

Articles of Association

Red Eléctrica de España, S.A.U.

November 30, 2021

Corporate Governance Rules



RED
ELÉCTRICA
DE ESPAÑA



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This document is a translation
of an original text in Spanish. In case
of any discrepancy between both
texts, the Spanish version will prevail.

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TITLE I **Name, duration, registered office and objects clause**

Article 1 Company name and legal regime

The Company is «RED ELÉCTRICA DE ESPAÑA, S.A.» [the «Company»] and is governed by these Articles of Association. For anything not covered these Articles, the Corporate Enterprises Act, Commercial Registry Regulations, and by any other legal provisions applicable to it, including the Spanish Electric Sector Act 1997 [Ley 54/1997, de 27 de noviembre del Sector Eléctrico] and the Spanish Electric Sector Act 2013 [Ley 24/2013, de 26 de diciembre del Sector Eléctrico] will apply.

Article 2 Objects clause

The Company will perform and carry out the functions of system operator, transport network manager and electric energy carrier in accordance with EU and Spanish law as they stand at the time.

The CNAE code for the main activity is 3512 - Electric Power Transport

Article 3 Registered office

The Company's registered address is Alcobendas (Madrid), 28109, Paseo del Conde de los Gaitanes,177.

The Company may open branches, agencies or offices, in Spain and abroad, by way of resolution passed by the Administration Body, which may also resolve to transfer the registered offices in national territory, and to close or transfer any branches, agencies or offices.

Article 4 Duration

The Company has been incorporated indefinitely. The Company will become operational on the day the deed of incorporation is executed.

TITLE II **Share Capital**

Article 5 Share Capital

The share capital of the Company is EUR 800,006,000 and is represented by EUR 400,003,000 nominative shares, of a single class and series, with a par value of two (2) euros each, numbered sequentially from 1 to 400,003,000, fully subscribed and paid up.

Article 6 Pre-emption

In share capital increases with new ordinary or privileged shares allotted in exchange for monetary contributions, shareholders and convertible debenture holders may exercise the right

to subscribe a number of shares in proportion to the par value of the shares they hold or those that would correspond to the convertible debentures holders to exercise the conversion power at that time. The pre-emption right must be exercised within a period determined for this purpose by the Administrative Body, and may not be less than one month from the publication of the announcement of the offer to subscribe new shares in the Official Commercial Registry Bulletin. The Administrative Body may replace the publication of the announcement with a written communication to each of the shareholders and, where applicable, to usufructuaries registered in the Register of Members, with the subscription period running from when the communication is sent.

Article 7 **Register of Members**

The Company must keep a Register of Members, in which successive share transfers are to be recorded, specifying the full name, company name, where applicable, nationality and address of the successive owners, and the constitution of proprietary rights and other encumbrances over them. The Company will only recognise the person named in the Register as shareholder. Any shareholder who so requests may inspect this Register. The Company may rectify entries that it considers false or inaccurate when it has notified the relevant interested party of its intention to do such and they have not objected within thirty days from that notification. Until the share certificates have been printed and delivered, the shareholders will be entitled to obtain confirmation of the shares registered in their name.

Article 8 **Share transfers**

The shares are transferable by all means permitted by law in accordance with the requirements established in the Corporate Enterprises Act. As long as the mandate of section five of Additional Provision Twenty Three of Law 54/1997, of November 27 remains in force, Red Eléctrica Corporación, S.A. may not transfer the shares in this Company to third parties.

TITLE III **Corporate Bodies**

Article 9 **Corporate Bodies**

The Company's bodies are the General Meeting, which is the sovereign body of the Company through which the corporate desire is expressed by a majority decision in those matters within its remit, and the Administrative Body with the powers attributed to it by Law and these Articles.

Chapter One **General Meeting**

Article 10 **Remit**

The General Meeting is the Company's sovereign body and the resolutions it validly passes are binding on all shareholders, including those absent, those who abstained from voting and dissenters.

Article 11 Calling the General Meeting

The General Meeting must be called by the Administrative Body by announcement published in the Official Gazette of the Commercial Registry and in one of the most widely circulated newspapers in the province where its registered address is located, at least one month before the date of the meeting.

The call must include the name of the Company, the place, date and time of the meeting, the agenda, which must include all matters to be addressed, and the position held by the person or persons making the call. The call may also include the date on which the General Meeting will be held on second call. A period of at least twenty-four hours must elapse between the first and second meeting.

