and qualitative, measured at the Group level – which weighs 75% of his total annual variable amount- as well as to the achievement of the *operating objectives linked to Red Eléctrica Group's business activities* – which weighs 25% of his total Annual Variable Remuneration. The following table contains the aforementioned objectives, their weightings and the level of achievement for each after the assessment conducted on 18 February 2022 by the Appointments and Remuneration Committee to determine the amount of the Annual Variable Remuneration to be paid:



Types of Objectives and Weightings	Performance Measures	Weighting	Objective Performance Range	Level of Achievement	Incentive Pay-out for each measure
<b>BUSINESS</b> (75%)	<b>1. ROIC</b>	30%	95% - 100%	100%	100%
	<b>2. Net Profit</b>	30%	95% - 105%	133.3%	133.3%
	<b>3. Group's Total Investment</b>	20%	85% - 100%	100%	100%
	<b>4. Approval of the Strategic Plan</b>	20%	Approval date 28.02 (100%)	100%	100%
<b>SUBTOTAL</b>		100%		110%	110%
<b>OPERATING OBJECTIVES LINKED TO THE GROUP'S BUSINESS ACTIVITIES</b> (25%)	<b>1. Energy Transition</b>	45%	Up to 166.7%. Assessment by the ARC <sup>(1)</sup>	105.3%	105.3%
	<b>2. Telecommunications infrastructure reference operator</b>	10%	Up to 200%. Assessment by the ARC <sup>(1)</sup>	162.4%	162.4%
	<b>3. International expansion</b>	5%	Up to 200%. Assessment by the ARC <sup>(1)</sup>	200%	200%
	<b>4. Technological Innovation</b>	5%	Up to 100%. Assessment by the ARC <sup>(1)</sup>	100%	100%
	<b>5. Culture and People</b>	10%	Up to 200%. Assessment by the ARC <sup>(1)</sup>	58.9%	58.9%
	<b>6. Efficiency</b>	15%	Up to 100%. Assessment by the ARC <sup>(1)</sup>	100%	100%
	<b>7. Sustainability</b>	10%	Up to 100%. Assessment by the ARC <sup>(1)</sup>	36.5%	36.5%
<b>SUBTOTAL</b>		100%		103.2%	103.2%
<b>TOTAL</b> (before the application of the global maximum limit)		100%		108.3%	108.3%
<b>TOTAL</b> (once the global maximum limit has been applied)					<b>108.3%</b>

(1) ARC = Appointments and Remuneration Committee. In said assessment, as for the rest of the objectives, the Committee will consider the degree of achievement and the weighting of each of the objectives and the internal rules and procedures for evaluating objectives, established by the Company for its executives, will be applied.

To determine the level of achievement and the amount of the annual variable remuneration, the Appointments and Remuneration Committee has considered the following factors:

1. The Return on Invested Capital (ROIC) for Red Eléctrica Group, measured as the net operating profit compared with the capital employed in the financial year 2021, has reached 8.2%<sup>(\*)</sup>, which entails a degree of achievement of 100% of target.
2. The book figure gives a consolidated Net Profit for the Red Eléctrica Group in the financial year 2021 of EUR 706<sup>(\*)</sup> million, which implies a degree of achievement of 133.3% of target, since the overall achievement level for business objectives is capped at 110%.
3. The Total Investment of the Red Eléctrica Group has reached EUR 568 million<sup>(\*)</sup>, which entails a degree of achievement of 100% of target.
4. The 2021-2025 Strategic Plan of Red Eléctrica Group was approved by the Board of Directors in the meeting held on 23 February 2021, which entails a degree of achievement of 100% of target.

In total, the achievement level of the business objectives amounts to 110%<sup>(\*\*)</sup>.

(\*) For the evaluation of the level of achievement of objectives, economic effects derived from the extraordinary facts occurred during the financial year have been discounted, in accordance with the applicable Directors' Remuneration Policy.

(\*\*) Despite the fact that the sum of business objectives is 130%, in accordance with the current procedure, the maximum percentage of fulfillment of said objectives is limited to 110%.

The Company's Audit Committee, with the support of the Economic-Finance Corporate Management, responsible for the Group's management control function, has verified in advance the audited Group's results, which are considered for the calculation of the corresponding objectives.

After evaluating the level of achievement of the previous objectives, the Appointments and Remuneration Committee has considered the global degree of achievement for the *business objectives* is 110%.

Regarding the degree of achievement and the amount of the incentive applicable to the financial year 2021 in connection to the *operating objectives linked to the Red Eléctrica Group's business activities*, the Appointments and Remuneration Committee took into account the following factors:

1. "Making the Energy Transition possible": the Appointments and Remuneration Committee, after evaluating the progress made with regards to the activities related to the development, profitability and quality of the TSO, has considered that the weighted degree of achievement of this objective is 105.3%.
2. "Become the telecommunications infrastructure reference operator": the Appointments and Remuneration Committee, after evaluating the results achieved by Reintel and by Hispasat within the Group, has considered that the weighted degree of achievement of this objective is 162.4%.
3. "International expansion": the Appointments and Remuneration Committee, after evaluating the progress made in projects and the results generated by the Group's international activity, has considered that the weighted degree of achievement of this objective is 200%.
4. "Technological Innovation": the Appointments and Remuneration Committee, after evaluating the degree of progress of the initiatives related to the internal innovation and included in the 2021 Budget, has considered that the weighted degree of achievement of this objective is 100%.
5. "Culture and People": the Appointments and Remuneration Committee, after evaluating the results of the global severity index in the Red Eléctrica Group, related to accidents occurring therein in 2021, has considered that the weighted degree of achievement of this objective is 58.9%.
6. "Efficiency": the Appointments and Remuneration Committee, after evaluating the improvement in the efficiency in the Red Eléctrica Group, through the EBITDA margin on Revenue and the achievement of the CNMV ratios, has considered that the weighted degree of achievement of this objective is 100%.
7. "Sustainability": the Appointments and Remuneration Committee, after analysing the degree of development achieved in relation to certain key projects within the framework of the Red Electrica Group 2020-2022 Sustainability Plan and the permanence of the Company in relevant indexes in the sustainability field, has considered that the weighted degree of achievement of this objective is 36.5%.

After assessing the degree of achievement of the previous objectives, the Appointments and Remuneration Committee has considered an overall achievement of *operating objectives linked to the Red Eléctrica Group's business activities* of 103.2%.

Based on the foregoing, the Appointments and Remuneration Committee has considered an overall weighted payment level for all the objectives – both, the *business* and the *operating objectives linked to the Group's business activities*– of 108.3%.

Therefore, the Annual Variable Remuneration for the Chief Executive Officer in 2021 amounts to EUR 284,305, equivalent to 81.23% of the Annual Fixed Remuneration during this period.

75% of the gross Annual Variable Remuneration, EUR 213,229, will be settled in cash and the remaining 25%, EUR 71,076, will be delivered in Company shares. In addition, the Chief Executive Officer has undertaken the commitment with the entity, while he holds such position, to maintain the ownership of the shares he receives for at least five years. The aforementioned amount to be paid in shares of the Entity would be equivalent to 3,948 shares, considering an estimate of the share price of 18 EUR/share – according to the last communication made by the Company to the CNMV regarding the share-based remuneration systems of the Chief Executive Officer– information that must be updated when the real purchase share price is known in accordance with its quotation on the Stock Exchange on the day of effective delivery of these shares to the Chief Executive Officer, foreseeably in the last quarter of the year 2022, in accordance with the annual program of shares for employees.

As at 31 December 2021, the Chief Executive Officer holds 10,781 Company shares, equivalent to 0.002% of the share capital.

