



**RED**  
**ELÉCTRICA**  
CORPORACIÓN

*Grupo Red Eléctrica*

## **Appointments and Remuneration Committee**

20 February 2020

Annual Activity Report of the  
Appointments and Remuneration  
Committee for 2019

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## 1. Introduction

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In accordance with the provisions of article 18.6 a) of the Board of Directors Regulations, the Appointments and Remuneration Committee's Action Plan for 2020 foresees the drafting of a report outlining the activities performed by the Committee in 2019, which is the purpose of this document.

## 2. Legal background, structure, functions and composition

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### 2.1. Legal background:

At the Board of Directors' meeting held on 13 March 2013, a resolution was adopted to amend the Board of Directors Regulations for the purpose of updating its content to adapt to the legislative amendments affecting the legal system for public limited liability companies (*sociedades anónimas*) in Spain, as well as adapting itself to best practices in corporate governance, particularly those of an international scope, and introducing improvements in the organisation and operation of the Board of Directors and its Committees.

Accordingly, the shareholders approved the amendment of the Articles of Association at the Annual General Meeting of Shareholders held on 18 April 2013, to adapt, among other aspects, the regulations of the Audit Committee and the Corporate Responsibility and Governance Committee (now called the Appointments and Remuneration Committee) contained in the company's Articles of Association, to the main international recommendations and practices in matters of good corporate governance. Noteworthy of that amendment is the requirement provided for in the Articles of Association which establishes that the majority of the members of both Committees must be independent directors.

Law 31/2014, of 3 December, amending the Spanish Companies Act (*Ley de Sociedades de Capital*) on improving corporate governance, resulted in an adaptation of the company's Articles of Association at the Annual General Meeting of Shareholders held on 15 April 2015 consisting of amending article 24 on the Appointments and Remuneration Committee. Similarly, the Board of Directors Regulations were also amended on 20 December 2016 (articles 17 and 18), to fully adapt the same to the recent reforms of the Spanish Companies Act, the Spanish Code of Good Governance of Listed Companies, and to introduce improvements in the organisation and operation of the Board's Committees in order to adapt them to the new organisational structure.

At a Board of Directors meeting held on 19 February 2019 a resolution was approved to amend the Board of Directors Regulations to meet the strategic approach that the Board wished to apply to the sustainability of Red Eléctrica Group by restructuring the Board's Committees, consisting of the creation of a new Sustainability Committee and the update of the functions of the other two Committees: the Audit Committee and the Appointments and Remuneration Committee. The Appointments and Remuneration Committee's responsibilities in the labour area within the Group companies were reinforced in accordance with the best international corporate governance practices and the general risk supervisory and control function of the Audit Committee was also reviewed in coordination with the specific functions assigned to each of the other Committees within their respective areas of responsibility.

At a meeting held on 30 April 2019 the Board of Directors approved an amendment to the Board of Directors Regulations in order to reinforce the Board's role as the supervisor and the guarantor of the functional independence of the Electricity System Operator, which is attributed to Red Eléctrica de España, S.A.U by Law with respect to the attributions and responsibilities which it must attend to in accordance with current legislation.

Finally, the Appointments and Remuneration Committee reviewed the proposal to amend the Board of Directors Regulations in order to update the sustainability functions of the Board and its Committees, some of which are of

a transversal nature, and to reinforce the coordination mechanisms in place between the three Board Committees, with the formal and material scope agreed by them.

This review is intended to improve the governance of Red Eléctrica Group by reinforcing the role of the company's Board of Directors with respect to the Group and resolutions were included and reinforced in the governance area, expressly including the concept of corporate reputation among the principles inspiring the Board's actions which must, furthermore, look after the interests of the company as a whole.

The review, which has yet to be approved, is intended to reinforce the independence of the TSO (separation of regulated and unregulated activities) and introduce the appropriate adaptations to Law 11/2018, of 28 December, regarding non-financial information and diversity.

## 2.2. Structure and functions:

Article 24.2 of the Articles of Association and articles 17 and 18 of the Board of Directors Regulations regulate the structure, composition and duties and responsibilities of the Appointments and Remuneration Committee.

The Committee has responsibilities assigned to it, inter alia, in relation to appointments, performance and removals of directors and company senior managers, their remuneration, fulfilment of the duties of directors, the rules and actions regarding Corporate Governance and in matters regarding Corporate Responsibility and Sustainability, and with respect to the Group's employees.

