
Annual Corporate Governance Report

2021¹



1. Unless another date is expressly indicated in this report, its content should be understood to refer to 31 December 2021.



RED
ELÉCTRICA
CORPORACIÓN

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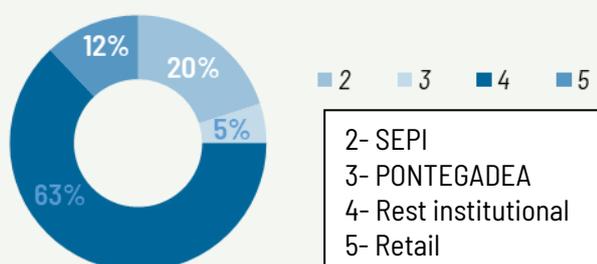
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At a glance: corporate governance model in 2021 (at 31/12/2021)

Red Eléctrica has a solid, transparent and cutting-edge corporate governance system that, through the adoption of best practices and international recommendations, constitutes an essential strategic element to ensure good governance of the Company.

OWNERSHIP STRUCTURE



GENERAL MEETING 2021

- Share capital: **270,540,000.00**
- No. of shares: **541,080,000**
- No. of voting rights: **541,080,000**
- Minimum no. of shares to attend the General Meeting: **1**
- Attendance quorum: **62.02%**
- Average percentage of votes for: **98.8%*1**

A REDUCED, BALANCED AND EFFICIENT BOARD OF DIRECTORS

Chair
Beatriz Corredor Sierra

Chief executive officer
Roberto García Merino

Proprietary non-executive directors (SEPI)
Mercedes Real Rodríguez
Member of the Audit Committee
María Teresa Costa Campi
Member of the Sustainability Committee
Ricardo García Herrera
Member of the Appointments and Remuneration Committee

Independent non-executive directors
Carmen Gómez de Barreda Tous de Monsalve
Chair of the Sustainability Committee and Lead Independent Director

Socorro Fernández Larrea
Chair of the Appointments and Remuneration Committee

Antonio Gómez Ciria
Chair of the Audit Committee

José Juan Ruiz Gómez
Member of the Audit Committee

Marcos Vaquer Caballería
Member of the Appointments and Remuneration Committee

Elisenda Malaret García
Member of the Sustainability Committee

Jose María Abad Hernández
Member of the Audit Committee

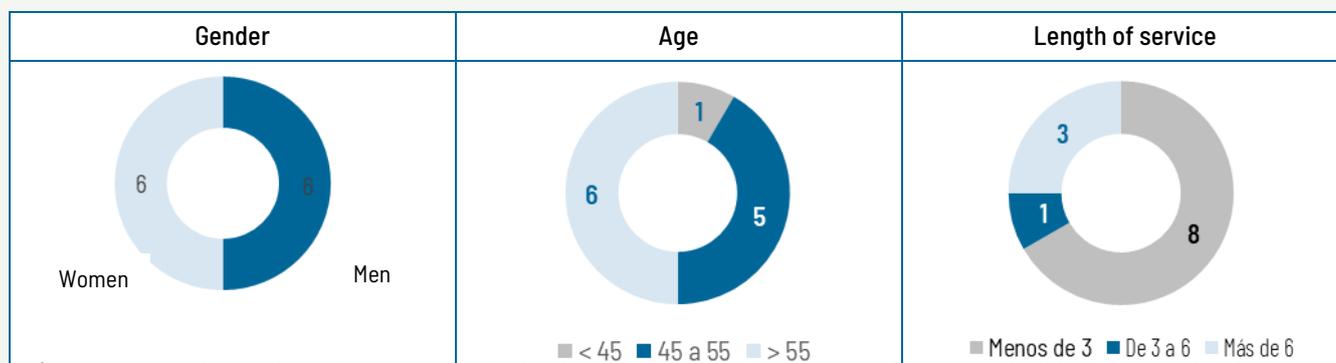
Secretary to the Board
Carlos Méndez-Trelles García
Non-director

Deputy secretary to the Board
Fernando Frías Montejo
Non-director

THE BOARD OF DIRECTORS IN FIGURES (12 MEMBERS)

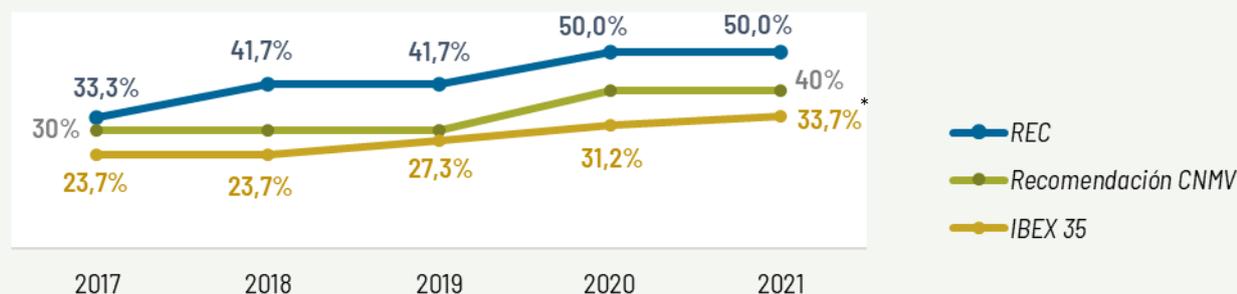
Non-executive chair	Chief executive director	Independent directors	Proprietary directors
1	1	7 (58.3%)	3 (25%)
Gender (women on the Board)	50%	No. of meetings	13
Average age	56.7	No. of attendances in person	155
Average term of office	2.75	Attendance at meetings	99.36%
Composition of the Board renewed in the last 4 years	66.7%	% of total voting rights	0.002%

DIVERSITY ON THE BOARD



*1. Excluding resolutions relating to directors' remuneration in which SEPI automatically abstains as a rule it has adopted in all listed companies in which it does not hold a controlling interest.

WOMEN ON THE BOARD: REC VS IBEX 35*3



BOARD COMMITTEES IN FIGURES

APPOINTMENTS AND REMUNERATION COMMITTEE (3 members)		AUDIT COMMITTEE (4 members)		SUSTAINABILITY COMMITTEE (3 members)	
Chair	Independent director	Chair	Independent director	Chair	Independent director
Independent directors	66.7% (2)	Independent directors	75% (3)	Independent directors	66.7% (2)
Proprietary directors	33.3% (1)	Proprietary directors	25% (1)	Proprietary directors	33.3% (1)
Gender (% women)	33.3% (1)	Gender (% women)	25% (1)	Gender (% women)	100% (3)
No. of meetings	13	No. of meetings	14	No. of meetings	12
No. of attendances in person	39	No. of attendances in person	56	No. of attendances in person	35
Attendance at meetings	100%	Attendance at meetings	100%	Attendance at meetings	97.22%

*3. Report "Gender diversity on Boards of Directors and Steering Committees" (Ibex 35). WomenCEO. 31 December 2021

Introduction: The Red Eléctrica Group

The world's first company devoted exclusively to electricity system operation and electricity transmission was incorporated on 29 January 1985 under the name of Red Eléctrica de España, S.A. (currently Red Eléctrica Corporación, S.A.).

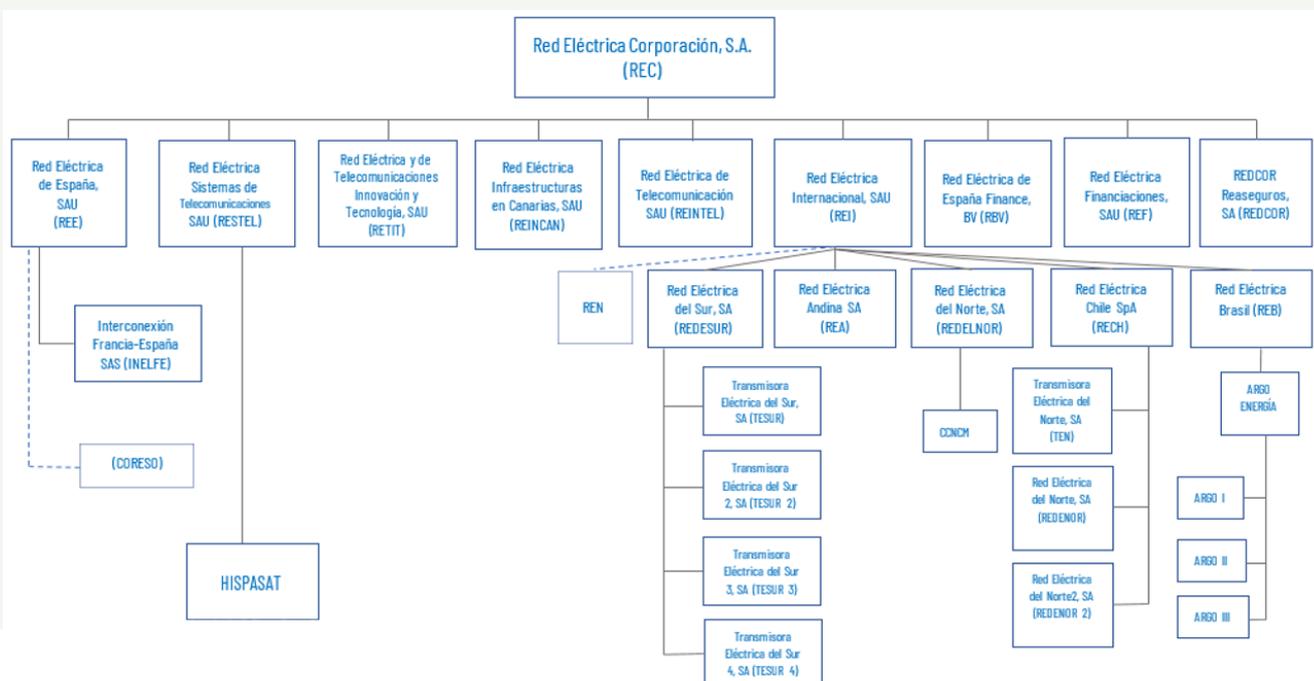
To strengthen transparency and the separation of the regulated activities in Spain (transmission and system operation) from the rest of the activities, Red Eléctrica became a holding company in 2008.

The Red Eléctrica Group's parent company is RED ELÉCTRICA CORPORACIÓN, S.A, which has the following wholly-owned subsidiaries:

- RED ELÉCTRICA DE ESPAÑA, S.A.U. (REE), which is responsible for electricity activities in Spain. REE owns 50% of the share capital of INTERCONEXIÓN ELÉCTRICA FRANCIA-ESPAÑA, S.A.S. (INELFE), a company formed in partnership with REE's French counterpart, RTE, for the development of interconnections with France.
- RED ELÉCTRICA INTERNACIONAL, S.A.U. (REI), which is responsible for the Group's investing and consulting activities outside Spain.
- RED ELÉCTRICA DE ESPAÑA FINANCE, S.L. (REEF) and RED ELÉCTRICA FINANCIACIONES, S.A.U. (REF), which were created as investment vehicles for the Group companies' various activities.
- REDCOR REASEGUROS, S.A. (REDCOR), incorporated to reinsure the risks of activities, so as to ensure better access to international markets.
- RED ELÉCTRICA INFRAESTRUCTURAS EN CANARIAS, S.A.U. (REINCAN), which develops hydroelectric pumping projects as tools at the services of the electricity system operator.
- RED ELÉCTRICA INFRAESTRUCTURAS DE TELECOMUNICACIÓN, S.A.U. (REINTEL), which manages the telecommunications business.