### **Multi-year Variable Remuneration**

On 24 November 2020 the Board of Directors approved the structure of the new Long-Term Incentive Plan for the Promotion of Energy Transition, Reduction of the Digital Divide and Diversification. The objectives are linked to those included in the new Strategic Plan of the Group and are adjusted to the guidelines set in the directors' Remuneration Policy in force in 2021. Section "Remuneration Policy for the executive director (Chief Executive Officer) in 2022" in this Report contains the Plan's main terms and elements. We refer to this section to avoid reiterations.

## **Ex-post control of the Annual and Multi-year Variable Remuneration**

In 2021 no circumstances have occurred that justify the Appointments and Remuneration Committee to consider the application of the reduction, cancellation or reimbursement clauses for the variable remuneration.

### **Social benefits and other remuneration**

Since his appointment on 27 May 2019 the *chief executive officer* participates in a defined contribution retirement scheme.

Red Eléctrica's liability is limited to the realisation of an annual contribution equivalent to 20% of the Chief Executive Officer's Annual Fixed Remuneration. The amount of the contribution made in 2021 by the Company amounted to EUR 70,000 for the indicated period. The amount of the accumulated funds, as of 31 December 2021 amounts to EUR 181,774.

The features of the Chief Executive Officer's welfare system have been disclosed in detail in the section on "Remuneration Policy for the executive director (Chief Executive Officer) in 2022" of this Report.

The Chief Executive Officer is entitled to a cash allowance in lieu for social benefits, which amounts to EUR 60,000 in 2020.

At 31 December 2021, the Balance sheet has no credits, advances granted, or guarantees set up by the Company in favour of the Chief Executive Officer.

During 2021 there have been no modifications to the Chief Executive Officer's contract.

## **5.2. Implementation of the remuneration Policy for Non-executive Directors (in their condition as members of the Board of Directors) in 2021<sup>(\*)</sup>**

<sup>(\*)</sup>This is also applicable to the Chief Executive Officer, for his duties as director.

Below is a chart with the remuneration of the Board of Directors, expressed as a percentage of the Group's net income of each year, in the last 10 years:

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Remuneration (% Group's net income)	0.36%	0.30%	0.25%	0.32 %	0.37%	0.37%	0.35%	0.35%	0.40%	0.37%

In the financial year 2021, the amount of overall remuneration of the Board of Directors was EUR 2,502 thousand (EUR 2,463 thousand in 2020).

The slight increase in comparison to the previous financial year in the “Remuneration of the Board of Directors for all the items”, is mainly due to the fact that during a period in 2020 the position of Chair of the Board of Directors was vacant.

The Board of Directors, at the proposal of the Appointments and Remuneration Committee, agreed, for the year 2021, to maintain the same amounts and remuneration items as those established for 2020 for the members of the Board of Directors (agreement which was subsequently approved by the Ordinary General Shareholders' Meeting held in June 2021), as follows:

#### **Fixed Remuneration**

- EUR 130,742 per annum per director.

#### **Per diems for attending meetings of the Board of Directors**

- EUR 1,500 for personal attendance of each director at each of the eleven (11) ordinary meetings contemplated and held in 2021 in the calendar approved by the Board of Directors, the total amounting to EUR 16,500 per director. Per diems will not be payable for Extraordinary Board of Directors' meetings, even though two (2) were held in 2021.

#### **Non-executive Chairwoman of the Board of Directors**

- EUR 399,170 per annum.

Additionally, the Chairwoman of the Board of Directors will maintain the annual remuneration established for all directors, as members of the Board of Directors, as “Fixed Remuneration” and “Per diems for attending meetings of the Board of Directors”.

Additionally, the Board of Directors agree to maintain unchanged the following elements and amounts with regards to the Board remuneration for 2021:

### **Assignment to the Board of Directors' Committees**

- EUR 27,900 per annum for each member of the Board's Committees.
- EUR 15,000 per annum for each of the chairmen of the Board's Committees.

Both are annual amounts, regardless of the number of meetings held by the Committees during the financial year 2021.

### **Lead Independent Director**

- EUR 15,000 per annum.

In 2021, the Company had underwritten civil liability insurance policies to cover third-party claims for possible damages caused by acts or omissions in the exercise of their duties of Board Members.

In addition to the foregoing remuneration, in accordance with the Directors' Remuneration Policy, the directors of Red Eléctrica could receive remuneration, if applicable, coming from other entities of the Red Eléctrica Group for the membership of the Board of Directors of said entities. These remunerations will be subject to the corresponding legal and statutory requirements applicable to each of these entities, and full disclosed information on the perceptions by the directors will be provided in the corresponding Annual Report on Remuneration of Directors of Red Eléctrica. In this sense, it should be noted that the table included in Annex III Statistical, according to model established in the Circular 3/2021, of September 28, of CNMV, at the end of this report, in section C).1. b) named "Remuneration of the Company directors for seats on the boards of other group companies", includes the remuneration assigned in 2021 to the Company directors for seats on the Board of Directors of Hispasat, S.A. (as directors or as individuals on behalf of legal persons), with the exception of the REC's Chief Executive Officer, who did not receive remuneration in this regard.

There is no supplementary remuneration accrued by the directors as consideration for the services provided other than those inherent to their position.

## **6. Remuneration of the senior executives**

The purpose of the remuneration Policy applicable to this group is to act as an incentive for the achievement of the strategic objectives of value creation at the Company to appropriately recognise the best professionals in the market. The remuneration of the senior executives is aligned with the principles and criteria contained in the Remuneration Policy applicable to executive directors (Chief Executive Officer) described in this document.

Set forth below are the categories of the remuneration policy applied by the Company to such executives:

### **Annual Fixed Remuneration**

Base salary is determined on the basis of the executive's level of responsibility and leadership within the organisation, in line with the going rate at comparable companies. This fixed component must represent a sufficient portion of total remuneration to maintain a suitable and balanced remuneration mix.

### **Annual Variable Remuneration**

Annual variable remuneration is linked to quantifiable and measurable objectives set by the Appointments and Remuneration Committee at the start of the year and monitored on a quarterly basis throughout the year. Said Committee is also responsible, when the period has ended, for evaluating the level of achievement of the objectives previously established. These objectives are related to the strategies and criteria contemplated in the Strategic Plan approved by the Board of Directors.

### **Multi-year Variable Remuneration**

The senior executives participate in the Long-Term Incentive Plan for Promotion of Energy Transition, Reduction of the Digital Divide and Diversification, as does the Chief Executive Officer. The structure of this Plan was approved by the Board of Directors on 24 November 2020, upon favourable report from the Appointments and Remuneration Committee, issued at the meeting held on 17 November 2020.



The main features for this Plan have been previously explained in the sections of this report applicable to the Chief Executive Officer. We refer to those sections to avoid reiterations.

It should be noted that, in order to reinforce the System Operator's commitment to independence, specific objectives have been established for the executives in Red Eléctrica's General System Operation Division, which exclude those features that are not related to the activity of the electrical System Operator.

### **Flexible remuneration pool**

All or a part of a remuneration pool may be used for various alternative in-kind products. Such pool includes those products which at the time have a tax benefit.

### **Contractual conditions**

There are no guarantee or golden parachute clauses for dismissals in favour of the senior executives currently servicing within the Group. In the case of termination of the employment relation, the indemnity to which they would be entitled would be calculated in accordance with the applicable labour rules.

In 2015 the Red Eléctrica Group implemented a Structural Management Plan which applies to part of the senior executives. Participation in the Plan is subject to the satisfaction of certain conditions and may be amended or revoked in certain cases.