The Committee meets on a regular basis in order to ensure the successful performance of its functions. In any case, it must meet at least quarterly, when called by the chairperson or requested by two of its members and, likewise, every time the Board of Directors or its chairperson requests a report be issued or that proposals be submitted.

Article 17.5 of the Board of Directors Regulations establishes that the call of the meetings, with all documentation associated to the same, may be made by electronic means that guarantee the due security and confidentiality of the call and relevant documentation.

Such call, which shall include the agenda, shall be sent by the chairperson or secretary of the Committee to each one of its members at least three days prior to the date scheduled for the meeting, unless shorter notice is required due to urgency reasons.

Article 17.7 of the Regulations of the Board lays down the possibility that the Committee meetings may be held via conference call, videoconference or any other remote communication means which allow the meeting to be held, provided that all the members of the Committee give their consent.

The quorum of the Committee may be established with the attendance of the majority of its members and it may adopt decisions or recommendations by an absolute majority of the votes of the directors attending the meeting, either in person or by proxy, reflecting said decisions and recommendations in the minutes at the end of the meeting. In order to better comply with its duties and responsibilities, the Committee may obtain advice from independent professionals, and may access any type of information or documentation of the company it needs to perform its functions.

### 2.3. Composition:

The composition of the Appointments and Remuneration Committee is regulated in article 24.1 of the Articles of Association and in article 17 of the Board of Directors Regulations. In accordance with the aforementioned articles, the Committee shall be comprised of the number of members to be fixed by the Board of Directors, with a minimum of three (3) and a maximum of five (5), selected from among non-executive board directors, and the majority of its members shall be independent directors. The chairperson of the Committee shall be an independent director elected from among its members, and the secretary shall be chosen from among the Board of Directors.

The appointment and removal of the Committee members shall be carried out by the Board of Directors at the proposal of the Board's chairperson, following a report from the Appointments and Remuneration Committee. The members of the Committee shall hold their position for a term of no more than three years, and may be re-elected, and shall be removed when removed as directors or when so resolved by the Board of Directors, following a report from the Appointments and Remuneration Committee. The chairperson will be replaced every three years and may be re-elected.

The following changes in the composition of the Appointments and Remuneration Committee have taken place during 2019:

- At a meeting held on 26 March 2019, the Board of Directors of Red Eléctrica Corporación, S.A., appointed the independent director Mr. José Juan Ruiz Gómez as a member of the Appointments and Remuneration Committee of Red Eléctrica Corporación S.A., for a 3-year term as established by the Board of Directors Regulations and at the proposal of the chairperson of the Board, after receiving a report from the Appointments and Remuneration Committee in accordance with article 24 of the Articles of Association and article 17 of the Board of Directors Regulations, in order to cover the vacancy existing on the Appointments and Remuneration Committee.
- At an extraordinary meeting held on 26 March 2019 after the aforementioned meeting of the Board of Directors, the Appointments and Remuneration Committee appointed the independent director Ms. Socorro Fernández Larrea to the position of chairperson for a three-year term, in accordance with the provisions of article 24 of the Articles of Association and article 17 of the Board of Directors Regulations.

The composition of the Committee at 31 December 2019 was as follows:

<b>Director</b>	<b>Position</b>	<b>Type of Director</b>
Socorro Fernández Larrea	<i>Chairperson</i>	External independent
Antonio Gómez Expósito	<i>Director</i>	External proprietary (SEPI)
José Juan Ruiz Gómez	<i>Director</i>	External independent

All of the members of the Committee have demonstrated capacity to perform the functions entrusted to the Committee, due to their broad experience, skills and knowledge

Set forth below are summaries of the professional careers of the members at 31 December 2019:

- Ms. Socorro Fernández Larrea, born on 7 April 1965, has a Degree in Civil Engineering from the Universidad Politécnica de Madrid and holds an IESE Senior Management Programme (PADE) diploma.

She is currently executive director of the Consultancy firm JUSTNOW, S.L., which engages in advisory services in the infrastructure construction sector with respect to both commercial and financial operations; Independent Director of Grupo Cementos Molins; Chairperson of OFG Adquisiciones e Ingeniería; Independent Director of the Spanish engineering firm SEG, S.A., member of the Board of Directors of Banco Caminos; Council Member of the IESE Regional Board of the Madrid Chapter and Advisor of the Board of Directors of the Mexican engineering firm CAL Y MAYOR.