Shareholders representing at least five per cent of the Company's capital may request that an addendum to the call of a General Meeting be published, including one or more items in the Agenda. This right must be exercised through formal notice, which must be received at the registered office within five days from the publication of the call. This supplement to the call must be published at least fifteen days before the date established for the General Meeting. Failure to publish the addendum to the call within the legally established period will be grounds to void the meeting.

The Administrative Body must call the Ordinary General Meeting within the first six months of each year to approve the management of the Company, the accounts of the previous financial year, and decide how to apply profits, where applicable, without prejudice to any other legally required matters. The Administrative Body may call the General Meeting whenever it so considers necessary or appropriate and this is in the Company's interest.

The Administrative Body must also call the General Meeting if so requested by shareholders who hold at least five per cent of the share capital, stating in the request the matters to be discussed in the General Meeting. In this case, the General Meeting should be called to take place within two months from the date on which the Administrative Body is instructed via the notary to call it. The Administrative Body shall draw up the agenda, which shall necessarily include the items that have been the subject of the request.

Article 12 Quorum

The General Meeting may deliberate and decide on any matter as long as the meeting is quorate and the subject matter to be decided falls within the General Meeting's remit.

The General Meeting will be quorate on first call to discuss any matter other than those included in the paragraph below, when the shareholders present or represented have at least twenty-five percent of the subscribed capital with voting rights. The Meeting will be quorate on second call, irrespective of the share capital in attendance.

For the ordinary or special General Meeting to validly increase or reduce the share capital and any other amendment to the Articles of Association, issue debentures, disapply or restrict pre-

emption rights in relation to the allotment of new shares, change legal form, merge, spin-off or global transfer the Company's assets and liabilities, or transfer the registered office abroad, the attendance of shareholders in person or by proxy representing at least fifty per cent of the subscribed share capital with voting rights will be required on first call. The second call only requires that shareholders with twenty-five per cent of the capital be present or represented. For the above resolutions, if the capital present or represented exceeds fifty per cent, it will be sufficient for the resolution to be passed by an absolute majority. However, a favourable vote of two thirds of the capital present or represented at the General Meeting will be required when shareholders representing twenty-five per cent or more of the subscribed capital with voting rights are present at the second call without reaching fifty per cent.

Article 13 **Passing resolutions**

If the General Meeting is quorate in accordance with the previous article, resolutions will require a simple majority of the capital present or represented, unless otherwise provided in the last paragraph of the previous article. Each share will entitle the holder to one vote.

Article 14 **Attendance at General Meetings of Shareholder**

The holders of nominative or represented shares may attend the General Meeting by means of book entries that they have registered in their respective registries five days before the meeting. If they are bearer shares, holders who, at the same time as five days before, have deposited their shares or, where applicable, the certificate accrediting their deposit with at the registered address office may attend the General Meeting. The document certifying compliance with this paragraph will be nominative and will have legal effect for the Company.

When so agreed by the Administrative Body and it is included in the call, shareholders entitled to attend the General Meeting and their representatives may remotely, electronically and simultaneously attend in a way that enable them to be recognised and identified, and to cast the electronic vote remotely during the Meeting in accordance with the procedure agreed by the Administrative Body and set out in section 182 Corporate Enterprises Act.

In addition, the Administrative Body is authorised to call the General Meeting exclusively remotely; that is to say, without the physical attendance of shareholders or their representatives, provided that the identity and standing of shareholders and their representatives is duly guaranteed and that all attendees may effectively participate in the meeting by appropriate remote means, such as audio or video, complemented by the possibility of written messages during the course of the Meeting, both to exercise in real time the corresponding right to speak, information, make proposals and vote, and to follow the interventions of the other attendees by the means indicated and complying with all the requirements established in section 182 bis Corporate Enterprises Act. Meetings conducted exclusively by electronic means will be considered held at the registered address regardless of where the chair is.

Directors must attend the General Meetings. Executives, directors, proxies, technical staff and any other person who, in the Chair's opinion, must be present at the General Meeting for the

proper conduct of company affairs, may attend the General Meeting. The Chair of the General Meeting may, in principle, authorise the attendance of any other person he considers appropriate. The General Meeting may, however, revoke that authorisation.

All shareholders may be represented at the General Meeting by another person, even if this person is not a shareholder.