## **7. Alignment of the Remuneration Policy and its application with the strategy, the interests and the Company's long-term sustainability and reduce risk exposure**

The remuneration systems of the directors in their condition as members of the Board of Directors (due to their non-executive functions) do not include measurement elements that encourage excessive risk taking by the entity, given that they are limited to fixed remunerations for belonging and assistance to the Board of Directors and its Committees.

The design of the Remuneration Policy for the executive director (Chief Executive Officer) is consistent with the Company's strategy and is oriented to pursue the Company's sustainable performance, objectives, values and long-term interests.

- The executive directors' total remuneration is composed of different remuneration elements which mainly consist of:
  - i. fixed elements, whose purpose is to reward according to the level of responsibility of the position in the organization, the professional career and the national and international market practice of comparable companies
  - ii. annual variable remuneration, whose purpose is to encourage the achievement of specific objectives for each financial year, aligned with the Group's Strategic Plan.
  - iii. Multi-year variable remuneration, whose purpose is to reward compliance with the strategic priorities of the Red Eléctrica Group in the long term, the sustainability of the results of the Red Eléctrica Group and the creation of sustainable value for shareholders.
- The design of the remuneration scheme presents a balanced and efficient relationship between the fixed and the variable components. The proportion of the Chief Executive Officer's fixed remuneration is considered sufficient and not excessive, allowing the proportions of variable remuneration as Chief Executive Officer reach to a maximum of approximately 50% of his total remuneration (Fixed Remuneration + Maximum Annual Variable Remuneration + Maximum annualised Multi-year Variable Remuneration + Long Term Savings System + Social Benefits and other remuneration).
- Variable remunerations are linked to achieving the objectives set out in the 2021-2025 Strategic Plan of the Red Eléctrica Group. When setting and calibrating these objectives, the transversal sustainability strategy contemplated in the Group's 2021-2025 Strategic Plan, compliance with the Sustainability Policy and its multi-year Sustainability Plan, the Group's alignment with its Commitment to 2030 Sustainability, as well as the 2030 Sustainability Goals approved by the Board on 30 April 2019, which are also aligned with the United Nations 2030 Agenda for Sustainable Development, commitments whose compliance is regularly supervised by the Company's Sustainability Committee.

- Long-term incentives are part of a multi-year framework, to ensure that the evaluation process is based on long-term results and that they take into account the underlying economic cycle of the Company.

On the other hand, the Remuneration Policy has the following features that allow reducing exposure to excessive risks, as well as avoiding conflicts of interest:

- The variable remuneration components have sufficient flexibility to allow for their modulation and in a scenario where the minimum level of achievement of the objectives related to variable remuneration is not reached, the executive director would only receive fixed remuneration. Specifically, both in relation to the annual and multi-year variable remuneration, in the Remuneration Policy it has been established that the weighted average fulfillment of all the objectives must reach at least 70%, otherwise will generate any right to receive the incentive, regardless of the individual fulfillment of each objective.
- Part of the annual variable remuneration is delivered in shares. The Chief Executive Officer assumes the commitment to the Company, while holding such condition, to maintain ownership of the shares received, net of applicable taxes, for at least five years. It should also be noted that a part of the long-term incentive is assigned and delivered in shares. Delivering in shares a relevant part of his variable remuneration enables to align the executive director's experience and interests with the interest of the Company's shareholders.
- There are no guaranteed variable remunerations.
- The Appointments and Remuneration Committee is responsible for the examination and analysis of compliance with the remuneration policy of the Board and senior executives. The Regulation of the Board of Directors ([www.ree.es](http://www.ree.es)) establish, among the functions of this Committee, the proposal to the Board of the remuneration policy of the Board of Directors and the senior executives, as well as ensuring compliance with the remuneration and, where appropriate, updating of the approved Remuneration Policy approved for the Board of Directors, for the executive directors and for the senior executives of the Entity. These groups include professionals whose activities may have a material impact on the risk profile of the entity.

- Likewise, the Company's Audit Committee participates in the decision-making process related to the annual variable remuneration of the executive director, by verifying the economic-financial data that may be part of the objectives established in such remuneration, since this Committee must first verify the economic results of the entity, which, if applicable, are used for the calculation of the corresponding objectives.
- In accordance with the provisions of the current Directors' Remuneration Policy 2022-2024, the Appointments and Remuneration Committee has the authority to propose to the Board the cancellation or refund of the long-term and short-term variable remuneration of the beneficiary or the corresponding responsible party(s) when facing unforeseen circumstances that justify that the variable remuneration has been accrued or paid in response to inaccurate or erroneous information or data; or that there have been breaches of the internal corporate regulations or the applicable legislation, which are subsequently proven.

In addition, the Appointments and Remuneration Committee will assess whether, in exceptional circumstances of this type, it could even be proposed to the Board of Directors the termination of the contractual relationship with the corresponding beneficiary(s) or person(s).

- The Appointments and Remuneration Committee may propose to the Board adjustments on the variable remuneration under exceptional circumstances, due to internal or external factors. The detail regarding such adjustments will be disclosed, as the case may be, in the corresponding Annual Report on Remuneration of directors.

In relation to the necessary measures to avoid conflicts of interest on the part of the directors, in line with the provisions of the Capital Companies Law, the Regulation of the Board of Directors of Red Eléctrica include in its articles 30 (section 2.h), 31 (sections c and e), 32 and 35 (section 3), a set of obligations derived from their duties of diligence and loyalty, the duty to avoid situations of conflict of interest and their duty of information.

## 8. Individual remuneration tables

### 8.1. Remuneration of the executive director (Chief Executive Officer), for all items, for the financial year 2021

The following is a summary of the total gross remuneration accrued and payable, in Euro, by the Chief Executive Officer, during the financial year 2021:

Director	Position	Fixed remuneration	Annual variable remuneration	Remuneration for his functions as director	Other remuneration	Total
Mr. Roberto García Merino	Chief Executive Officer	350,000	262,500 <sup>(1)</sup>	147,242 <sup>(2)</sup>	130,000 <sup>(3)</sup>	889,742

(1) This amount, recorded in the Annual Accounts for the financial year 2021, is estimated by assuming the accrual of the annual variable remuneration with a degree of achievement of objectives of 100%. The Appointments and Remuneration Committee, held on 18 February 2022, once assessed the overall level of achievement of objectives for the financial year 2021, has approved a level of achievement of 108.3%, which means an “effective” variable remuneration of EUR 284,305 in favour of the Chief Executive Officer. The total remuneration of the Chief Executive Officer, considering this effective variable remuneration, amounts to EUR 911,547.

(2) This includes the fixed remuneration as director (EUR 130,742) and per diems for attendance and time dedicated to the Board for the 11 ordinary meetings (EUR 16,500) of the Board held in 2021. No per diems correspond for attending the 2 extraordinary meetings held in 2021.

(3) This includes the contribution made to the long-term savings scheme in 2021 (EUR 70,000) and the cash allowance in lieu of social benefits (EUR 60,000).

### 8.2. Remuneration for directors in their condition as members of the Board (“in their condition as such” according to the LSC, for their non-executive duties), for all items, for the financial year 2021

The total remuneration of the Board of Directors for the financial year 2021, excluding the remuneration of executive directors due to their contractual relation (executive duties) with the entity, entails, in all categories, 0.37%<sup>1</sup> of the net income of the Red Eléctrica Group allocated to the holding company, for the financial year 2021.

Thousands of Euros	Fixed remuneration	Variable remuneration	Allowances for attending Board meetings	Committee work	Chair of Board and of Committees	Coordinating independent director	Other remuneration (5)	Total 2021	Total 2020

<sup>1</sup>The net profit of the RED ELÉCTRICA Group allocated to the holding company in the financial year 2021 amounted to EUR 680,627 thousand (EUR 621,185 thousand in the financial year 2020).