She has also been, among others, independent director of Témpace Properties Socimi, S.A.; member of the Board of Directors of AMPER, S.A. as proprietary director, representing the company Emilanteos, S.L.; general manager at COPISA Constructora Pirenaica S.A.; deputy chairperson of ANCI (Spanish Association of Independent Constructors); member of the governing board of Spanish Association of Civil Engineers (*Colegio de Ingenieros de Caminos, Canales y Puertos*); regional director of the construction company Seop, Obras y Proyectos, S.A.; national representative of Ferrovial Conservación, S.A.; representative in Castilla la Mancha of Ferrovial-Agroman, S.A.; representative in Castilla La Mancha of Agroman Empresa Constructora, S.A.; general manager for Roads, Hydraulic Structures and Transport of the Department of Public Works of the Regional Government of Castilla la Mancha and chief project engineer for Ferrovial, S.A.

She is also a member of the advisory board of the newspaper EXPANSION, member of WCD (Women Corporate Directors) and cochair of the Spanish chapter; member of AED (Spanish Association of Directors) and a member of its Executive Board; member of CEAL (Latin America Business Council) and a member of the Executive Board of its Iberian chapter; member of WPO-YPO (Young Presidents' Organization), and member of the Executive Committee of the Eurolatam chapter and member of IWF (International Women Forum).

- Mr. Antonio Gómez Expósito, born on 26 August 1957, has a doctorate (PhD) in Industrial Engineering (Major in Electrical Engineering) from the Higher Technical School of Industrial Engineers of the University of Seville.

Currently, full professor of electrical engineering at the Higher Technical School of Engineering of the University of Seville; director of the "Endesa Red" Chair (since 2007); Associate Editor of Journal of Modern Power Systems and Clean Energy (China); lead researcher of one of the largest and most relevant research groups nationwide in the field of electricity systems, composed of more than twenty Ph.D.'s and six full professors; fellow member of the IEEE (Institute of Electrical and Electronics Engineers); member of the Real Academia Sevillana de Ciencias (since 2014).

Chairperson of the Ph.D. programme entitled 'Technical and Economic Management of Generation, Transmission and Distribution Systems', University of Seville (2003-2006); associate editor of IEEE Transactions on Power Systems (2011-2016); Member of the IEEE European Working Group on Energy (2014-2016); member of the Board of Trustees of Corporación Tecnológica de Andalucía (2006-2015); member of the Steering Committee of FUTURED (Spanish Technological Platform of Electrical Grids); visiting professor at the University of Waterloo, Canada (1998) and adjunct faculty at San Diego State University, California (1988).

In addition, maintains an active presence in the academic, research and teaching arena, as well as acting as lecturer at conferences and scientific committees at important international symposiums in the energy field.

- Mr. José Juan Ruiz Gómez, born on 30 July 1957, BA in Economics from the Universidad Autónoma de Madrid and Commercial Expert and State Economist.

He is currently an independent consultant and advisor for macroeconomic matters and Latin American markets; member of the Scientific Committee of Real Instituto Elcano (since 2012) and member of the Editorial Board of El País and Grupo Prisa.

Formerly, among others: chief Economist and responsible for the Research Department at Inter-American Development Bank (2012-2018); chief economist for Latin America at Banco Santander (1999-2012); representative of Banco Santander on the board of directors of Real Instituto Elcano (until 2012); member of the Social Council at the University of Castilla la Mancha (2005-2009) and chairperson of that Council (2010-2012); member of the board of directors of several public entities (INI, Aviaco, Autopistas del Atlántico, Renfe and Tabacalera) and private companies, particularly in the banking industry holding the position of director between 1999 and 2012 at Banco de Santiago (Chile), Banco Santander Colombia, Banco Santander Puerto Rico, Banco Santander Perú and Banco Venezuela; director of the Strategy and Planning Department at Banco Santander (1996-1999); chief economist of International Financial Advisors (1996); member of the Independent Committee of Experts at the Ministry of Economy and Finance responsible for the building of macroeconomic scenarios for the Spanish economy (1994-1998); member of the Editorial Board of Grupo Recoletos (1994-1999); and chief economist at Argentaria (1993).