On 16 December 2021, the Red Eléctrica Group reached an agreement with KKR & Co. LP (KKR), under which KKR will acquire a 49% interest in REINTEL during the first half of 2022. In any case, Red Eléctrica Corporación, S.A. will continue to be a majority shareholder and will continue to consolidate REINTEL's results.

- RED ELÉCTRICA SISTEMAS DE TELECOMUNICACIONES, S.A.U. (RESTEL), which manages the satellite business through HISPASAT, S.A. (HISPASAT) in which it has an 89.68% shareholding.
- RED ELÉCTRICA Y DE TELECOMUNICACIONES, INNOVACIÓN Y TECNOLOGÍA, S.A.U. (RETIT), to accelerate technological innovation, generate competitive advantages and create business opportunities that make the Group



a benchmark in technology.

The Red Eléctrica Group's activities are distributed in the following three major areas:

1. Management and operation of electricity infrastructure (Spain)

- **Red Eléctrica de España, S.A.U.** is the single transmission system operator (TSO) of the Spanish electricity system. Its mission is to operate the system in real time, ensuring supply continuity and secure integration of renewable energies. It also develops and maintains the high-voltage electricity transmission network on a sustainable basis.

2. Management and operation of electricity infrastructure (international)

- **Red Eléctrica Internacional, S.A.U.** Investment in electricity transmission infrastructure abroad is channelled through various subsidiaries that are part of Red Eléctrica Internacional, S.A.U. It is currently developing projects in Peru, Chile and Brazil, through its subsidiaries.

3. Telecommunications business (fibre optic and satellites)

- **Red Eléctrica Infraestructuras de Telecomunicación, S.A.U.** operates more than 50,000 km of dark fibre optic cable deployed along the electricity transmission network and the network associated with railway service in Spain. It acts as a neutral provider of telecommunications infrastructure for the main players in the sector and telecom carriers who operate in the country. Its main business is leasing dark fibre optic and technical areas and sites to house telecommunications equipment. It also provides maintenance services for fibre optic cable and telecommunications equipment.
- **Hispasat, S.A.** On 3 October 2019, Red Eléctrica Corporación, S.A, through Red Eléctrica Sistemas de Telecomunicaciones, S.A.U, acquired 89.68% of the shares of Hispasat, S.A. This agreement positioned the Red Eléctrica Group as a global operator of electricity and telecommunications infrastructure, both in Spain and internationally, within the framework of the 2018-2022 Strategic Plan.

1. Regulatory framework and Corporate Governance Policy as an expression of the strategy in this area

The Board of Directors of RED ELÉCTRICA CORPORACIÓN, S.A. ("Red Eléctrica" or the "Company"), as the Board of a listed company, complies with the requirements of the laws applicable to listed companies. The Company also has a Corporate Governance Policy, which sets out, in brief, the catalogue of principles evidencing not only the Company's compliance with applicable laws and regulations but also its alignment with national and international corporate governance recommendations and best practices, which the Company has adopted voluntarily since it was listed on the stock market in 1999 and that it has incorporated into its own internal regulations. These internal regulations are reviewed on an ongoing basis so as to continue incorporating the best corporate governance practices and achieve greater information transparency for shareholders and other stakeholders.

Corporate Governance Policy

The Corporate Governance Policy was initially approved by the Board on 25 November 2014 and was most recently updated by resolution of the Board on 24 November 2020, coming into force on the same day of its approval. The policy was updated to bring it into line with current law on corporate governance and with the internal rules of the Red Eléctrica Group, and to incorporate the good governance recommendations generally accepted in international markets, adapted to the needs and business reality of the Red Eléctrica Group and the best practices applied by comparable companies, both from the Ibex35 and internationally.

This policy aims to align the Company's interests with those of its shareholders and other stakeholders by protecting and promoting a value shared by all, a value that incorporates economic, social, environmental and good governance criteria, thereby not only contributing to the sustainability, solvency and good reputation among shareholders and other stakeholders of the Company and the Group but also reinforcing trust, stability, long-term engagement, progress and the social and economic development of society at large.

This policy also establishes that it is based on the ethical values that govern the Company's relations with its various stakeholders and contributes to the achievement of strategies and sustained maximisation of the value of the Red Eléctrica Group.

These values are reflected in the principles that govern the Group's Corporate Governance Policy. The principles, which are continuously updated based on future commitments, have been adopted with the aim that they become embedded in the organisation as they constitute the corporate governance culture of the Red Eléctrica Group.

The Corporate Governance Policy is available on the corporate website at the following link: [Corporate Governance Policy](#)

Corporate Governance Policy

The Corporate Governance Policy of the Red Eléctrica Group embodies the ethical principles that reflect the corporate values governing its relations with stakeholders and the practices the Company and the Group follows or has undertaken to adopt to apply those principles, which ultimately are incorporated into the Group's internal corporate rules.

Other policies approved by the Company are the following:

- [Environmental policy](#)
- [Supply chain policy](#)
- [Compliance policy](#)
- [Economic-financial policy](#)
- [Excellence policy](#)
- [Integrated risk management policy](#)
- [Innovation policy](#)
- [Personnel policy](#)

- [Corporate reputation policy](#)
- [Integrated security policy](#)
- [Sustainability policy](#)
- [Criteria for reporting financial, non-financial and corporate information to shareholders, institutional investors, proxy advisors and other stakeholders](#)

Out of all the above policies, special emphasis is given in this report to the criteria for reporting financial, non-financial and corporate information to shareholders, institutional investors, proxy advisors and other stakeholders. They were approved by the Board at the meeting held on 25 October 2016 and were updated by the Board on 22 December 2020 to bring them into line with Recommendation no. 4 of the Code of Good Governance for Listed Companies (the "Code of Good Governance"), as revised in June 2020 by the Spanish National Securities Market Commission (CNMV), thus fulfilling the Board's commitment to comply with this Recommendation.

Recommendation no. 4 of the Code of Good Governance establishes that the Company should define and promote a policy regarding communication and contacts with shareholders, investors and proxy advisors, and a general policy regarding the communication of financial, non-financial and corporate information that contributes to maximising the dissemination and quality of the information available to the market, investors and other stakeholders. It sets out the principles and guidelines for communication with these stakeholders, which guarantee the proper exercise of their rights and interests and favour commitment to shareholders through open, transparent and continuous dialogue. The Board of Directors is the body in charge of reviewing and approving any amendments to and responsible for overseeing compliance with these criteria.

The criteria for reporting financial, non-financial and corporate information to shareholders, institutional investors, proxy advisors and other stakeholders are available on the corporate website at the following link:

[Criteria for reporting financial, non-financial and corporate information to shareholders, institutional investors, proxy advisors and other stakeholders](#)

The criteria for reporting financial, non-financial and corporate information to shareholders, institutional investors, proxy advisors and other stakeholders put into effect the **principle of consolidating, developing and promoting symmetric mechanisms for dialogue and engagement with shareholders, investors and leading stakeholders, guaranteeing transparency, active listening and equal treatment, to improve relations, strengthen commitment and reinforce their trust**, as stated in the Company's Corporate Governance Policy.

External regulatory framework

The main external regulations applicable in matters of corporate governance are the following:

External regulatory framework

1. Consolidated text of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*).
2. Circular 3/2021, of 28 October, of the Spanish National Securities Market Commission.
3. Code of Good Governance for Listed Companies.

1. Consolidated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July

This Act establishes the legal regime applicable to corporations and, specifically, to listed companies, which are the subject of Title XIV (sections 495 to 541). Its provisions may be overruled or modified by the Articles of Association, except for those that are mandatory.

The minimum content of the Annual Corporate Governance Report (ACGR) is established in section 540.4 of the Corporate Enterprises Act. This section was amended by Royal Decree Law 18/2017, of 24 November, the content of which was once again amended by Spanish Law 11/2018, of 28 December, which establishes the obligation to include a description of the diversity policy applied in relation to the board of directors, management and the specialised board committees, as regards issues such as age, gender, disability or the professional training and experience of its members; including its objectives, the measures taken, the manner in which they have been implemented, in particular, the procedures for seeking

to include a number of women on the board of directors to achieve a balanced presence of women and men, and the results in the reporting period, and any measures agreed by the appointments committee as regards these matters.

Companies must also disclose whether information was provided to shareholders on diversity criteria and objectives when electing or renewing board members, management and the specialised board committees. If there is no diversity policy, a clear and reasoned explanation must be given. Law 11/2018, of 28 December, also included other new developments as regards non-financial information that must be included in the directors' report, and that must be submitted for approval under a separate item on the agenda of the Annual General Meeting.

It should also be noted that the Corporate Enterprises Act was recently amended by Spanish Law 5/2021, of 12 April, as regards the encouragement of long-term shareholder engagement in listed companies and, among other matters, the wording of sections 182 and 521 of the Corporate Enterprises Act was adapted to implement the regulation of attendance by remote means; a new section 182 bis was also introduced to allow General Meetings to be held exclusively by remote means, if so provided for in the Articles of Association and subject to compliance with a series of requirements. Other matters provided for in the Corporate Enterprises Act have also been amended, such as the rules for related-party transactions, the exercise of voting rights by intermediaries and pre-emption rights, the requirements for directors and their remuneration, among others.

2. Circular 3/2021, of 28 October, of the Spanish National Securities Market Commission (CNMV)

This Circular amends Circular 5/2013, of 12 June, which establishes the standard forms for the annual corporate governance report of listed companies, savings banks and other entities that issue securities admitted to trading on official securities markets; and Circular 4/2013, of 12 June, which establishes the standard forms for the annual directors' remuneration report of listed companies and the board members and control committee of savings banks that issue securities admitted to trading on official securities markets.

The Official Annex to this ACGR has been prepared based on the standard form of Annex I included in Schedule II of this Circular.

The complete document is available at the following link: [CNMV Circular 3/2021, of 28 September](#)

3. Code of Good Governance for Listed Companies approved by resolution of the CNMV Board on 18 February 2015 and revised in June 2020

In February 2015, after incorporating many of the recommendations contained in the Unified Code of Good Governance for Listed Companies of 2006 into the Corporate Enterprises Act, the CNMV Board, based on the contributions of a Committee of Experts created for such purpose, approved the current Code of Good Governance for Listed Companies.

Since then, this Code has supplemented the provisions of the Act with good governance recommendations that serve as a reference for Spanish listed companies, and the degree to which they are followed must be reported in the Annual Corporate Governance Report (ACGR). However, after more than five years with the Code of Good Governance in force, in 2020 the CNMV decided that some of its recommendations should be amended to bring them into line with legal changes that have occurred since 2015 or to make them more specific or clearer. The reform also considered relevant developments in areas such as diversity on boards of directors, non-financial information and risks, attention to environmental, social and corporate governance matters, and remuneration.