Ms. Beatriz Corredor Sierra	530	-	16	-	-	-	-	546	464
Mr. Roberto García Merino	481	263	16	-	-	-	130	890	890
Ms. Carmen Gómez de Barreda Tous de Monsalve	131	-	16	28	15	15	-	205	205
Ms. Socorro Fernández Larrea	131	-	16	28	15	-	-	190	190
Mr. José Juan Ruiz Gómez	131	-	16	28	14	-	-	189	176
Mr. Antonio Gómez Ciria	131	-	16	28	1	-	-	176	189
Ms. María Teresa Costa Campi	131	-	16	28	-	-	-	175	175
Ms. Mercedes Real Rodríguez <sup>(1)</sup>	131	-	16	28	-	-	-	175	175
Mr. Ricardo García Herrera	131	-	16	27	-	-	-	174	3
Mr. Marcos Vaquer Caballería <sup>(2)</sup>	66	-	9	14	-	-	-	89	-
Ms. Elisenda Malaret García <sup>(2)</sup>	66	-	9	14	-	-	-	89	-
Mr. José María Abad Hernández <sup>(2)</sup>	66	-	9	14	-	-	-	89	-
Ms. María José García Beato <sup>(3)</sup>	65	-	7	14	-	-	-	86	175
Mr. Arsenio Fernández de Mesa y Díaz del Río <sup>(3)</sup>	65	-	7	14	-	-	-	86	175
Mr. Alberto Carbajo Josa <sup>(3)</sup>	65	-	7	14	-	-	-	86	175
Other board members <sup>(4)</sup>	-	-	-	-	-	-	-	-	214
<b>Total remuneration accrued</b>	<b>2,321</b>	<b>263</b>	<b>192</b>	<b>279</b>	<b>45</b>	<b>15</b>	<b>130</b>	<b>3,245</b>	<b>3,206</b>

(1) Amounts received by Sociedad Estatal de Participaciones Industriales (SEPI)

(2) New Director since the general shareholders' meeting held on 29 June 2021

(3) Stepped down from the board of directors at the general shareholders' meeting held on 29 June 2021

(4) Board members who have stepped down in 2020

(5) Includes the employee benefits that form part of the CEO's remuneration

The remuneration accrued by the members of Board of Directors of the entity in the year 2021, in thousand Euros, broken down by director, as disclosed in the Annual Accounts for the financial year 2021, are the following:

The slight increase in comparison to the previous financial year in the "Remuneration of the Board of Directors for all the items", is mainly due to the fact that during a period in 2020 the position of Chair of the Board of Directors was vacant.

### 8.3. Remuneration of senior executives, for all items, for the financial year 2021

To address the challenges posed by the new 2021–2025 Strategic Plan, since the end of 2020 the Group has carried out a reorganization process that has led to the centralisation of corporate activities in the Company, as the Group's parent company, and that has culminated in the 2021 financial year, with the adaptation and approval of a new organizational structure of the Group with the aim of ensuring compliance with the aforementioned Strategic Plan.

The organisational change carried out has meant, among other aspects, the recognition as senior executives of certain people who were already part of the Red Eléctrica Group exercising management functions.

The senior executives who rendered services throughout the year 2021 and who hold that position as of end of financial year 2021, are the following:

Name	Position
Mr. Miguel Duvison García	General Manager of System Operation Division
Mr. Angel Luis Mahou Fernández	General Manager of Transmission Division
Mr. Mariano Aparicio Bueno	General Manager of Telecommunication Business Division
Ms. Eva Pagán Díaz	General Manager of International Business Management Division
Mr. Emilio Cerezo Díez	Chief Financial Officer
Mr. José Antonio Vernia Peris	Corporate Director of Transformation and Resources
Ms. Fátima Rojas Cimadevila	Corporate Director of Sustainability and Research
Ms. Miryam Aguilar Muñoz	Corporate Director of External Relations, Communication and Territory
Ms. Laura de Rivera García de Leániz	Manager of Regulatory Affairs and Legal Services Area
Ms. Silvia María Bruno De la Cruz	Chief Innovation and Technology Officer
Mr. Carlos Puente Pérez	Manager of Corporate Development Area
Ms. Eva Rodicio González	Manager of Internal Audit and Risk Control Management Area

In the financial year 2021, the total remuneration accrued by the senior executives has amounted to EUR 3,103 thousand and is recorded as Personnel expenses in the Profit and Loss Consolidated Accounts. In 2020, the total remuneration accrued by the senior executives, applying the criteria of the aforementioned organisational change, amounted to EUR 2,939 thousand. These amounts include the accrual of annual variable remuneration based on the achievement of the targets set for each year. Once achievement of the aforesaid targets has been evaluated, the variable remuneration is paid in the first months of the following year, and it is adjusted to the actual achievement.

Of the total remuneration accrued by these executives in 2021, contributions to life insurances and pension plans amounted to EUR 38 thousand.

As at 31 December 2021 there are no advances or loans granted to these executives. As at 31 December 2021 the Group has liabilities funded through life insurance policies for the said executives. The annual cost of the premiums for those insurance policies amount to approximately EUR 19 thousand.

At the end of 2020, the Board of Directors began the process of updating the 2018-2022 Strategic Plan, in force at that time, which made it possible to approve, in November 2020, the structure of the new Long-Term Incentive Plan for the Promotion of the Energy Transition, Reduction of the Digital Divide and Diversification, which includes senior executives, whose objectives are linked to those contemplated in the new Strategic Plan of the Group and are in line with the lines set out in the Directors' Remuneration Policy. The most outstanding aspects of said Plan have been previously explained in the sections of this Report applicable to the Chief Executive Officer, so we refer to them to avoid repetition.

## 9. Tables of voting results

The following table sets out the voting percentages obtained at the Company's Annual General Shareholders' Meetings held since 2018, in connection with the Annual Report on Remuneration of directors:

Annual Report on Remuneration of directors: Votes (%)			
Meeting date	For	Against	Abstention
29/06/2021	65.827%	0.646%	33.527% <sup>(1)</sup>
14/05/2020	63.042%	4.243%	32.715% <sup>(2)</sup>
22/03/2019	66.426%	0.862%	32.712% <sup>(3)</sup>
22/03/2018	65.090%	1.110%	33.800% <sup>(4)</sup>

(1) 32.45% of the aforementioned percentage corresponds to the votes of Sociedad Estatal de Participaciones Industriales (SEPI), as reported to the Company, due to the position of the Sociedad Estatal de Participaciones Industriales (SEPI) in the listed companies with minority participation.

(2) 32.66% of the aforementioned percentage corresponds to the votes of Sociedad Estatal de Participaciones Industriales (SEPI), as reported to the Company, due to the position of the Sociedad Estatal de Participaciones Industriales (SEPI) in the listed companies with minority participation.

(3) 31.79% of the aforementioned percentage corresponds to the votes of Sociedad Estatal de Participaciones Industriales (SEPI), as reported to the Company, due to the position of the Sociedad Estatal de Participaciones Industriales (SEPI) in the listed companies with minority participation.

(4) 33.35% of the aforementioned percentage corresponds to the votes of Sociedad Estatal de Participaciones Industriales (SEPI), as reported to the Company, due to the position of the Sociedad Estatal de Participaciones Industriales (SEPI) in the listed companies with minority participation.



As indicated in section 1 "Presentation of the Report by the Chairwoman of the Appointments and Remuneration Committee", an analysis has been conducted on the voting results for the four resolutions relating to remuneration, which were approved by the Ordinary General Shareholders' Meeting held on 29 June 2021 and a specific reflection has been carried out on the result of the agreement on the Director's Remuneration Policy 2022-2024, to which we refer to avoid repetitions.