The most relevant positions that he has held within the Public Administration (Ministry of Economy and Finance) were: undersecretary of International Economy and Competition at the Ministry of Economy and Finance (1991-1993); member of the Management Committee at the Ministry of Economy and Finance (1991-1993); chief of staff of the Secretary of State for the Economy (1988-1990); executive advisor of the Secretary of State for the Economy (1985-1987); chief of the Balance of Payments Service, at the Secretariat of State for Commerce (1984-1985); economic advisor for the Secretary of State for Commerce and Secretary General for Commerce (1983); technical support for the General Technical Office during the negotiations regarding the entry of Spain into the EU (1984-1985); chairperson of the Spanish Delegation to the OECD at the annual macroeconomic supervision meetings (1990-1993); chairperson of the Economic Policy Committee of the European Union (1992-1993); member of the Economic Policy Committee of the European Union (1989-1992) and responsible for Spain's relations with the IMF, the World Bank and the Development Banks (Africa, Asia, Latin America and Europe) (1986-1993).

He is also active as a speaker at conferences held at various institutions and collaborates as a lecturer in the International Masters' Programme at Instituto de Empresa.

The secretary of the Committee is Mr. Rafael García de Diego Barber, general counsel and secretary of the company's Board of Directors.

Throughout 2019, when the Committee considered it appropriate, members of the management team responsible for certain areas within the Committee's scope of responsibility attended the meetings, to facilitate the appropriate explanations.

### 3. Activities carried out during 2019

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At a meeting held on 29 April 2019, the Appointments and Remuneration Committee approved its Annual Action Plan for 2019, considering the responsibilities attributed to it by the Articles of Association and in the Board of Directors Regulations.

The Appointments and Remuneration Committee has informed the Board of Directors about its activities in the meetings of the latter immediately following each meeting of the Committee, and has made available to all the

directors, through the company's Directors Portal intranet, the documentation for the meetings and a copy of the minutes.

The Appointments and Remuneration Committee has met sixteen (16) times during 2019, informing the Board of Directors the same number of times about the activities performed by the Committee.

The main tasks that the Committee has carried out during 2019 have been the following:

### 3.1. Regarding appointments, performance and removals:

- Process for selecting an independent director with the collaboration of a head-hunter.
- Favourable report and proposal to the Board of Directors, to be tabled at the General Meeting of Shareholders, regarding the proposal of ratification and appointment of a director within the category of "others external" and one proprietary female and one proprietary male director.
- Favourable report and proposal to the Board of Directors regarding the proposed appointment of an independent director in replacement of another independent director.
- Analysis and favourable report to the Board regarding the proposal of the chairperson of the Board to cover a vacancy on the Appointments and Remuneration Committee of an independent director.
- Analysis and favourable report to the Board regarding the proposal of the chairperson to re-elect an independent female director as a member of the Audit Committee.
- Analysis and favourable report to the Board regarding the proposal to re-elect the coordinating female independent director.
- Resolution by the Appointments and Remuneration Committee of the appointment of a female independent director as the chairperson of the committee.
- Analysis and favourable report to the Board regarding the proposed removal of the managing director and company's top executive, the appointment of an executive director until the next General Meeting of Shareholders and the appointment of the managing director of Red Eléctrica Corporación, S.A. Revocation of powers-of-attorney and positions, granting of the relevant powers-of-attorney and appointments and analysis of the financial consequences of the decision.
- Analysis of the report regarding the latest organizational changes carried out at Red Eléctrica de España, S.A.U.
- Information on the changes to the management bodies at the Group companies.
- Analysis and favourable report regarding the report on organizational changes as a result of the integration of Hispasat.
- Analysis and favourable report on the proposal for the composition of the board of directors of Hispasat, S.A.
- Analysis and favourable report on the proposals for director appointments at companies pertaining to Hispasat Group.
- Analysis and favourable report on the proposals for director appointments at companies pertaining to Red Eléctrica Group.
- Reports on the compatibility of positions of independent directors of Red Eléctrica Corporación S.A. with their possible appointment as directors, or other positions, in other companies outside of the Red Eléctrica Group.