This Code responds to the objectives of ensuring the proper functioning of the governing and managing bodies of Spanish companies to lead them to the highest levels of competitiveness; generating confidence and transparency for shareholders and national and foreign investors; and improving the internal control and sustainability of companies. The Code is made up of 64 recommendations divided into three large blocks, dealing with general aspects (recommendations 1 to 5), the General Meeting (recommendations 6 to 11) and the Board (recommendations 12 to 64), respectively.

Specifically, the reform of June 2020 amended 20 of the 64 recommendations comprising the Code of Good Governance (2, 4, 6, 7, 8, 14, 15, 22, 24, 37, 39, 41, 42, 45, 53, 54, 55, 59, 52 y 64), which also involved revising the wording of 6 principles (2, 4, 10, 19, 20 and 24), with a view to:

- Adapting the Code to the regulatory amendments approved since February 2015.
- Clarifying the scope of some recommendations that had raised doubts.
- Bringing its content into line with the highest international standards of good governance. The four pillars on which the reform is based are:
 - Encouraging diversity on boards.

- Increased relevance of non-financial information and sustainability.
- Greater attention to non-financial risks and, in particular, reputational risks.
- Clarification of certain aspects of directors' remuneration.

Therefore, five years after its approval, the reform of the Code of Good Governance aims to keep the Spanish Code and, therefore, the corporate governance of Spanish companies in line with the highest international standards.

Following the Code's recommendations is voluntary. However, under the "comply or explain" principle, listed companies that do not comply with any of the Code of Good Governance's recommendations are required to state their reasons for not doing so in their ACGR. In Section G of the Official Annex to this Annual Corporate Governance Report, the Company reports on its degree of compliance with the recommendations of the Code of Good Governance for Listed Companies.

Red Eléctrica complies with 61 recommendations, partially complies with 1 and does not comply and therefore explains only 2 recommendations.

The Code of Good Governance is available at the following link: [Code of Good Governance for Listed Companies](#)

External initiatives

The most noteworthy voluntary external initiatives regarding corporate governance include the Company's adherence to the United Nations Global Compact in 2002 and its participation in the following initiatives in relation to Principle 10 on anti-corruption:

- Participation, as a premium member of the Integrity Forum of the non-governmental organisation Transparency International Spain. The forum is a platform for reflection, provided by Transparency International Spain to improve compliance and ethical management in Spanish companies. It is organised into different working groups and holds regular thematic sessions on business ethics.
- Participation in the International Corporate Governance Network (ICGN). This body promotes effective standards for corporate governance and investor management to advance efficient markets and sustainable economies throughout the world, pursuant to the Global Governance Principles and to the Global Responsibility Principles of the ICGN.
- Participation in the Transparency, Good Governance and Integrity Cluster of Forética. This is a platform of companies coordinated by the Spanish association for promoting a culture of ethical and socially responsible management, Forética, with the aim of serving as a business meeting point for leadership, knowledge, exchange and dialogue on this subject.

Internal regulatory framework

The guiding principles on which the corporate governance strategy of the Company and the Group are based are set out in a body of corporate rules and procedures, listed below. As a voluntary legal regime, following the principles of the Corporate Governance Policy and in line with best practice, these regulations and procedures go beyond the applicable regulatory requirements.

On 31 December 2021, these internal corporate rules consisted of:

Internal regulatory framework

1. Code of Ethics and Conduct.
2. Articles of Association.
3. Board Regulations.
4. Internal Code of Conduct in the Securities Market.
5. General Meeting Regulations.
6. Procedure for proxy appointment, voting and provision of information by remote means at the General Meeting (for the 2021 Annual General Meeting).
7. Rules of Operation for the Shareholder E-Forum (for the 2021 Annual General Meeting).

• Code of Ethics and Conduct

The Code of Ethics and Conduct formalises the Red Eléctrica Group's commitment to ethics and the commitments undertaken with the business environment and with the various stakeholders affected by the Group's activities, providing a ethical guide to know and facilitate commitment to the ethical values, principles and guidelines for conduct that should govern professional activity within the organisation.

Many of these values and commitments have accompanied Red Eléctrica since 1987, when it published its first shared value system, under the title "Basic principles of action".

In 2018, the Company began the process of reviewing and updating the Code of Ethics with the aim of bringing it into line with best practices in compliance management, and the changes in the demands of stakeholders and changes in the structure of the Red Eléctrica Group.

This project was carried out by a specific multidisciplinary working group formed by the compliance, corporate governance, sustainability, human resources and procurement areas, with the participation in the project of the organisation's other areas, and employees by means of an ad hoc evaluation survey, prior to the final approval of the new Code.

In addition, Transparency International, a benchmark entity in the field of integrity, participated in the external review of the Red Eléctrica Group's new Code.

This process culminated with Board approval, at its meeting held on 26 May 2020, of the new Code of Ethics and Conduct of the Red Eléctrica Group (the fourth since the incorporation of the Company), which is available on the Company's website through the following link: [Code of Ethics and Conduct](#)

The Code of Ethics serves as a basis and foundation for the Corporate Governance Policy, which proclaims the *principle of establishing the necessary mechanisms and instruments to ensure that the Group identifies, analyses and adopts best practices, principles and recommendations in good corporate governance matters, following the principle of excellence in its actions and the principle of fostering a knowledge of the principles and values that inspire the Group's Corporate Governance Policy, both internally within the Red Eléctrica Group, and externally among all stakeholders.*

• Articles of Association

The Articles of Association govern the Company's internal operations and regulate, among other matters, the functioning of the General Meetings, the Board and its Committees.

They are constantly being adapted to bring them into line not only with applicable law but also with best practices and principles regarding corporate governance and, therefore, they have been subsequently amended by the Company at its Annual General Meeting.

The most recent amendments to the Articles of Association were approved in 2015, to adapt them to the legislative reforms introduced by Spanish Law 31/2014, of 3 December, which amended the Corporate Enterprises Act to improve corporate governance, and other amendments of style or order designed to give greater clarity to the text of the Articles of Association; in 2016, on the occasion of the share split, through which the par value of the Company's shares was reduced from two euros to fifty euro cents per share; in 2019, with the changes made to the regulation of the remuneration of board members, eliminating possible remuneration arrangements that have not been used in the past and providing greater detail on the remuneration components of directors in their capacity as such (for their non-executive functions) and of executive directors; and, furthermore, to expressly provide for the payment or reimbursement of expenses incurred in the performance of their duties, along with other terminological nuances and clarifications; and in 2021, to adapt them to Law 5/2021, of 12 April, amending the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies (mainly regarding the possibility of holding meetings by remote means; powers of the General Meeting, the Board and the Audit Committee as regards related-party transactions; provisions relating to pre-emption rights in capital increases; and directors' remuneration, among others), and to include certain technical and wording clarifications.

The Articles of Association is available on the corporate website at the following link: [Articles of Association](#)

• Board Regulations

The Board Regulations establish the basic rules of organisation and functioning of the Board and its Committees, the rules of conduct for their members and the system of supervision and control of the Board and its Committees to ensure the highest standards of professionalism and efficiency of their actions. This is achieved by encouraging the active participation of its directors, placing the interests of the Company and of its shareholders above their own interests, in accordance with the law, the Articles of Association and corporate governance principles.

At the meeting held on 31 March 2020, the Board amended the Board Regulations to include the appropriate adaptations to Law 11/2018, of 28 December, on non-financial information and diversity (*Ley 11/2018 en materia de información no financiera y diversidad*), to update the functions of the Board and its committees as regards sustainability, some of them of a cross-cutting nature, with the formal and material scope agreed upon by the three committees, and to strengthen the mechanisms of coordination among the three Board committees.

This revision improved the governance of the Red Eléctrica Group, strengthening the role of the Board of Red Eléctrica Corporación, S.A. in relation to the Group, by incorporating and reinforcing governance agreements (appointment, renewal and removal of the directors of Group companies, the appointment and dismissal of the executives of Red Eléctrica Corporación, S.A. and Red Eléctrica de España S.A.U, who report directly to the chair of the Board or the CEO and to the strategic managers of the Group as established by the Board, and the establishment of the basic contractual terms governing these relationships, including their remuneration) as adopted by the Board on September 2019. The Regulations also expressly include the concept of corporate reputation as one of the principles inspiring the actions of the Board, which must also look after the interests of the Company as a whole.

In particular, the functions of the position of chair of the Board relating to institutional representation, supervision of the policies and strategies of the Company and the Group, and the need to ensure the independence of Red Eléctrica de España, S.A.U. as TSO are included.

Furthermore, this revision strengthened the principle of the TSO's independence –separation of regulated and non-regulated activities– and included the amendment envisaged in the draft law amending the consolidated text of the Corporate Enterprises Act (and other financial regulations to bring them into line with Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement) regarding the elimination of the figure of the director that is a legal entity in listed companies. Finally, it introduced some other improvements in terms of form or style.

The most recent amendment to the Regulations was approved by the Board, at its meeting held on 25 May 2021, to bring them into line with the reform of the Corporate Enterprises Act by Law 5/2021, of 12 April, which amends the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies in matters mainly relating to the rules on related-party transactions, directors' remuneration, the directors' duty of diligence and the content of the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration.

The amendment to the Board Regulations was proposed and reported on favourably by the Appointments and Remuneration Committee, in accordance with Article 3 of the Board Regulations. This Committee also drew up the relevant proposal, together with the explanatory report provided for in the above section.

The Board Regulations is available on the Company's website at the following link: [Board Regulations](#)

● Internal Code of Conduct in the Securities Market

The Company approved its first Internal Code of Conduct in the Securities Market on 7 February 1994. There have been several updates to this Code since then, with the most recent update being that approved by the Board on 26 November 2019 to bring it into line with the regulatory changes made to the Spanish Securities Market Act (*Ley del Mercado de Valores*) by Royal Decree Law 19/2018, of 23 November, on payment services and other urgent financial measures, to the Spanish Criminal Code (*Código Penal*) and to the sanctioning provisions on use or transfer of inside information, and to the legal provisions governing the personal data protection.

The Code has also been amended to include new internal procedures after the rollout of an online tool, the "Internal Code of Conduct Platform", to facilitate compliance with the obligations set out in the Code; in addition, after having seen the complexity of the functions that the Code attributes to the Oversight Body, it was considered appropriate for that body to be organised as a collective body, with the subsequent changes to its composition and operating guidelines.

The full text of the Code is available on the corporate website at the following link: [Internal Code of Conduct in the Securities Market](#)

The Articles of Association, Board Regulations and Internal Code of Conduct in the Securities Market put into effect the *principle of exercising the necessary control and supervision in the areas that are most critical and relevant to the Group by making the Board assume direct responsibilities and establishing those responsibilities as being reserved for the Board in the Internal Code*, a principle stated in the Group's Corporate Governance Policy.

• General Meeting Regulations

The General Meeting Regulations represent the shareholders' legal status rules in line with best practices regarding corporate governance, and they include all the means of shareholder protection and participation, with a view to recognising, promoting and strengthening shareholder rights in the Company to the greatest extent possible.

The amendment to these Regulations was approved at the Annual General Meeting held in 2015 to bring them into line with the legislative reforms introduced by Law 31/2014 of 3 December, which amended the Corporate Enterprises Act to improve corporate governance, and other amendments of style or order designed to give greater clarity to the text of these Regulations.