In relation to the Annual Report on Remuneration of Directors, the results of the vote at the General Shareholders' Meeting held in 2021 show a slightly more favorable result than that obtained with respect to the previous year. However, in application of the principles of continuous improvement and maximum transparency of information in the field of corporate governance followed by Red Eléctrica, this year the content of the Report has not only been adapted to the latest regulatory developments (cited in section 1 of the Report), but also the explanations and clarifications have been expanded in the various sections in which it is structured, to facilitate understanding; and in this regard, it should be noted, in particular, that in relation to the Multi-year Variable Remuneration of the Chief Executive Officer, the Report has been completed with the most relevant aspects of the Third agreement of the item Ninth of the Agenda approved by the Ordinary General Shareholders' Meeting of 2021, called "Approval of the remuneration through the delivery of shares of the company provided for in the new Long-Term Incentive Plan for the Promotion of Energy Transition, Reduction of the Digital Divide and Diversification".

## 10. Complementary information on the tables of the Annex III Statistic of the Annual Report on Remuneration of Directors for listed companies (Circular 3/2021, of September 28, of the CNMV), corresponding to Red Eléctrica Corporación S.A. which appears as an appendix to this Report

The following are the explanatory notes to the tables of the aforementioned Statistical Annex III:

1. With regards to **sections C.1.a) i) and C.1.c)**, it should be noted that the amounts included for Ms. Mercedes Real Rodríguez have been received by Sociedad Estatal de Participaciones Industriales (SEPI).
2. In relation to section **C.1.a) i)**, it should be noted that, in the information contained in the Entity's Annual Accounts for the financial year 2021, as regards the remuneration accrued in the year 2020, there is an additional item called "Other Board Members", which refers to the Board members who cease as directors during the year 2020 (therefore, they are not included in the list of directors of the Company in 2021 included in Annex III of this report) and whose overall remuneration amounts to EUR 214 thousand. The information for the year 2020 relating to said members of the Board was presented on an individual basis in the Company's Annual Report on Remuneration of Directors for the year 2020, which was communicated to the CNMV and is available on the Entity's corporate website.
3. In relation to the Annual Variable Remuneration accrued by the Chief Executive Officer in the financial year 2021, which amounts to EUR 284,305, it should be noted that the table in **section C.1.a) i)**, which includes the remunerations accrued in cash, reflects the 75% of the total amount accrued (EUR 213,229), paid in cash. The remaining 25% (EUR 71,076) will be delivered in Company shares on the effective date of delivery of shares for all employees of the entity, usually in the last quarter of the year (2022), in accordance with the annual program of shares for employees. On that date the purchase price and the number of shares actually delivered will be known, according to their quotation on the Stock Exchange. The number of shares held by the Chief Executive Officer and the equivalent percentage of the social capital at the end of the financial year is informed in the corresponding Annual Report on Remuneration of directors.

Given that on the date of approval of this Report said price is not known, in table of **section C.1.a).ii)**, a number of shares has been included considering an estimate of the share price

of 18 EUR/share - according to the last communication made by the Company to the CNMV in relation to the remuneration systems in shares of the Chief Executive Officer. The estimate of the number of shares in the table (3,948 shares) has been calculated considering the amount rounded in thousands of euros (EUR 71 thousand), as required by the aforementioned table.

4. The **table in section C.2.**, set forth below, gathers the evolution of the following concepts in the past 5 years:
- The amount and percentage variation of the remuneration accrued by each of the Company's directors, who have been at any time during the last closed financial year, in accordance with the amounts included in the Annual Reports on Remuneration of Directors corresponding to the years 2017 to 2021.
  - The Company's consolidated results, defined as profit before taxes, included in the consolidated Annual Accounts of Red Eléctrica Corporación, S.A. corresponding to the years 2017 to 2021.
  - The average remuneration on a full-time equivalent basis of the Group's employees. The ratio has been calculated as the quotient between: a) the sum of the concepts "Salaries, wages and other remuneration", "Contributions to pension funds and similar obligations" and "Other items and employee benefits", included in the Personnel Expenses item in the consolidated annual accounts corresponding to the years 2017 to 2021 (discounting Social security and the directors' remuneration); b) the average number of Group employees in the years 2017-2021, as published in the consolidated Annual Accounts for said years (discounting the number of executive directors).
  - The amount included as "Company Results" for the year 2019, includes restated figures as a result of the accounting record of the Hispasat business combination with effect from 3 October 2019.

5. Below, for ease of understanding, the table in the **aforementioned section C.2 is reproduced in its entirety**, followed by all the "Observations" on the significant annual variation data indicated therein (as established in Circular 3/2021, of September 28). Variations greater than 15% have been considered. All figures are expressed in thousands of euros:

	Year 2021	% variation 2021/2020	Year 2020	% variation 2020/2019	Year 2019	% variation 2019/2018	Year 2018	% variation 2018/2017	Year 2017
<b>Executive Directors</b>									
Mr. Roberto García Merino	911	6.05%	859	58.20%	543	--	0	--	0
<b>External Directors</b>									
Ms. Beatriz Corredor Sierra	546	17.67%	464	--	0	--	0	--	0
Ms. Carmen Gómez de Barreda Tous de Monsalve	227	0.00%	227	7.58%	211	9.90%	192	1.05%	190
Ms. Socorro Fernández Larrea	190	0.00%	190	1.60%	187	6.86%	175	0.00%	175
Mr. José Juan Ruiz Gómez	189	7.39%	176	28.47%	137	--	0	--	0
Mr. Antonio Gómez Ciria	198	1.02%	196	3.16%	190	0.00%	190	7.34%	177
Ms. María Teresa Costa Campi	175	0.00%	175	0.00%	175	306.98%	43	--	0
Ms. Mercedes Real Rodrigálvarez	175	0.00%	175	0.00%	175	0.00%	175	446.88%	32
Mr. Ricardo García Herrera	174	n.s	3	--	0	--	0	--	0
Mr. Marcos Vaquer Caballería	89	--	0	--	0	--	0	--	0
Ms. Elisenda Malaret García	89	--	0	--	0	--	0	--	0
Mr. José María Abad Hernández	89	--	0	--	0	--	0	--	0
Ms. María José García Beato	86	-50.86%	175	0.00%	175	0.00%	175	0.00%	175
Mr. Arsenio Fernández de Mesa y Díaz del Río	86	-50.86%	175	0.00%	175	0.00%	175	12.18%	156
Mr. Alberto Francisco Carbajo Josa	86	-50,86%	175	0,00%	175	0.00%	175	35.66%	129
<b>Company consolidated results (before taxes)</b>	888,077	10.18%	805,991	-15.22%	950,664 <sup>(1)</sup>	1.54%	936,252	5.17%	890,240
<b>Average employee remuneration</b>	74	5.71%	70	0.00%	70	2.94%	68	1.49%	67

The following "**Observations**" are made on the annual percentage variation data indicated in the **table in section C.2**, sorted in chronological order:

- (1) Consolidated Result for the year 2019: Restated figures as a result of the accounting record of the Hispasat business combination effective 3 October 2019.
- Note on the remuneration of Ms. Mercedes Real Rodrigálvarez: these are amounts received by the Sociedad Estatal de Participaciones Industriales (SEPI). In any case, between 2017 and 2018 the percentage shows the variation between the remuneration actually accrued in 2017 and in 2018. These figures are not comparable since the director was appointed on 31 October 2017 and, therefore, the remuneration corresponds to the period from 31 October 2017 to 31 December 2017. However, in 2018 she was a member of the Board for the full year.
- Note on the remuneration of Mr. Alberto Alberto Francisco Carbajo Josa between 2017 and 2018: the percentage shows the variation between the remuneration actually accrued in 2017 and in 2018. These figures are not comparable since the director was appointed on 31 March 2017 and, therefore, the remuneration corresponds to the period from 31 March 2017 to 31 December 2017. However, in 2018 he was a member of the Board for the full year.
- Note on the remuneration of Ms. María Teresa Costa Campi between 2018 and 2019: the percentage shows the variation between the remuneration actually accrued in 2018 and in 2019. These figures are not comparable since the director was appointed on 25 September 2018 and, therefore, the remuneration corresponds to the period from 25 September 2018 to 31 December 2018. However, in 2019 she was a member of the Board for the full year.
- Note on the remuneration of Mr. Roberto García Merino between 2019 and 2020: the percentage shows the variation between the remuneration actually accrued in 2019 and in 2020. These figures are not comparable since the director was appointed on 27 May 2019 and, therefore, the remuneration corresponds to the period from 27 May 2019 to 31 December 2019. However, in 2020 he was a member of the Board for the full year.
- Note on the remuneration of Mr. José Juan Ruiz Gómez between 2019 and 2020: the percentage shows the variation between the remuneration actually accrued in 2019 and in 2020. These figures are not comparable since the director was appointed on 22 March 2019 and, therefore, the remuneration corresponds to the period from 22 March 2019 to 31 December 2019. However, in 2020 he was a member of the Board for the full year.

- Note on the remuneration of Ms. Beatriz Corredor Sierra between 2020 and 2021: the percentage shows the variation between the remuneration actually accrued in 2020 and in 2021. These figures are not comparable since the director was appointed on 25 February 2020 and, therefore, the remuneration corresponds to the period from 25 February 2020 to 31 December 2020. However, in 2021 she was a member of the Board for the full year.
- Note on the remuneration of Mr. Ricardo García Herrera between 2020 and 2021: the percentage shows the variation between the remuneration actually accrued in 2020 and in 2021. These figures are not comparable since the director was appointed on 22 December 2020 and, therefore, the remuneration corresponds to the period from 22 December 2020 to 31 December 2020. However, in 2021 he was a member of the Board for the full year.
- Note on the remuneration of Ms. María José García Beato between 2020 and 2021: the percentage shows the variation between the remuneration actually accrued in 2020 and in 2021. These figures are not comparable since the director ended her mandate, as director, on 29 June 2021 and, therefore, the remuneration corresponds to the period from 1 January 2021 to 29 June 2021. However, in 2020 she was a member of the Board for the full year.
- Note on the remuneration of Mr. Arsenio Fernández de Mesa between 2020 and 2021: the percentage shows the variation between the remuneration actually accrued in 2020 and in 2021. These figures are not comparable since the director ended his mandate, as director, on 29 June 2021 and, therefore, the remuneration corresponds to the period from 1 January 2021 to 29 June 2021. However, in 2020 he was a member of the Board for the full year.
- Note on the remuneration of Mr. Alberto Francisco Carbajo Josa between 2020 and 2021: the percentage shows the variation between the remuneration actually accrued in 2020 and in 2021. These figures are not comparable since the director ended his mandate, as director, on 29 June 2021 and, therefore, the remuneration corresponds to the period from 1 January 2021 to 29 June 2021. However, in 2020 he was a member of the Board for the full year.

**Annex III Statistic of the Annual Report on Remuneration of Directors for listed companies (Circular 3/2021, of September 28, of the CNMV), corresponding to Red Eléctrica Corporación S.A**



## ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES

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### ISSUER IDENTIFICATION

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Ending date of reference period: ( 31/12/2021 )

CIF: ( A-78003662 )

Corporate Name:

( **RED ELÉCTRICA CORPORACIÓN, S.A.** )

Registered Office:

( PASEO DEL CONDE DE LOS GAITANES, 177 (ALCOBENDAS) MADRID )



**B. OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE YEAR ENDED**

- B.4.** Report on the result of the consultative vote at the general shareholders' meeting on remuneration in the previous year, indicating the number of abstentions and the number of against, blank and in favour votes that may have been cast:

	<b>Number</b>	<b>% of total</b>
Votes cast	333,501,240	61.87

	<b>Number</b>	<b>% of votes cast</b>
Votes against	2,155,840	0.65
Votes in favour	219,533,494	65.83
Blank ballots		0.00
Abstentions	111,811,906	33.53

**C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR**

Name	Type	Period of accrual in the financial year 2021
Ms. BEATRIZ CORREDOR SIERRA	Chair Other External	From 01/01/2021 to 31/12/2021
Mr. ROBERTO GARCÍA MERINO	Chief Executive Director	From 01/01/2021 to 31/12/2021
Ms. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	Independent Director	From 01/01/2021 to 31/12/2021
Ms. MARÍA JOSÉ GARCÍA BEATO	Independent Director	From 01/01/2021 to 29/06/2021
Ms. SOCORRO FERNÁNDEZ LARREA	Independent Director	From 01/01/2021 to 31/12/2021
Mr. ANTONIO GÓMEZ CIRIA	Independent Director	From 01/01/2021 to 31/12/2021
Mr. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	Independent Director	From 01/01/2021 to 29/06/2021
Mr. ALBERTO FRANCISCO CARBAJO JOSA	Independent Director	From 01/01/2021 to 29/06/2021
Ms. MERCEDES REAL RODRIGÁLVAREZ	Proprietary Director	From 01/01/2021 to 31/12/2021
Ms. MARÍA TERESA COSTA CAMPI	Proprietary Director	From 01/01/2021 to 31/12/2021
Mr. JOSÉ JUAN RUIZ GÓMEZ	Independent Director	From 01/01/2021 to 31/12/2021
Mr. RICARDO GARCÍA HERRERA	Proprietary Director	From 01/01/2021 to 31/12/2021
Ms. ELISENDA MALARET GARCÍA	Independent Director	From 29/06/2021 to 31/12/2021
Mr. JOSÉ MARÍA ABAD HERNÁNDEZ	Independent Director	From 29/06/2021 to 31/12/2021
Mr. MARCOS VAQUER CABALLERÍA	Independent Director	From 29/06/2021 to 31/12/2021

**C.1.** Complete the following tables regarding the individual remuneration of each director (including the salary received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration in cash (thousands of €)

Name	Fixed Remuneration	Per diem allowances	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance payment	Other items	Total in 2021	Total in 2020
Ms. BEATRIZ CORREDOR SIERRA	530	16							546	464
Mr. ROBERTO GARCÍA MERINO	131	16		350	213			60	770	731
Ms. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	131	16	58						205	205
Ms. MARÍA JOSÉ GARCÍA BEATO	65	7	14						86	175
Ms. SOCORRO FERNÁNDEZ LARREA	131	16	43						190	190
Mr. ANTONIO GÓMEZ CIRIA	131	16	29						176	189
Mr. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	65	7	14						86	175
Mr. ALBERTO FRANCISCO CARBAJO JOSA	65	7	14						86	175
Ms. MERCEDES REAL RODRIGÁLVAREZ	131	16	28						175	175
Ms. MARÍA TERESA COSTA CAMPI	131	16	28						175	175
Mr. JOSÉ JUAN RUIZ GÓMEZ	131	16	42						189	176
Mr. RICARDO GARCÍA HERRERA	131	16	27						174	3
Ms. ELISENDA MALARET GARCÍA	66	9	14						89	
Mr. JOSÉ MARÍA ABAD HERNÁNDEZ	66	9	14						89	
Mr. MARCOS VAQUER CABALLERÍA	66	9	14						89	

ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments.