The proxy will represent all of the shares held by the shareholder in question and must be granted in writing or by remote means that meet the legal requirements, and for each individual General Meeting, unless the representative is the spouse, an ascendant or descendant of the shareholder represented or holds general power of attorney executed as a public document with authority to manage all the assets that the shareholder represented has in national territory.

Article 15 Universal Meeting of Shareholders

The General Meeting may be convened to address any matter, without the need for prior call, whenever all share capital is present or represented and those in attendance unanimously agree to hold the meeting and its agenda.

The Universal Meeting may take place anywhere in national territory or abroad.

Article 16 Calling the General Meeting

The General Meeting must be held in the town where the Company has its registered address, with the exception of the Universal Meeting, which may be held in the place where shareholders representing all of the share capital meet.

General Meetings will be chaired by the Sole Director and, in their absence, the shareholder chosen by the attendees in each case. The shareholder chosen by the attendees will act as secretary.

The Chair will lead the deliberations, give the floor and determine the time limit for successive interventions.

Article 17 Minutes and Certificates of the General Meeting

The minutes for each General Meeting must be recorded in the corresponding ledger, together with the resolutions passed, and must be signed by the Chairman and the Secretary and, where applicable, by the scrutineers referred to in the next paragraph.

The minutes must be approved by the General Meeting, and, failing this, within a period of fifteen days by the Chair of the meeting and two shareholders, one acting on behalf of the majority and the other on behalf of the minority.

Resolutions may be enforced from the date of approval of the minutes in which they are recorded.

Shareholder resolutions may be proven where necessary by certification issued by the Sole Director. Resolutions must be notarised as a public deed only by the individuals with the authority to certify them. It may also be carried out by any other person who holds sufficient power of attorney that has been registered at the Commercial Registry.

Chapter Two Management Body and Representation

Article 18 The Administrative Body and its composition

The Company will be led, governed and represented in- and out-of-court and in all acts included in its corporate purpose by a Sole Director.

Article 19 Term of Office for Directors

Directors will hold office for six years, and may be re-appointed to the post, once or several times, for periods of equal maximum duration.

The General Meeting may decide, at any time, to remove the Director. The Director affected by any cause of incompatibility, incapacity or disqualification, as regulated in the legislation in force, shall resign from his office.

Article 20 Director remuneration

Directors will not be remunerated.

TITLE IV Financial Accounts and Distribution of Profits

Article 21 Financial Year

The financial year will run from 1 January to 31 December of each calendar year.

Exceptionally, the first financial year will begin on the date on which the Company starts its operations.

Article 22 Financial Statements

The Administrative Body, in accordance with the Corporate Enterprises Act and other applicable legislation, must prepare the financial statements, the proposed allocation of profits/losses and, where applicable, the management report, which must include, where applicable, the statement of non-financial information, which must be submitted to the General Meeting.

Article 23 Distribution of profits

The Company's net profits will be distributed as follows, based on the approved balance sheet:

a) The amount necessary to cover legal and statutory reserves.

b) The rest will be freely available to shareholders, who will resolve on what to use them for.

Once paragraph [a] has been applied, dividends charged to the profits for the year or to unrestricted reserves may be distributed only where the value of net equity is not, or will not become subsequent to the distribution, less than the share capital. If there are retained losses that cause the value of the Company's equity to be less than its share capital, the profit will be used to offset these losses.

The resolution approving the dividend must in all cases satisfy legal requirements and must contain the payment period and method.

TITLE V Liquidation and Winding up

Article 24 Winding up

The Company may be wound up for any of the grounds established in the Corporate Enterprises Act. The General Meeting satisfying legal requirements, may resolve to wind up or liquidate the Company at any time.

Article 25 Liquidators

If the General Meeting resolves to wind the Company up, it may also resolve on the appointment of liquidators, which may be the Company's directors.

Article 26 Rules for Liquidation

The Company must be wound up in accordance with the law and other provisions that extend on and do not contradict the law, may have been approved by the General Meeting when deciding the wind up the Company.

Data of Amendment of the Articles of Association:

Registered at the Madrid Commercial Registry on January 10, 2022, in Volume 37459, Sheet 105, Page M-452031, Entry 311.



Paseo del Conde de los Gaitanes, 177
28109 Alcobendas [Madrid] · Spain

www.ree.es