The most recent amendment to these Regulations was approved at the Annual General Meeting held on 29 June 2021 to bring them into line with Law 5/2021, of 12 April, which amends the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies (mainly regarding the possibility of holding meetings by remote means; powers of the General Meeting, the Board and the Audit Committee as regards related-party transactions; the system for splitting votes by intermediaries; and the confirmation of votes cast at the General Meeting; among others), and to include certain technical and wording clarifications.

The General Meeting Regulations are available on the Company's web site at the following link: [General Meeting Regulations](#)

• Procedure for proxy appointment, voting and provision of information by remote means at the General Meeting

This procedure regulates the different means shareholders may use to appoint proxies, vote remotely and request information by electronic means, and the rules of priority.

The Board of Directors, at its meeting held on 25 May 2021, approved the for proxy appointment, voting and provision of information by remote means for the Annual General Meeting held on 29 June 2021.

The full text of this procedure is available on the Company's website at the following link: [Procedure for proxy appointment, voting and provision of information by remote means at the General Meeting](#)

• Rules of Operation for the Shareholder E-Forum

The purpose of the forum is to facilitate communication between the Company's shareholders (individuals, natural persons and legal entities, and any voluntary shareholder associations that may be formed) when the General Meetings are held.

The rules for the Annual General Meeting held on 29 June 2021 were approved by the Board at its meeting held on 25 May 2021 on the same terms as those approved by the Board at the General Meetings held in previous years.

The Rules of Operation for the Shareholder E-Forum are available on the Company's web site at the following link: [Rules of Operation for the Shareholder E-Forum](#)

The General Meeting Regulations, the procedure for proxy appointment, voting and provision of information by remote means at the General Meeting and the Rules of Operation for the Shareholder E-Forum put into effect the *principle of promoting informed participation by the Company's shareholders at General Meetings, in relation to the principle of ensuring the proper exercise of shareholder rights at General Meetings*, both of which are set out in the Company's Corporate Governance Policy.

External recognitions

As a result of its compliance with external and internal regulations and its application of best practices, the Company has received a number of external recognitions. The main external recognitions related to corporate governance awarded to the Company in 2021 are listed below. Although some of them were obtained as part of a sustainability award, corporate governance aspects were a very important consideration in those awards:

Main external recognitions

1. Once again included in the Dow Jones Sustainability World Index.
2. Received the National Award for Excellent, Innovative and Sustainable Management, granted by the Excellence in Management Club (Club Excelencia en Gestión), the EFQM in Spain, in 2019.
3. "Silver Class" classification in the S&P Global's Sustainability Yearbook 2022, a publication that recognises leading companies in sustainability.
4. Inclusion in the FTSE4Good sustainability index.
5. Inclusion in the MSCI ESG index, reaching the highest rating "AAA" granted by that index.
6. Inclusion in the Euronext-Vigeo sustainability indexes (Eurozone 120, Europe 120 and World 120).
7. Inclusion in the Ethibel Sustainability Index (ESI) Excellence Europe.
8. Received "Prime" status, with a B+ score in the ISS-Oekom sustainability rating.
9. Inclusion in the STOXX Global ESG Leaders index family.
10. Once again recognised for its leadership position in the ESG Risk Ratings of Sustainalytics.
11. Once again included in the Bloomberg Gender-Equality Index.
12. Inclusion in the IBEX Gender Equality Index.

2. Commitment to dialogue with and engagement of shareholders and other stakeholders

Over the last few years, Red Eléctrica has made significant progress in transparency and good governance matters. Good governance allows stakeholders to have regular, timely access to relevant, sufficient and reliable information on the governance rules and practices of the Company and the Group, and the results obtained.

Best practices in 2021 focused on dialogue and engagement with shareholders

- Update and continuous improvement of the corporate governance information contained on the corporate website to meet international standards.
- Participation in national and international corporate governance forums, working groups and initiatives (International Corporate Governance Network, Institute of Directors, Spanish Issuers Association, etc.).
- Road shows with foreign shareholders and proxy advisors on business and corporate governance.
- Receipt of international external advice in corporate governance matters.
- Board assessment with the support of a new international external consultant.

It should be noted that in 2013 the Company became a member of the International Corporate Governance Network (ICGN), a worldwide corporate governance body that brings together international institutional investors, large corporations, regulators, academics, proxy advisors and other corporate governance specialists, participation in which is considered to be very positive for the Company.

The Company conducts its relations with shareholders and institutional investors at a generic level, not individually or specifically with any one of them. Under no circumstances does the Company provide institutional shareholders with information that is liable to place them in a privileged or advantageous position with respect to other shareholders; the Company merely provides information that is already public in a rational and ordered manner.

The Company usually organises road shows, presented by the Company's top executives, in the most relevant financial markets in Spain and abroad in which there is a larger presence of institutional investors, to provide information on the Group's activities and business development, trying to approach this specific group of investors in this way.

In view of the high percentage of foreign institutional shareholders, close to 70%, in January 2021 and in January 2022, in both cases prior to the call notice of the General Meeting, and as in previous years, the Company launched a programme of contact with and visits to investors and proxy advisors (both online and in person, depending on the circumstances in each case) to gather relevant and updated information from these shareholders and to directly explain the practices and actions of the Company and the Group regarding corporate governance matters. The aim of this initiative is to consolidate adequate mechanisms for regular, symmetric exchange of information with national and foreign institutional investors and the most prominent proxy advisors, for the purpose of adjusting to the latest international standards in corporate governance.

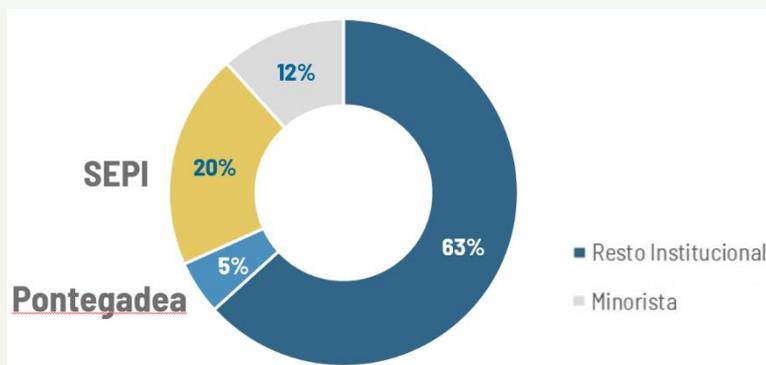
The criteria for reporting financial, non-financial and corporate information to shareholders, institutional investors, proxy advisors and other stakeholders, updated by the Board on 22 December 2020, set out the policy and the principles and guidelines for communicating with these stakeholders, with the aim of ensuring that they are able to exercise their rights, protecting their interests and promoting engagement with shareholders through open, transparent and continued dialogue.

2.1. Ownership structure

The state holding company Sociedad Estatal de Participaciones Industriales (SEPI) holds 20% of the Company's shares and the remaining 80% are free float, although, as it will be explained below, no other shareholder may hold more than a 5% interest in the share capital.

The free float includes a high percentage of foreign shareholders, especially institutional investors, which based on the latest information available in 2021 held close to 68% of the share capital (of which around 39% is located in the UK and the US,

countries that are particularly demanding in terms of good corporate governance). That is why the Board places such importance on the international corporate governance practices and recommendations demanded by its shareholders.



2021

- **Share capital:** 541,080,000 shares
- **Capitalisation (25/05/2021):** EUR 8,803 million
- **Free float:** 80%
- **Foreign and Spanish institutional:** 68%
- **Retail:** 12%

Source: Thomson Reuters shareholdings information as of May 2021. Banco Santander June 2021.

2.2. Powers of the General Meeting

The General Meeting, duly called and legally convened, represents all the shareholders and exercises the functions assigned to it within the Company.

Its resolutions are passed in accordance with the General Meeting Regulations and the Articles of Association and are binding on all shareholders, without prejudice to their legal right of withdrawal. The General Meeting has the power to pass all resolutions specific to its status as the Company's sovereign body.

Some powers of the General Meeting

The General Meeting is responsible, among other things, for:

- Approving the Company's separate and consolidated financial statements, its management by the Board and the proposed allocation of profit or loss.
- Appointing and removing directors, ratifying, as necessary, their appointment by co-option, and appointing and reappointing the auditors.
- Approving the withdrawal or limitation of pre-emption rights.
- Approving the directors' remuneration policy in accordance with the law.
- Approving the acquisition, disposal or contribution of core assets to another company. An asset is presumed to be a core asset when the amount of the transaction exceeds 25 per cent of the value of the assets shown in the last approved balance sheet.
- Resolving on capital increases or reductions, transformations, mergers, spin-offs, en bloc transfer of assets and liabilities and transfers of the registered office abroad.
- Approving the dissolution of the Company and the liquidation balance sheet, and any transactions the effect of which is equivalent to liquidation of the Company.
- Transferring core activities to subsidiaries that were previously carried out by the Company itself, even when the Company retains full control over them.

The General Meeting may also give instructions to the managing body or submit the decisions or resolutions on certain management issues for approval by this body, in accordance with the Corporate Enterprises Act.

The rules on the organisation and functioning of the General Meeting are contained in the Articles of Association (Articles 11 to 18, both inclusive) and in the General Meeting Regulations. These rules are available on the corporate website at the following links:

[Articles of Association](#)

[General Meeting Regulations](#)

The powers of the shareholders at the Annual General Meeting include the power to appoint the Board members. The following resolutions were passed at the Annual General Meeting held on 29 June 2021:

- Appoint Marcos Vaquer Caballería as independent director of Red Eléctrica Corporación, S.A, for the term of four years established in the Articles of Association, to replace the independent director María José García Beato, at the proposal of the Appointments and Remuneration Committee, in accordance with section 529 decies of the Corporate Enterprises Act.
- Appoint Elisenda Malaret García as independent director of Red Eléctrica Corporación, S.A, for the term of four years established in the Articles of Association, to replace the independent director Alberto Francisco Carbajo Josa, at the proposal of the Appointments and Remuneration Committee, in accordance with section 529 decies of the Corporate Enterprises Act.
- Appoint José María Abad Hernández as independent director of Red Eléctrica Corporación, S.A, for the term of four years established in the Articles of Association, to replace the independent director Arsenio Fernández de Mesa y Díaz del Río, at the proposal of the Appointments and Remuneration Committee, in accordance with section 529 decies of the Corporate Enterprises Act.
- Ratify the appointment of Ricardo García Herrera as proprietary director of Red Eléctrica Corporación, S.A, resolved by the Board at its meeting held on 22 December 2020 and, accordingly, appoint him as proprietary director, as a representative of Sociedad Estatal de Participaciones Industriales (SEPI), for the term of four years established in the Articles of Association, in accordance with section 529 decies of the Corporate Enterprises Act.

The resolutions passed by the shareholders at the Annual General Meeting held on 29 June 2021 were reported to the CNMV as "Other relevant information", with registration number 10247, and have been published in both English and Spanish on the Company's website from the day on which the General Meeting was held.