### 3.2. Regarding remuneration:

- Analysis and proposal to be tabled to the Board of Directors of the Directors' Remuneration Policy 2019-2021.
- Favourable report to the Board of Directors regarding the proposed remuneration of the Board of Directors for 2019, the Annual Report on Remuneration of directors corresponding to the years 2018 and 2019, to be tabled at the Annual General Meeting of Shareholders.
- Approval of the proposed assessment of the fulfilment of the 2018 Business and Managerial Objectives and those of the Executive Committee.
- Approval of the 2019 Business and Managerial Objectives and those of the Executive Committee.
- Analysis and approval of the amendment of the 2019 Business and Managerial Objectives and those of the Executive Committee.
- Analysis of the correlation matrix of objectives with the Strategic Plan.
- Analysis of the tracking of the 2019 Business and Managerial Objectives and those of the Executive Committee.
- Information regarding the objectives of the Technology Department and the Legal Counsel Department as a result of the organizational changes that have taken place.
- Analysis of the report regarding the executive team of Red Eléctrica in 2019.
- Analysis and favourable report for the incentivised exit plan.

### 3.3. Regarding Corporate Governance rules and actions:

- Favourable report and presentation to the Board of a proposal to amend article 20 ("Board of Directors") of the Articles of Association on remuneration of the company's Board of Directors.
- Approval of the proposed Annual Corporate Governance Report for 2018, and presentation to the Board of Directors.
- Analysis and favourable report of the call proposals, agenda, agreements and reports related to the Annual General Meeting of Shareholders for 2019, as well as the Electronic Voting Procedure and the Regulations of the Shareholder's Forum.
- Analysis and monitoring of the Board's self-assessment process in 2018. Analysis of the 2018 Report on the Self-assessment of the Board, agreeing on its submission to the Board of Directors.
- Analysis of the Annual Report on the Criminal Risk Prevention Programme for 2018 and submission to the Board of Directors.
- Analysis and favourable report on the proposal for updating the Criminal Compliance System at Red Eléctrica Group.
- Information on the external audit of the management procedures of the Annual General Meeting of Shareholders.

- Analysis and favourable report on the proposal for updating the competencies matrix for the members of the Board of Directors.
- Analysis and presentation of a proposal to the Board regarding the process of adapting the Board of Directors Regulations to the restructuring of the Board's Committees.
- Updating of the contingency plans for the succession of the Chairperson and the managing director and favourable report on the proposal for its submission to the Board.
- Analysis and submission to the Board of the Knowledge and Information Activities Programme for Board members.
- Analysis and favourable report to the Board regarding the proposal to amend the Board of Directors Regulations to reinforce the role of the Board and the Audit Committee as supervisors of the independence of the System Operator and Manager of the Transport Network.
- Analysis and favourable report to the Board to initiate a general review and update process of the Board of Directors Regulations.
- Analysis and coordination with other Board Committees within the framework of the review of the functions of the Committees with respect to sustainability.
- Approval of the initiation of a process to analyse the competencies of the Appointments and Remuneration Committee with respect to relationships with Group company employees.
- Analysis of the Report on compliance with the Internal Code of Conduct in the Securities Market.
- Review of the Technical Instructions regarding Travel Management, applicable to directors, executives and employees of the Group.
- Analysis and favourable report on the proposal to amend the Internal Code of Conduct in the Securities Market.
- Analysis of the report regarding global people management policies at Red Eléctrica Group.
- Information regarding the verification of occupational health and safety policies.
- Information on the road shows held with proxy advisors in 2019 and those foreseen for 2020.

#### 3.4. Regarding Corporate Responsibility and Sustainability:

- Analysis of the Diversity and Equality Report for 2018, and submission to the Board.
- Information regarding the Integral Diversity Plan at Red Eléctrica Group 2018-2022.

#### 3.5. Other activities:

- Approval of the Annual Report on the Activities of the Committee during 2018.
- Information regarding the initiatives to initiate the adaptation of Red Eléctrica Group to the requirements of the Strategic Plan 2018-2022.

- Approval of the Committee's Action Plan for 2019.
- Analysis of the activities and information programme for Board Directors for 2019. Schedule for visits to facilities.
- Review of the Committee's meeting schedule for 2019.

#### 4. Director attendance at meetings

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The Appointments and Remuneration Committee held sixteen (16) meetings during 2019, informing the Board of Directors the same number of times about the activities performed by the Committee. During those meetings no members failed to attend or attended by proxy and therefore 100% attendance was achieved (with 47 attendances).