Name	Name of Plan	Financial instruments at start of 2021		Financial instruments granted during 2021		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/ consolidated	Price of the consolidated shares	Gross profit from consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
Ms. BEATRIZ CORREDOR SIERRA	Plan							0.00				
Mr. ROBERTO GARCÍA MERINO	2021 Annual Variable Remuneration			3,948	3,948	3,948	3,948	18.00	71			
Ms. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	Plan							0.00				
Ms. MARÍA JOSÉ GARCÍA BEATO	Plan							0.00				
Ms. SOCORRO FERNÁNDEZ LARREA	Plan							0.00				
Mr. ANTONIO GÓMEZ CIRIA	Plan							0.00				
Mr. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	Plan							0.00				
Mr. ALBERTO FRANCISCO CARBAJO JOSA	Plan							0.00				
Ms. MERCEDES REAL RODRIGÁLVAREZ	Plan							0.00				
Ms. MARÍA TERESA COSTA CAMPI	Plan							0.00				

Name	Name of Plan	Financial instruments at start of 2021		Financial instruments granted during 2021		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/ consolidated	Price of the consolidated shares	Gross profit from consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
Mr. JOSÉ JUAN RUIZ GÓMEZ	Plan							0.00				
Mr. RICARDO GARCÍA HERRERA	Plan							0.00				
Ms. ELISENDA MALARET GARCÍA	Plan							0.00				
Mr. JOSÉ MARÍA ABAD HERNÁNDEZ	Plan							0.00				
Mr. MARCOS VAQUER CABALLERÍA	Plan							0.00				

iii) Long-term saving systems

Name	Remuneration from consolidation of rights to savings system
Ms. BEATRIZ CORREDOR SIERRA	
Mr. ROBERTO GARCÍA MERINO	70
Ms. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	
Ms. MARÍA JOSÉ GARCÍA BEATO	
Ms. SOCORRO FERNÁNDEZ LARREA	
Mr. ANTONIO GÓMEZ CIRIA	

Name	Remuneration from consolidation of rights to savings system
Mr. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	
Mr. ALBERTO FRANCISCO CARBAJO JOSA	
Ms. MERCEDES REAL RODRIGÁLVAREZ	
Ms. MARÍA TERESA COSTA CAMPI	
Mr. JOSÉ JUAN RUIZ GÓMEZ	
Mr. RICARDO GARCÍA HERRERA	
Ms. ELISENDA MALARET GARCÍA	
Mr. JOSÉ MARÍA ABAD HERNÁNDEZ	
Mr. MARCOS VAQUER CABALLERÍA	

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
Ms. BEATRIZ CORREDOR SIERRA								
Mr. ROBERTO GARCÍA MERINO	70	70			182	112		
Ms. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE								
Ms. MARÍA JOSÉ GARCÍA BEATO								

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
Ms. SOCORRO FERNÁNDEZ LARREA								
Mr. ANTONIO GÓMEZ CIRIA								
Mr. ARSENIÓ FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO								
Mr. ALBERTO FRANCISCO CARBAJO JOSA								
Ms. MERCEDES REAL RODRIGÁLVAREZ								
Ms. MARÍA TERESA COSTA CAMPI								
Mr. JOSÉ JUAN RUIZ GÓMEZ								
Mr. RICARDO GARCÍA HERRERA								
Ms. ELISENDA MALARET GARCÍA								
Mr. JOSÉ MARÍA ABAD HERNÁNDEZ								
Mr. MARCOS VAQUER CABALLERÍA								

v) Details of other items

Name	Item	Remuneration amount
Ms. BEATRIZ CORREDOR SIERRA	Item	
Mr. ROBERTO GARCÍA MERINO	Item	
Ms. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	Item	
Ms. MARÍA JOSÉ GARCÍA BEATO	Item	
Ms. SOCORRO FERNÁNDEZ LARREA	Item	
Mr. ANTONIO GÓMEZ CIRIA	Item	
Mr. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	Item	
Mr. ALBERTO FRANCISCO CARBAJO JOSA	Item	
Ms. MERCEDES REAL RODRIGÁLVAREZ	Item	
Ms. MARÍA TERESA COSTA CAMPI	Item	
Mr. JOSÉ JUAN RUIZ GÓMEZ	Item	
Mr. RICARDO GARCÍA HERRERA	Item	
Ms. ELISENDA MALARET GARCÍA	Item	
Mr. JOSÉ MARÍA ABAD HERNÁNDEZ	Item	
Mr. MARCOS VAQUER CABALLERÍA	Item	



b) Remuneration of the company directors for seats on the boards of other group companies:

i) Remuneration in cash (thousands of €)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance payment	Other items	Total in 2021	Total in 2020
Ms. BEATRIZ CORREDOR SIERRA										
Mr. ROBERTO GARCÍA MERINO										
Ms. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	22								22	22
Ms. MARÍA JOSÉ GARCÍA BEATO										
Ms. SOCORRO FERNÁNDEZ LARREA										
Mr. ANTONIO GÓMEZ CIRIA	22								22	7
Mr. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO										
Mr. ALBERTO FRANCISCO CARBAJO JOSA										
Ms. MERCEDES REAL RODRIGÁLVAREZ										
Ms. MARÍA TERESA COSTA CAMPI										
Mr. JOSÉ JUAN RUIZ GÓMEZ										
Mr. RICARDO GARCÍA HERRERA										
Ms. ELISENDA MALARET GARCÍA										
Mr. JOSÉ MARÍA ABAD HERNÁNDEZ										
Mr. MARCOS VAQUER CABALLERÍA										

ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments

Nombre	Name of Plan	Financial instruments at start of 2021		Financial instruments granted during 2021		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/ consolidated	Price of the consolidated shares	Net profit from consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
Ms. BEATRIZ CORREDOR SIERRA	Plan							0.00				
Mr. ROBERTO GARCÍA MERINO	Plan							0.00				
Ms. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	Plan							0.00				
Ms. MARÍA JOSÉ GARCÍA BEATO	Plan							0.00				
Ms. SOCORRO FERNÁNDEZ LARREA	Plan							0.00				
Mr. ANTONIO GÓMEZ CIRIA	Plan							0.00				
Mr. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	Plan							0.00				

Nombre	Name of Plan	Financial instruments at start of 2021		Financial instruments granted during 2021		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/ consolidated	Price of the consolidated shares	Net profit from consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
Mr. ALBERTO FRANCISCO CARBAJO JOSA	Plan							0.00				
Ms. MERCEDES REAL RODRIGÁLVAREZ	Plan							0.00				
Ms. MARÍA TERESA COSTA CAMPI	Plan							0.00				
Mr. JOSÉ JUAN RUIZ GÓMEZ	Plan							0.00				
Mr. RICARDO GARCÍA HERRERA	Plan							0.00				
Ms. ELISENDA MALARET GARCÍA	Plan							0.00				
Mr. JOSÉ MARÍA ABAD HERNÁNDEZ	Plan							0.00				

Nombre	Name of Plan	Financial instruments at start of 2021		Financial instruments granted during 2021		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/ consolidated	Price of the consolidated shares	Net profit from consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
Mr. MARCOS VAQUER CABALLERÍA	Plan							0.00				

iii) Long-term saving systems

Name	Remuneration from consolidation of rights to saving systems
Ms. BEATRIZ CORREDOR SIERRA	
Mr. ROBERTO GARCÍA MERINO	
Ms. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	
Ms. MARÍA JOSÉ GARCÍA BEATO	
Ms. SOCORRO FERNÁNDEZ LARREA	
Mr. ANTONIO GÓMEZ CIRIA	
Mr. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	
Mr. ALBERTO FRANCISCO CARBAJO JOSA	
Ms. MERCEDES REAL RODRIGÁLVAREZ	