These resolutions are available on the CNMV's website and on the Company's website at the following links:

[Other relevant information filed with the CNMV on resolutions passed at the 2021 Annual General Meeting](#)

[Full text of the resolutions passed at the 2021 Annual General Meeting](#)

2.3. Right to information

For several years now proposed resolutions have been published in full, in Spanish and in English, together with the call notice for the General Meeting, with all relevant information for shareholders being posted on the Company website, which is designed to make it easier for shareholders to exercise their right to information. The Company's website is a suitable mechanism for communicating with shareholders and investors, as it is the means to publish, among other things, the following information:

- The quorum requirement, the result of the votes taken on each of the resolutions approved by the shareholders at previous General Meetings, and the rest of the related documents.
- Information relating to the right to attend and procedures for granting proxies for General Meetings, in accordance with the Company's Articles of Association and the General Meeting Regulations.
- Information regarding electronic voting and proxies.
- Information regarding issuances of outstanding securities.
- Information regarding the rating given to the Company by credit rating agencies.
- Increased information about the Company's shareholders, with greater detail on significant holdings, treasury shares and shareholder agreements.

Background:

Spanish Law 25/2011, of 1 August, introduced a number of changes relating to the website content of listed companies, in particular, regarding the information that must be published on the website when calling a General Meeting. Despite the fact that most of this information was already published on the Company's website, the shareholders at the Annual General Meeting held on 19 April 2012 approved an amendment to the relevant Articles of the General Meeting Regulations to include the content required under this Act.

At this Annual General Meeting held on 19 April 2012, the shareholders ratified the creation of the Company's corporate website at the domain "www.ree.es", as required by section 11 bis of the consolidated text of the Corporate Enterprises Act.

Ministerial Order ECC/461/2013, of 20 March (currently in force, as it was not repealed with the approval of the latest amendments to the Corporate Enterprises Act), which determines the content and structure of the annual corporate governance report, the annual remuneration report and other reporting instruments of listed companies, describes the relevant information to be included on the websites of listed companies; however, the current corporate website not only contains all the information specified in that Order but also information expanded and improved in following years.

In 2013, the quality of the information available to shareholders was improved with the voluntary creation of the "Corporate Governance" section at the top of the main menu of the website.

In 2015, the corporate website was adapted to the requirements established in CNMV Circular 3/2015, of 23 June, on technical and legal specifications and information to be included on the websites of listed companies and savings banks that issue securities admitted to trading on official secondary securities markets.

2016 was a particularly important year as regards disclosure and information transparency through the corporate website in relation to the Company's corporate governance. The most noteworthy improvements to the information contained on the corporate website were the following:

- Publication of a highly visual, user-friendly and interactive section for exploring the history of the Company's corporate governance since it went public in 1999.
- Publication of the criteria for reporting financial, non-financial and corporate information to shareholders, institutional investors, proxy advisors and other stakeholders, which sets out the principles and guidelines for the Company's communication with these stakeholders.

This process of continuous improvement of the corporate website continued in 2017, the most noteworthy milestone being the revision of the "Ethics and transparency" section. This section was renamed "Ethics and compliance", and includes information on the Company's new regulatory compliance system, the methodology for assessing risks of non-compliance and the importance of raising awareness and training as key factors for the development of a culture of compliance within the organisation.

In 2018, the "Committees" section was restructured with the approval of the new Sustainability Committee.

In 2019, two new informational spaces were added in the "Ethics and compliance" section. One is to provide information on the Data Protection and Compliance System, and the other is to make public the Company's commitment to preventing corruption. Pursuant to that commitment, the Company began, together with the Spanish Network of the United Nations Global Compact, an anti-corruption training programme for our suppliers aimed at educating companies on these matters, on the basis of Principle 10 of United Nations Global Compact, which states that "businesses should work against corruption in all its forms, including extortion and bribery".

In 2020, a year marked by COVID-19, the first significant change consisted of adapting the "General Meeting" section so that the meeting could be held solely by remote means. The special measures adopted in response to the health situation created by COVID-19 include the creation of a new remote attendance channel so that shareholders, in addition to having the possibility of using the ordinary procedure for proxy appointment, voting and provision of information by remote means, could participate in and cast their vote for the General Meeting from their homes by remote means.

The Company also took a step further in transparency in 2020 with the revision and updating of the Corporate Governance Policy and the criteria for reporting financial, non-financial and corporate information to shareholders, institutional investors, proxy advisors and other stakeholders.

The COVID-19 pandemic continued to affect the social landscape in 2021 and, therefore, the "General Meeting" section has included the same mechanisms for holding meetings as in the previous year: use of the remote attendance channel and ordinary procedure for proxy appointment, voting and provision of information by remote means. Furthermore, the "Ethics and compliance channel" section was updated in 2021 to promote the implementation of the new [Code of Ethics and Conduct](#) ap-

proved in 2020. A new management platform was launched in this section, available to all members of the Red Eléctrica Group and to its stakeholders.

In addition, the following actions taken by Red Eléctrica as regards the website to make it easier for shareholders to exercise their right to information at the General Meeting are notable:

- Call notices are always posted more than one month in advance.
- All documentation submitted for approval at the General Meeting and especially the financial statements and the Annual Corporate Governance Report, are made available to all shareholders at the corporate headquarters, on the website and at the Shareholder Information Office.
- An entire item on the agenda of the Annual General Meeting is devoted to reporting on the principal characteristics of the Annual Corporate Governance Report.
- The annual activities reports of the Audit Committee, the Appointments and Remuneration Committee and the Sustainability Committee are made available to all shareholders through a link in the Annual Corporate Governance Report and are published on the corporate website.
- A Shareholder Bulletin is published quarterly and contains the main news regarding the Company.
- The items on the agenda of General Meetings are explained in as much detail as possible.
- Items are voted on separately, even by way of remote voting, with a view to giving shareholders full decision-making freedom and independence as regards each item put to a vote.
- The Shareholder Information Office specifically deals with requests made by the Company's shareholders. Shareholders may also submit questions in writing about the information available to the public or reported to the competent authorities and make inquiries through the Shareholder Information Office.
- Prior to the Annual General Meeting, in addition to the annual sustainability report, the report on the independence of the auditor and the reports on the functioning of the Board committees are published on the corporate website, all in accordance with Recommendation no. 6 of the Code of Good Governance.
- For several years now, an independent consultant has conducted an audit of the processes for managing the Annual General Meeting, with a view to improving the protection of shareholder rights at General Meetings. The auditor's reports are published on the website on the same day the General Meeting is held. Since the 2014 Annual General Meeting, shareholders have been offered the possibility of requesting a certificate confirming their vote, verified by the external auditor of the General Meeting. In January 2019, the Company's Audit Committee reported favourably to the Board on the replacement of the auditor of these management processes for the purpose of complying with the recommendations on regular rotation of the auditors, as a guarantee of their independence.
- Shareholders have the "Red al día" service from which, after subscribing, they can receive e-mail alerts on relevant company information.

Accordingly, besides making timely disclosures to the market in 2021 through regular publication of information about its financial results and through relations with institutional investors, Red Eléctrica has included all the relevant information and notices on its corporate website, which is the basic tool used by the Company to communicate with its shareholders.

Apart from the legal and regulatory requirements regarding the corporate website, Red Eléctrica places importance on its continuous adaptation and development as regards corporate governance, which it endeavours to describe on its website, keeping it permanently updated, as a living instrument of communication, dialogue and commitment with shareholders, in application of its Corporate Governance Policy. That is why this priority is maintained every year, as described in Section 7 (Future outlook of Red Eléctrica in corporate governance matters) of this Report.

2.4. Right to attend

The shareholder limits on holding the Company's share capital are established in additional provision twenty-three of Spanish Law 54/1997, of 27 November, and remain in force, as expressly provided by the single repealing provision of the Spanish Electricity Sector Act 2013 (*Ley 24/2013 del Sector Eléctrico*). These shareholder limits are as follows:

- Any natural person or legal entity may hold shares in the Company, provided the sum of their direct and indirect holdings of the Company's shares does not exceed 5% of the share capital and they do not hold more than 3% of the voting rights. These shares may not be pooled together under any circumstances.

- Parties that engage in activities in the electricity sector, and any natural persons or legal entities that directly or indirectly hold more than 5% of the share capital of such parties, may not exercise more than 1% of the voting rights in the parent company.
- The special regime for SEPI is maintained, whereby SEPI must always hold at least ten per cent (10%) of the Company's share capital.

The legal provisions concerning the general and special shareholding regime are included in Articles 5 and 14 and the sole additional provision of the Company's Articles of Association and also in Article 6.3 of the General Meeting Regulations.

Shareholders may attend the General Meeting as long as they are up to date in the payment of capital calls and provide evidence of their share ownership in the form of a certificate made out in their name in the accounting register of book entries five days before the meeting is to be held.

Article 15 bis of the Articles of Association and Article 10 of the General Meeting Regulations provide that shareholders with the right to attend may be represented at the General Meeting by any other person, in accordance with Corporate Enterprises Act. The condition that the proxy must be another company shareholder has been withdrawn, following the approval of the adaptation of its content to Law 25/2011, of 1 August, at the Annual General Meeting held on 19 April 2012.

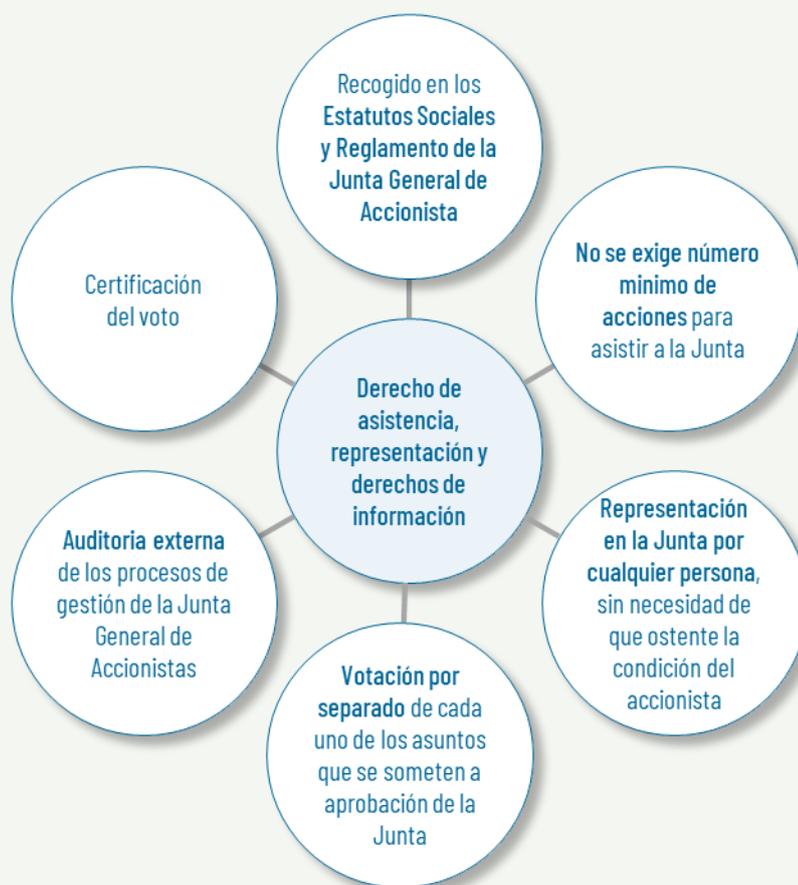
There is no restriction in the Articles of Association requiring a minimum number of shares to be held to attend the General Meeting (the "one share, one vote" principle applies).