#### 5. Assessment of compliance with the principles and recommendations established by the CNMV (Technical Guidelines 1/2019)

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On 20 February 2019 the CNMV approved the Technical Guidelines regarding Appointments and Remuneration Committees (Technical Guidelines 1/2019), in accordance with the provisions of article 21.3 of the Consolidated Text of the Securities Market Act, approved by Legislative Royal Decree 4/2015, of 23 October.

These Technical Guidelines serve the purpose of providing guidance on the functioning of the Appointments and Remuneration Committees and establish certain recommendations for affected companies that the CNMV will take into account during its supervisory duties.

The company's continuous commitment to the application of the best international corporate governance practices has allowed it to comply in advance with the recommendations established in the Technical Guidelines 1/2019 that are applicable to the company, as is explained in the Annual Corporate Governance Report.

a) The structure, composition and duties of the Appointments and Remuneration Committee are regulated by article 24 of the Articles of Association and are further developed in article 17 and 18 of the Board of Directors Regulations. They include, among others, the composition, requirements for the appointment of members, operating rules, responsibilities and duties assigned, the resources that must be provided, rules regarding the appointments, performance and removal of directors and senior managers with respect to remuneration, compliance with directors' duties, with rules and actions within the corporate governance area and with respect to employees of the Group's companies. For reasons of legal certainty, it is considered to be more appropriate that the regulations governing the functioning of the Appointments and Remuneration Committee be set out in the Board of Directors Regulations, published on the corporate website and filed with the Mercantile Registry.

b) The independence of the Committee is encouraged by the following:

- i. It is exclusively formed by external directors with both the Chairperson and the majority of its members being independent directors.
- ii. The remuneration of the members of the Committee is governed by the principle of moderation and is associated to their responsibility so as to avoid compromising their independence and objectivity.

iii. Furthermore, neither the Chairperson of the Board of Directors nor the managing director participate in the Committee's meetings.

iv. The executives that attend Committee meetings do so at the Committee's request and only attend with respect to the points of the agenda for which they are responsible.

c) The company did not consider it advisable to have a separate Appointments Committee and a Remuneration Committee for the following reasons:

- Due to the small size of the Board of Directors (composed of 12 members, 1 of which is an executive director) compared to other highly capitalized companies.
- Because two separate Appointments and Remuneration committees would not have sufficient matters to deliberate during the year to justify their separation.
- Due to the independence of the non-executive directors, taking into account that they are all currently members of one of the three Board Committees of the company and the separation of the current Appointments and Remuneration Committee into two different committees would mean that they would be made up of directors simultaneously pertaining to several committees and would have information from one of the other Committees, to the detriment of their full autonomy in the exercise of their duties.

d) Continuous dialogue is maintained with the various stakeholders relating to the competencies falling to the Committee. Furthermore, a diversity of opinions is encouraged within the Committee so that each member may act in accordance with his/her personal criteria.

e) The members of the Committee have the demonstrated capacity to perform the duties falling to the Committee as a result of their extensive experience, aptitudes and knowledge, including those relating to corporate governance, analysis and strategic assessment, evaluation of suitability requirements that may be necessary by virtue of regulations applicable to the company when performing senior management duties and in the design of remuneration policies and plans for directors and the executive team, among others.

f) The company is committed to a diverse composition in terms of gender, professional experience, competencies and industry knowledge. At 31 December 2019, 33.3% of the Committee consists of female directors.

g) The Committee has an Annual Action Plan and meets monthly and periodically reviews and analyses matters relating to appointments, performance and removals of directors and senior managers, including remuneration, compliance with director duties and corporate governance rules and actions, as well as with respect to employees of the Group companies, among others.

h) An annual self-assessment process regarding the Committee's functioning is carried out with external support within the framework of the annual self-assessment process of the Board of Directors.

i) There is an "Onboarding Programme" for new members of the Committee within the framework of the annual Onboarding Plan for new directors, called the Induction Plan.

j) There is an "Annual Knowledge Programme" for directors that is updated on an annual basis and is implemented throughout the year.

k) The Appointments and Remuneration Committee has performed and continues to perform an essential role in the design, planning and implementation of the evaluation of the Board of Directors and the preparation and update of the Contingency Plans for the Succession of the chairperson of the Board and the managing director, in coordination with the coordinating female independent director, as is explained in further detail in the company's Annual Corporate Governance Report.