Name	Remuneration from consolidation of rights to saving systems
Ms. MARÍA TERESA COSTA CAMPI	
Mr. JOSÉ JUAN RUIZ GÓMEZ	
Mr. RICARDO GARCÍA HERRERA	
Ms. ELISENDA MALARET GARCÍA	
Mr. JOSÉ MARÍA ABAD HERNÁNDEZ	
Mr. MARCOS VAQUER CABALLERÍA	

Name	Contribution over the year from the company (thousands of €)				Amount of accumulated funds (thousands of €)			
	Saving systems with consolidated economic rights		Saving systems with unconsolidated economic rights		Saving systems with Consolidated economic rights		Saving systems with unconsolidated economic rights	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
Ms. BEATRIZ CORREDOR SIERRA								
Mr. ROBERTO GARCÍA MERINO								
Ms. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE								
Ms. MARÍA JOSÉ GARCÍA BEATO								
Ms. SOCORRO FERNÁNDEZ LARREA								
Mr. ANTONIO GÓMEZ CIRIA								

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Saving systems with consolidated economic rights		Saving systems with consolidated economic rights		Saving systems with Consolidated economic rights		Saving systems with unconsolidated economic rights	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
Mr. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO								
Mr. ALBERTO FRANCISCO CARBAJO JOSA								
Ms. MERCEDES REAL RODRIGÁLVAREZ								
Ms. MARÍA TERESA COSTA CAMPI								
Mr. JOSÉ JUAN RUIZ GÓMEZ								
Mr. RICARDO GARCÍA HERRERA								
Ms. ELISENDA MALARET GARCÍA								
Mr. JOSÉ MARÍA ABAD HERNÁNDEZ								
Mr. MARCOS VAQUER CABALLERÍA								

v) **Details of other items**

Name	Item	Remuneration amount
Ms. BEATRIZ CORREDOR SIERRA	Item	
Mr. ROBERTO GARCÍA MERINO	Item	
Ms. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	Item	
Ms. MARÍA JOSÉ GARCÍA BEATO	Item	
Ms. SOCORRO FERNÁNDEZ LARREA	Item	
Mr. ANTONIO GÓMEZ CIRIA	Item	
Mr. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	Item	
Mr. ALBERTO FRANCISCO CARBAJO JOSA	Item	
Ms. MERCEDES REAL RODRIGÁLVAREZ	Item	
Ms. MARÍA TERESA COSTA CAMPI	Item	
Mr. JOSÉ JUAN RUIZ GÓMEZ	Item	
Mr. RICARDO GARCÍA HERRERA	Item	
Ms. ELISENDA MALARET GARCÍA	Item	
Mr. JOSÉ MARÍA ABAD HERNÁNDEZ	Item	
Mr. MARCOS VAQUER CABALLERÍA	Item	

c) Summary of remunerations (thousand €):

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director (thousand €).

Name	Remuneration accrued in the company					Remuneration accrued in group companies					
	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for long term savings systems	Remuneration for other items	Total 2021 company	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for long term savings systems	Remuneration for other items	Total 2020 group	Total 2021 company + group
Ms. BEATRIZ CORREDOR SIERRA	546				546						546
Mr. ROBERTO GARCÍA MERINO	770	71	70		911						911
Ms. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	205				205	22				22	227
Ms. MARÍA JOSÉ GARCÍA BEATO	86				86						86
Ms. SOCORRO FERNÁNDEZ LARREA	190				190						190
Mr. ANTONIO GÓMEZ CIRIA	176				176	22				22	198
Mr. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	86				86						86
Mr. ALBERTO FRANCISCO CARBAJO JOSA	86				86						86



Name	Remuneration accrued in the company					Remuneration accrued in group companies					
	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for long term savings systems	Remuneration for other items	Total 2021 company	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for long term savings systems	Remuneration for other items	Total 2020 group	Total 2021 company + group
Ms. MERCEDES REAL RODRIGÁLVAREZ	175				175						175
Ms. MARÍA TERESA COSTA CAMPI	175				175						175
Mr. JOSÉ JUAN RUIZ GÓMEZ	189				189						189
Mr. RICARDO GARCÍA HERRERA	174				174						174
Ms. ELISENDA MALARET GARCÍA	89				89						89
Mr. JOSÉ MARÍA ABAD HERNÁNDEZ	89				89						89
Mr. MARCOS VAQUER CABALLERÍA	89				89						89
<b>TOTAL</b>	<b>3,125</b>	<b>71</b>	<b>70</b>		<b>3,266</b>	<b>44</b>				<b>44</b>	<b>3,310</b>

**C.2** Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Year 2021	% Variation 2021/2020	Year 2020	% Variation 2020/2019	Year 2019	% Variation 2019/2018	Year 2018	% Variation 2018/2017	Year 2017
<b>Executive Directors</b>									
Mr. ROBERTO GARCÍA MERINO	911	6.05	859	58.20	543	-	0	-	0
<b>External Directors</b>									
Ms. BEATRIZ CORREDOR SIERRA	546	17.67	464	-	0	-	0	-	0
Ms. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	227	0.00	227	7.58	211	9.90	192	1.05	190
Ms. SOCORRO FERNÁNDEZ LARREA	190	0.00	190	1.60	187	6.86	175	0.00	175
Mr. JOSÉ JUAN RUIZ GÓMEZ	189	7.39	176	28.47	137	--	0	--	0
Mr. ANTONIO GÓMEZ CIRIA	198	1.02	196	3.16	190	0.00	190	7.34	177
Ms. MARÍA TERESA COSTA CAMPI	175	0.00	175	0.00	175	306.98	43	--	0
Ms. MERCEDES REAL RODRIGÁLVAREZ	175	0.00	175	0.00	175	0.00	175	446.88	32
Mr. RICARDO GARCÍA HERRERA	174	n.s	3	-	0	-	0	-	0
Mr. MARCOS VAQUER CABALLERÍA	89	-	0	-	0	-	0	-	0
Ms. ELISENDA MALARET GARCÍA	89	-	0	-	0	-	0	-	0

	Total amounts accrued and % annual variation								
	Year 2021	% Variation 2021/2020	Year 2020	% Variation 2020/2019	Year 2019	% Variation 2019/2018	Year 2018	% Variation 2018/2017	Year 2017
Mr. JOSÉ MARÍA ABAD HERNÁNDEZ	89	-	0	-	0	-	0	-	0
Ms. MARÍA JOSÉ GARCÍA BEATO	86	-50.86	175	0.00	175	0.00	175	0.00	175
Mr. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	86	-50.86	175	0.00	175	0.00	175	12.18	156
Mr. ALBERTO FRANCISCO CARBAJO JOSA	86	-50,86	175	0,00	175	0.00	175	35.66	129
<b>Company consolidated results</b>									
	888,077	10.18	805,991	-15.22	950,664	1.54	936,252	5.17	890,240
<b>Average employee remuneration</b>									
	74	5.71	70	0.00	70	2.94	68	1.49	67

**D. OTHER RELEVANT INFORMATION**

This annual remuneration report has been approved by the Board of Directors of the company on:

( 22/02/2022 )

State whether any director has voted against or abstained from approving this report

(  ) Yes

(  ) No

Name or company name of the member of the Board of Directors who has not voted for the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons
Ms. MERCEDES REAL RODRIGÁLVAREZ	Abstention	As informed, position of Sociedad Estatal de Participaciones Industriales (SEPI) in listed companies in which it holds a minority stake.
Mr. RICARDO GARCÍA HERRERA	Abstention	As informed, position of Sociedad Estatal de Participaciones Industriales (SEPI) in listed companies in which it holds a minority stake.
Ms. MARÍA TERESA COSTA CAMPI	Abstention	As informed, position of Sociedad Estatal de Participaciones Industriales (SEPI) in listed companies in which it holds a minority stake.