The Company's directors have the duty to attend the General Meetings.

As a general rule and in order for the meeting proceedings and resolutions passed to reach the widest possible audience, General Meetings are open to the media and the proceedings are broadcast in audio and video format, with a simultaneous interpreter in English and in sign language to promote inclusive communication.

It should be noted that the last General Meeting in 2021 was held exclusively by remote means as a result of the health situation caused by the COVID-19 pandemic (under Royal Decree Law 34/2020, of 17 November, on urgent measures to support business solvency and the energy sector, and on tax matters, which was amended by Royal Decree Law 5/2021, of 12 March, on special measures to support business solvency in response to the COVID-19 pandemic), i.e, without the physical attendance of the shareholders or their proxies and, in general, without the attendance of any other person except those who were absolutely essential for the organisation of the meeting, in order to safeguard the general interests of the shareholders, the health of all persons involved in the organisation, the interest of all its shareholders and that of other stakeholders, and guaranteeing at all times all shareholders' rights.

Accordingly, in addition to the possibility of using the ordinary procedure for proxy appointment, voting and provision of information by remote means, shareholders were given the option of participating in the Annual General Meeting held on 29 June 2021 by remote means, whereby they were able to take the floor and submit proposals for resolutions or requests for information or clarifications, and to cast their vote by these remote means, in accordance with the procedure for remote attendance at the General Meeting approved by the Board on 25 May 2021.



2.5. Right to participate

Red Eléctrica pays special attention to the right to information and to facilitating the greatest possible shareholder participation in General Meetings.

Key mechanisms for fostering the right to participate

- Electronic voting system in place at General Meetings since 2005.
- Section on the corporate website providing complete information for General Meetings.
- Live webcasts of the General Meetings, with simultaneous translation into English and sign language in Spanish.
- Shareholder E-Forum.
- Remote attendance, in view of the situation caused by the COVID-19 pandemic.
- Information in social media.
- Shareholder and investor information office.

As a result of these mechanisms, a total of 1,413 shareholders voted (226 in person and 1,187 by proxy) at the 2021 Annual General Meeting (AGM). The average percentage of votes in favour of the proposed resolutions submitted at the 2021 AGM was 93.6%. This percentage includes all the resolutions, including those relating to directors' remuneration in which SEPI abstains as it has done for many years following a rule it has adopted in all listed companies in which it does not hold a controlling interest. If the resolutions on directors' remuneration are excluded as mentioned above, the average percentage of votes in favour would be 98.8%.

2.6. Relations with other stakeholders

The Red Eléctrica Group's **stakeholder management model**, which includes the requirements of benchmark rules and standards such as AA1000, IQNet SR10, ISO26000 or the Global Reporting Initiative, aims to ensure adequate management of the significant economic, social and environmental impacts of the Red Eléctrica Group's activities and services on its stakeholders, thus avoiding the risk of not quickly identifying any problem that could affect its relationship with them.

In 2021, a detailed review and update of the management model began to bring it into line with the growth and diversification of the Group. Specifically, the following activities were carried out:

- The Company's stakeholder identification process was reviewed and documented.
- The factors for prioritisation were updated, and the method for assessing this prioritisation, which is based on an analysis of the Company's impact on stakeholders, the stakeholder's influence on the Company and potential strain on the relationship.
- Both the current relationship framework and the relationship channels between the Company and each stakeholder have been documented.

These improvements to the management model were applied, in this first phase, to Red Eléctrica Corporación, S.A. and Red Eléctrica de España, S.A.U, and, therefore, the stakeholder inventory was updated and now consists of the following categories: regulatory bodies and public authorities, economic-financial ecosystem, business ecosystem, suppliers, customers, social ecosystem and people.

In 2022 and 2023, progress will continue to be made in applying the new stakeholder management model to the various Group companies.

The Company carries out annual opinion surveys aimed at assessing the satisfaction of stakeholders with the Company's performance and identifying requirements and expectations. In addition to serving as a tool for engagement and dialogue with its stakeholders, these surveys are an important tool to ensure the Company's continuous improvement. In 2021, the Company carried out opinion surveys with minority shareholders, social agents and associations, town councils, customers and environmental groups.

More information at: [Red Eléctrica Group Stakeholders](#)

3. The Board of Directors is the body responsible for risk control and oversight

The Board of Directors manages, governs and represents the Company, without prejudice to the powers assigned to the General Meeting, and performs its tasks in accordance with the rules of organisation and functioning set out in the Articles of Association and the Board Regulations.

3.1. Composition

As regards the qualitative composition of the Board, Article 7 of the Board Regulations states that in exercising its power to submit proposals at the General Meeting and to co-opt directors to fill vacancies, the Board should strive to achieve a Board composition so that:

- a) Non-executive directors represent an ample majority of the Board.
- b) The number of executive directors is the minimum necessary, taking into account the complexity of the corporate Group.
- c) As regards non-executive directors, the ratio of proprietary to independent directors should match the ratio of the Company's share capital represented by proprietary directors and the rest of the share capital; this strict proportionality rule may be relaxed, so that the weight of proprietary directors on the Board may be greater than would otherwise be the case given the percentage of share capital they represent.
- d) The number of independent directors is at least half of the total number of directors. When the chair of the Board is also the Company's chief executive officer, independent directors should be a majority of the total number of directors.

Likewise, as regards the quantitative composition of the Board, Article 20 of the Articles of Association indicates that the Board must have no fewer than nine (9) and no more than thirteen (13) members and that the actual number of directors will be decided, within those limits, by the shareholders at the General Meeting.

At 31 December 2021, as decided by the shareholders at the Extraordinary General Meeting held on 17 July 2015, the Board was made up of twelve (12) directors, as shown in the following figure:

Chair ● Beatriz Sierra Corredor		
Chief executive officer ● Roberto García Merino	Board of Directors	
● Mercedes Real Rodríguez ● María Teresa Costa Campi ● Ricardo García Herrera	● <i>Executive director (CEO) (1)</i> ● <i>Proprietary non-executive directors (3)</i> ● <i>Independent non-executive directors (7)</i> ● <i>Other non-executive directors (1)</i>	● Carmen Gómez de Barreda Tous de Monsalve (LID) ● Socorro Fernández Larrea ● Antonio Gómez Ciria ● Juan José Ruíz Gómez ● Marcos Vaquer Caballería ● Elisenda Malaret García ● José María Abad Hernández

The Company also has a Lead Independent Director (LID), approved by the shareholders at the Annual General Meeting and regulated in the corporate rules, even after the separation of the positions of chair of the Board and chief executive officer (CEO) of the Company has taken place and been consolidated, in accordance with the most advanced international standards on corporate governance. Both issues are dealt with in more detail in Section 4 (Balance of powers on the Board) of this Report. It should also be noted that the Board, at its meeting held on 26 March 2019, re-elected a woman as the Company's Lead Independent Director for an additional term of three years.

Functions of the Lead Independent Director (LID)

- Organise possible common positions of non-executive directors and, in particular, those of independent directors.
- Request the call notice of a Board meeting.
- Chair Board meetings in the absence of the chair.
- Coordinate the preparation of succession plans for the chair and the CEO.
- Take part in the Board self-assessment and, in particular, lead the assessment of the chair of the Board.
- Maintain contacts with shareholders and investors.

(Article 10 of the [Board Regulations](#))

Board members	Position on the Board	Type of director	First appointment	Last appointment	Age
Beatriz Corredor Sierra	Chair	Other non-executive	25/02/2020	14/05/2020	53
Roberto García Merino	CEO	Executive	27/05/2019	14/05/2020	48
Mercedes Real Rodríguez	Member	Proprietary non-executive (SEPI)	31/10/2017	22/03/2018	53
María Teresa Costa Campi	Member	Proprietary non-executive (SEPI)	25/09/2018	22/03/2019	70
Ricardo García Herrera	Member	Proprietary non-executive (SEPI)	22/12/2020	29/06/2021	63
Carmen Gómez de Barreda Tous de Monsalve	Member	Independent non-executive	19/04/2012	14/05/2020	53
Socorro Fernández Larrea	Member	Independent non-executive	09/05/2014	22/03/2018	56
Antonio Gómez Ciria	Member	Independent non-executive	09/05/2014	22/03/2018	64
José Juan Ruiz Gómez	Member	Independent non-executive	22/03/2019	22/03/2019	64
Marcos Vaquer Caballería	Member	Independent non-executive	29/06/2021	29/06/2021	54
Elisenda Malaret García	Member	Independent non-executive	29/06/2021	29/06/2021	63
José María Abad Hernández	Member	Independent non-executive	29/06/2021	29/06/2021	39

Diversity in the composition of the Board



← 1 →

Chair

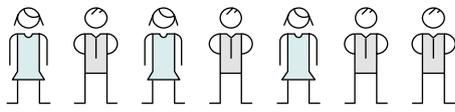
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← 1 →

CEO

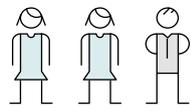
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← 7 →

Independent

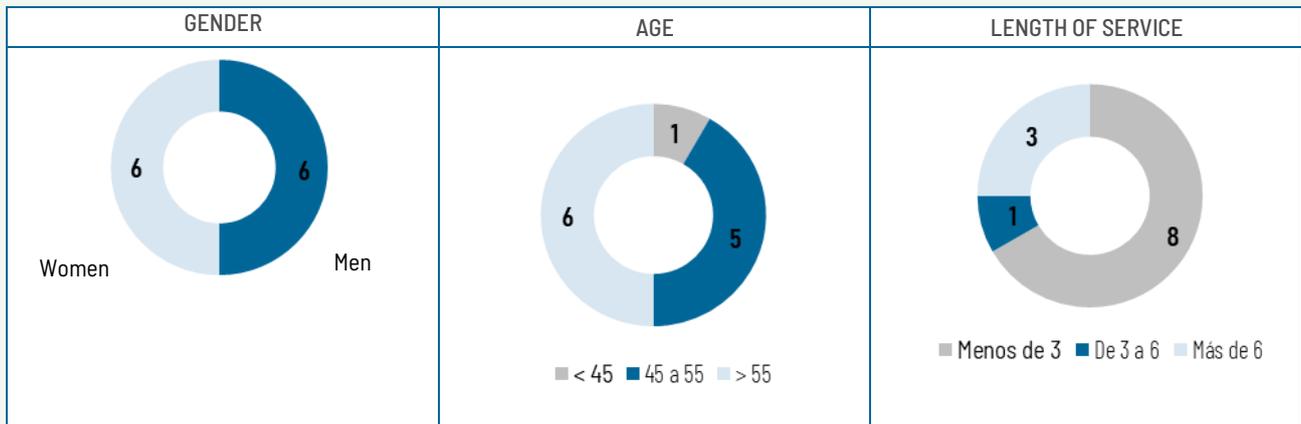
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← 3 →

Proprietary

<ul style="list-style-type: none"> • 6 women, who represent 50% of the total number of directors on the Board and 42.9% are independent directors. • 58.3% independent directors. • 2.75 years average term of office of directors. • 56.7 years old on average. • Diversity of knowledge and professional experience: professionals with very diverse training (in Law, Economics and Business Studies, Civil Engineering, Mining Engineering, Industrial Engineering, Mathematics, Physics, etc.), and significant professional experience in the public and private sectors, both in Spain and abroad. 	<p>The Company ranks among the top IBEX 35 companies with the highest presence of women on the Board, surpassing the target of 40% set for 2022 in Recommendation no. 15 of the Code of Good Governance for Listed Companies.</p>
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Section 4.2 of this report on the Diversity Policy includes information on the skills matrix of the Board, initially approved by the Board in 2018 and constantly updated.

The professional profiles of the Board members at 31 December 2021 are described below. They show that all the Company's directors are professionals of recognised prestige, with extensive professional experience, and therefore bring the necessary experience and knowledge to the task of supervising corporate management, so as to assist the Company and the Red Eléctrica Group in the performance of their activities.



Beatriz Corredor Sierra

CHAIR OF THE RED ELÉCTRICA GROUP AND OF THE BOARD OF DIRECTORS OF RED ELÉCTRICA CORPORACIÓN, S.A.

First appointment	25/02/2020
Last appointment	14/05/2020
Procedure for election	General Meeting
Position on the Board	Chair of the Red Eléctrica Group and of the Board of Red Eléctrica Corporación, S.A.
Type of director	Other non-executive
Membership on Board committees/position	No
Presence on boards of other listed companies	No

Born on 1 July 1968.

B.A. in Law from Universidad Autónoma de Madrid (1991). Admitted by competitive examination as a qualified Registrar in the Property and Commercial Registries of Spain, Class of 1993. Executive Education – Senior Business Management Programme. IESE-Business School (PADE-A-2013). Executive Education – Programme focused on "Women on Boards of Directors". IESE-Business School (2015).

Currently she is:

- Chair of the Red Eléctrica Group and of the Board of Red Eléctrica Corporación, S.A.
- Property Registrar on leave of absence (more than 25 year's experience).
- Adjunct Faculty, Civil Law. Master's Degree in Access to the Legal Profession. Universidad Nebrija.
- Adjunct Faculty. Social & Affordable Housing. Master in Real Estate Development. School of Architecture & Design. IE University.
- Adjunct Faculty. Policies for sustainability. Housing. Master's Degree in Management of Construction and Real Estate Companies. ETSAM.
- Vice President of the Royal Board of Trustees of the Museo Nacional Centro de Arte Reina Sofia.

- Mentor of the Endeavour Spain Foundation (supporting high-impact entrepreneurship)(2014-present).
- Member of the Advisory Board of Alumni UAM.
- Member of the Advisory Board of WAS-Women Action Sustainability.
- Member of the Advisory Board of WLW-Women in a Legal World.
- International speaker and lecturer.

Professional experience:

- Member of Parliament for Madrid and Chair of the Justice Commission. Lower House of the Spanish Parliament. XIII Legislature (2019).
- Secretary of Land Planning and Public Housing Policy Affairs. Federal Executive Committee. Partido Socialista Obrero Español (June 2017-February 2020).
- President of the Pablo Iglesias Foundation (September 2018-February 2020).
- Institutional Relations Manager of Spanish Property and Commercial Registrars' Association. Member of the Governing Board, responsible for Institutional Relations and the Press and Communications Office (October 2013-June 2017)
- Secretary of State for Housing and Urban Development. Ministry of Public Works (October 2010-December 2011).
- Chair of the Board of Entidad Pública Empresarial de Suelo (SEPES).
- Minister of Housing of the Spanish Government (April 2008-October 2010).
- Madrid City Councillor (September 2007-April 2008).
- Director of Empresa Municipal de Vivienda y Suelo (EMVS).

Other information of interest:

Throughout her professional career she has developed legal and technical knowledge in the fields of real estate, urban planning, civil law, commercial law, mortgages, tax law, procedural and administrative law, both in the private and public sectors. In addition, she has held various positions in the public sector, promoting regulatory measures and legislative processes, with leadership and management responsibilities in various ministerial departments and public companies.

Her experience also extends to the negotiation and formation of collegiate bodies, to the management of institutional relations at the highest level with national public authorities (Ministries, Autonomous Communities, City Councils) and international authorities (EU, US, Latin America, Russia, Turkey, Singapore), with financial institutions and companies in the real estate sector and other industrial sectors, and with professional associations, associations and NGOs. She has also performed liaison responsibilities with the media and press offices.

She has received, among other awards, the Medal of Honour from the Spanish Property and Commercial Registrars' Association (2018), the ALUMNI Award 2017, Faculty of Law of Universidad Autónoma de Madrid (UAM) and the Grand Cross of the Royal and Distinguished Spanish Order of Carlos III. H.M, King Juan Carlos I (2010).



Roberto García Merino

CEO

First appointment	27/05/2019
Last appointment	14/05/2020
Procedure for election	General Meeting
Position on the Board	Chief executive officer
Type of director	Executive
Membership on Board committees/position	No
Presence on boards of other listed companies	No

Born on 20 March 1973.

B.A. in Economics and Business Studies, Universidad de Valladolid. General Management Programme (PDG) from the IESE Business School (2016). Master's in Business Administration (MBA) from IE Business School (1999).

Currently he is:

- CEO of Red Eléctrica Corporación, S.A.
- Member of the managing body of the following Red Eléctrica Group companies:
 - Hispasat, S.A.
 - Red Eléctrica Infraestructuras de Telecomunicación, S.A.U. (REINTEL)
 - Red Eléctrica Sistemas de Telecomunicaciones, S.A.U. (RESTEL)
 - Red Eléctrica Internacional, S.A.U. (REI)

Professional experience:

- Since joining the Red Eléctrica Group in 2004, he has performed various duties linked to strategic planning and business development, especially in the international sphere and in the field of telecommunications, notably in the following executive positions:
 - Executive Manager of Telecommunications and International Affairs of the Red Eléctrica Group (since March 2019).
 - Corporate Manager of Business Diversification (2015-2019).

- Manager of Business Development and Strategy (2012-2015).
- Head of Strategic Planning Department (2007-2012).
- Outside the Red Eléctrica Group:
 - Internal investment banking analyst at Banco Espírito Santo (2000-2004).



Mercedes Real Rodríguez

PROPRIETARY NON-EXECUTIVE DIRECTOR REPRESENTING SEPI

First appointment	31/10/2017
Last appointment	22/03/2018
Procedure for election	General Meeting
Position on the Board	Member
Type of director	Proprietary non-executive (SEPI)
Membership on Board committees/position	Audit Committee / Member
Presence on boards of other listed companies	No

Born on 6 January 1968.

B.A. in Economics and Business and a B.A. in Law from Universidad Pontificia de Comillas (ICADE E-3), and completed the Executives Development Programme (PDD) at IESE Business School.

Currently she is:

- Head of Investees of Sociedad Estatal de Participaciones Industriales (SEPI).
- Board member and chair of the Audit Committee of ENRESA, S.A, S.M.E.

Professional experience:

- Board member of ENUSA Industrias Avanzadas, S.A, S.M.E.
- Chief Financial and Control Officer, Controller and Head of Human Resources at the INFOBOLSA Group (BME Group and Deutsche Börse, AG Group).
- Board member, Chief Financial and Control Officer at OPEN FINANCE, S.L.
- Head of the Audit Team of companies in the financial sector at ARTHUR ANDERSEN (currently DELOITTE & TOUCHE).



María Teresa Costa Campi

PROPRIETARY NON-EXECUTIVE DIRECTOR REPRESENTING SEPI

First appointment	25/09/2018
Last appointment	22/03/2019
Procedure for election	General Meeting
Position on the Board	Member
Type of director	Proprietary non-executive (SEPI)
Membership on Board committees/position	Sustainability Committee / Member
Presence on boards of other listed companies	No

Born on 31 July 1951.

B.A. and PhD (Cum Laude) in Economics from the University of Barcelona.

Currently she is:

- Emeritus Professor of Economics at the University of Barcelona.
- Head of the Sustainable Energy Chair at the University of Barcelona.
- Coordinator of the Energy Economics Programme and Professional Seminars for the Master's Degree in Renewable Energy at the University of Barcelona.
- Lead Researcher in the Energy Sustainability and Environmental Research Group.

- Member of the Royal Academy of Moral and Political Sciences.
- Member in a personal capacity of the Energy and Environment Committee of the Elcano Royal Institute (since 2006).

Professional experience:

- President of the Spanish National Energy Commission (CNE)(2005-2011).
- Chair of ARIAE (2005-2011).
- Deputy chair of MEDREG (2010-2011) and chair of its Scientific Committee (2014-2016).
- Member of CEER (2005-2009).
- Chair of the Board of MIBEL (2006-2007).
- Board member of EDP RENOVÁVEIS, S.A. (EDPR) and member of the Audit, Control and Related Parties Committee of this company (July-September 2018).
- Board member of ABERTIS (2013-2018), having been a member of the Audit Committee and the Appointments and Remuneration Committee and Chair of the CSR Committee.
- Member of the Advisory Board of the Spanish National Nuclear Security Council CSN (2016-2018).
- Member of the Advisory Board of EDP Universidade (2014-2016).
- Member of the Advisory Board of Abertis (2011-2013).
- Secretary of Industry and Energy of the Regional Government of Catalonia (2004-2005).
- Chair of EPLICSA (2004-2005).
- Board member of INCASOL (2004-2005).
- Deputy chair of CIDEM (2004-2005).
- Board member of ICF (2004-2005).
- Member of Spanish Parliament in the VII Legislature (2000-2004).

Other information of interest:

She has had a long academic career, with a very active presence in research and teaching, and at conferences and as a speaker at international congresses in the energy, industrial and business sectors.

She has more than 170 publications in books and specialised Spanish and international academic journals in the fields of energy and economics. The research group she directs on energy economics has been recognised for research excellence by the corresponding official research quality assessment agency. She received the 2019 Victoriano Reinoso Energy and Society Award (Spanish Energy Club).



Ricardo García Herrera

PROPRIETARY NON-EXECUTIVE DIRECTOR REPRESENTING SEPI

First appointment	22/12/2020
Last appointment	29/06/2021
Procedure for election	General Meeting
Position on the Board	Member
Type of director	Proprietary non-executive (SEPI)
Membership on Board committees/position	Appointments and Remuneration Committee / Member
Presence on boards of other listed companies	No

Born on 26 April 1958.

PhD in Physical Sciences from Universidad Complutense de Madrid.
B.Sc. in Physical Sciences (specialising in Physics of the Atmosphere) from Universidad Complutense de Madrid
Degree in General Management from the IESE Business School of the University of Navarra.

Currently he is:

- Professor of Atmospheric Physics at Universidad Complutense de Madrid.
- Researcher at IGEO, Institute of Geosciences (CSIC-UCM).
- President of the Atmosphere and Ocean Specialised Group of the Spanish Royal Physics Society.
- Evaluator of the Austrian Climate and Energy Fund (since 2007).
- Member of the Editorial Board of the 'Advances in Global Change Research' series, Springer (since 2005).

Professional experience:

- President of the Spanish Meteorology Agency (2010-2012).
- General Manager of Prevention and Health Promotion of the Community of Madrid (1991-1995).

- General Manager for Public Health of the Basque Government (1987-1991).
- Member of the Executive Committee of the World Meteorological Organization (2010-2012).
- Board member of AENA (2010-2012).
- Deputy chair of the Board of the European Centre for Medium-Range Weather Forecasts (2011-2012).
- Representative of Spain on the Board of EUMETSAT (2010-2012).
- Representative of Spain on the Steering Committee of the ESF-MedCLIVAR project (2006-2010).
- He has held the following positions, among others, at Universidad Complutense de Madrid:
 - Head of the General Foundation of Universidad Complutense (2015-2019).
 - Head of the Department of Astrophysics and Atmospheric Sciences (2013-2015).
 - Co-coordinator of the Master's programme in Geophysics and Meteorology (2006-2010).
 - Head Lecturer at Universidad Complutense for more than 20 years (1988-2010).

Other information of interest:

In the field of research, he has been lead researcher in numerous national and international projects. He has directed and developed studies and work on climate variability and change and has analysed the impact of climate on different socio-economic sectors.

In the field of the energy sector, he has carried out studies on the modelling of wind and solar resource variability, both at meteorological and long-term scales; on the impact of extremes (heat waves and droughts) on energy demand, and on the relationship between meteorological extremes and wind energy production. In addition, his research projects include the impact of meteorology on air quality on a European scale, having been one of the pioneers in the analysis of the impact of climatic extremes on health.

In addition, he is the author of more than 180 Articles in international journals included in the Science Citation Index (SCI), contributing author and reviewer of the fourth report of the Intergovernmental Panel on Climate Change (IPCC), co-convenor of different sessions of the European Geophysical Union and the European Meteorological Society, guest editor of several special issues of prestigious journals included in the SCI, and has been guest lecturer at, among others, the Royal Meteorological Society, Oxford University, Durham University, Bermuda Biological Station, the National Oceanic and Atmospheric Administration (NOAA) and the Biennial Meeting of the Royal Spanish Physics Society.



**Carmen Gómez de Barreda
Tous de Monsalve**

INDEPENDENT NON-EXECUTIVE DIRECTOR

First appointment	19/04/2012
Last appointment	14/05/2020
Procedure for election	General Meeting
Position on the Board	Lead independent director
Type of director	Independent non-executive
Membership on Board committees/position	Sustainability Committee / Chair
Presence on boards of other listed companies	No

Born on 20 May 1968.

B.A. in Economics and Business from Universidad Pontificia de Comillas (ICADE). Master's Degree in Business Administration from IESE (Executive MBA) at the University of Navarra.

Currently she is:

- Board member of Hispasat, S.A.
- Member of the Advisory Board to the Board of Grupo Antolin-Irausa, S.A.
- Board member of Mutua Madrileña Automovilista, Sociedad de Seguros a Prima Fija and chair of its Audit and Compliance Committee.
- Member of the Strategy Advisory Group of Sidenor Aceros Especiales.

Professional experience:

- General Manager of Corporación de Reservas Estratégicas de Productos Petrolíferos (CORES).
- Manager of Institutional Relations and Communication at BP Oil España.
- Deputy Manager of Oil Markets at the Spanish National Energy Commission (CNE).
- Head of Services Development at Unión Fenosa.
- Head of the International, Petrochemical and Marketing Departments at Repsol.

- Head of the Cogeneration Department and Business Management at Enagás.
- Representative of the Spanish delegation in the Standing Group on Emergency Questions and in the Standing Group on Markets of the International Energy Agency (IEA).
- Representative in various international working groups on energy regulation and security of supply issues (ARIAE and CEER).
- Board member of Grupo Ezentis, S.A.
- Professor and/or lectures in various Master's programmes (University of Barcelona, ICAI, Cesma, Spanish Energy Club).
- Speaker at the Sagardoy Business School's Course for Directors.



Socorro Fernández Larrea

INDEPENDENT NON-EXECUTIVE DIRECTOR

First appointment	09/05/2014
Last appointment	22/03/2018
Procedure for election	General Meeting
Position on the Board	Member
Type of director	Independent non-executive
Membership on Board committees/position	Appointments and Remuneration Committee / Chair
Presence on boards of other listed companies	Cementos Molins Industrial, S.A.

Born on 7 April 1965.

Degree in Civil Engineering from Universidad Politécnica de Madrid and completion of the IESE Advanced Management Program (AMP).

Currently she is:

- Chair of OFG TELECOMUNICACIONES.
- Independent director of GRUPO CEMENTOS MOLINS.
- Independent director of the Spanish engineering firm SEG, S.A.
- Independent director of BANCO CAMINOS.
- Member of the IESE's Regional Board in Madrid.
- Adviser to the Board of the Mexican engineering firm CAL Y MAYOR.

Professional experience:

- Executive director of the consultancy firm JUSTNOW, S.L.
- Independent director of TEMPORE PROPERTIES Socimi, S.A.
- Independent director of the ACR Group.
- Board member of AMPER, S.A. as proprietary director, representing Emilanteos, S.L.

- General Manager of COPISA Constructora Pirenaica, S.A.
- Deputy chair of ANCI (Spanish Association of Independent Constructors).
- Member of the governing board of the Spanish Association of Civil Engineers (*Colegio de Ingenieros de Caminos, Canales y Puertos*).
- Regional Manager of the construction company SEOP, S.A.
- National representative of FERROVIAL CONSERVACIÓN, S.A.
- Representative in Castilla-La Mancha of FERROVIAL AGROMÁN, 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.
- Chief Project Engineer for FERROVIAL, S.A.

Other information of interest:

Member of the advisory board of the newspaper EXPANSION.

Member of WCD (Women Corporate Directors) and former co-chair of the Spanish chapter.

Member of AED (Spanish Association of Executives) and former member of its Management Board.

Member of CEAPI (Business Council Alliance for Latin America) and member of its Management Board.

Member of YPO (Young Presidents' Organization), and former member of the Executive Committee of the Eurolatam and Madrid chapters.

Member of IWF (International Women's Forum) and former member of its Management Board in Spain.

Medal of Honour from the Spanish Association of Civil Engineers



Antonio Gómez Ciria

INDEPENDENT NON-EXECUTIVE DIRECTOR

First appointment	09/05/2014
Last appointment	22/03/2018
Procedure for election	General Meeting
Position on the Board	Member
Type of director	Independent non-executive
Membership on Board committees/position	Audit Committee / Chair
Presence on boards of other listed companies	Mapfre, S.A.

Born on 25 March 1957.

B.A. in Economics and Business from Universidad Complutense de Madrid. B.A. in Mathematics from Universidad Complutense de Madrid. Executive MBA from IESE Business School. Chartered Certified Accountant (AECA).

Currently he is:

- Member of the Advisory Board of Experts on Accounting and Financial Information (ECIF) of the General Council of the Association of Economists.
- Board member of Mapfre, S.A, and member of its Risk Committee.
- Board member of Mapfre España Compañía de Seguros y Reaseguros, S.A.
- Board member of Mapfre Re Compañía de Reaseguros, S.A. and member of its Management Committee.
- Board member of Mapfre Vida, S.A. de Seguros y Reaseguros sobre la Vida Humana.
- Board member of Hispasat, S.A. and member of its Audit Committee and Appointments and Remuneration Committee.

Professional experience:

- Board member of Mapfre Global Risks Compañía Internacional de Seguros y Reaseguros, S.A. and member of its Management Committee.
- General Manager of Administration and Information Technology and member of the Management Committee of the FCC Group.
- Representative of the FCC Group at the Large Companies Forum of the Ministry of Finance and Public Administrations.
- General Manager of Internal Audit and member of the Management Committee of the FCC Group.
- Internal Audit Manger of the FCC Group.
- Member of the Advisory Board of the Institute of Internal Auditors and member of the Management Committee.
- General Technical Secretary of InverCaixa, an investment management company belonging to the La Caixa Group.
- Chair of the Spanish Accounting and Audit Institute (ICAC)
- Director of Empresa Nacional de Uranio, S.A.
- Director of Empresa Nacional de Autopistas, S.A.
- Director of Tabacalera, S.A.
- Head of Market Inspection for the Madrid Stock Exchange (Sociedad Rectora de la Bolsa de Valores de Madrid).
- Deputy Manager of Budget Planning and Research for Radio Televisión Española.
- Head of the Auditing and Accounting Department of Banco de Crédito Agrícola.
- Auditor/Inspector for the Spanish State Auditing Agency.

Other information of interest:

Member of the CNMV Work Group to prepare "Guidelines for preparing the directors' report for listed companies".



José Juan Ruiz Gómez

INDEPENDENT NON-EXECUTIVE DIRECTOR

First appointment	22/03/2019
Last appointment	22/03/2019
Procedure for election	General Meeting
Position on the Board	Member
Type of director	Independent non-executive
Membership on Board committees/position	Audit Committee / Member
Presence on boards of other listed companies	No

Born on 30 July 1957.

B.A. in Economics from Universidad Autónoma de Madrid. Trade Expert of the State.

Currently he is:

- Independent consultant and advisor on macroeconomic issues and Latin American markets.
- President of the Elcano Royal Institute and a member of its Executive Committee.

Professional experience:

- Chief Economist and Head of the Research Department of the Inter-American Development Bank (2012-2018).
- Chief Economist for Latin America at Banco de Santander (1999-2012).
- Representative of Banco Santander on the Board of the Elcano Royal Institute (until 2012).
- Member of the Social Advisory Board of the University of Castilla-La Mancha (2005-2009) and Chair of the Board (2010-2012).
- Member on the boards of both public entities (INI, Aviacó, Autopistas del Atlántico, Renfe and Tabacalera) and private companies, particularly in the banking sector, holding the positions of director of Banco de Santiago (Chile), Banco Santander Colombia, Banco San-

tander Puerto Rico, Banco Santander Peru and Banco Venezuela between 1999 and 2012.

- Head of the Strategy and Planning Department of Banco Santander (1996-1999).
- Chief Economist of Asesores Financieros Internacionales (1996).
- Member of the Independent Committee of Experts of the Ministry of Economy and Finance responsible for developing macroeconomic scenarios for the Spanish economy (1994-1998).
- Member of the Editorial Board of the Recoletos Group (1994-1999).
- Chief Economist at Argentaria (1993).
- Member of the Editorial Board of El País and the Prisa Group.

The most relevant positions held in the government (Ministry of Economy and Finance) are:

- Undersecretary for International Economy and Competition of the Ministry of Economy and Finance (1991-1993).
- Member of the Steering Committee of the Ministry of Economy and Finance (1991-1993).
- Chief of Staff for the Secretary of State for Economy (1988-1990).
- Executive Advisor to the Secretary of State for Economy (1985-1987).
- Head of the Balance of Payments Service, Secretary of State for Trade (1984-1985).
- Economic Advisor to the Secretary of State for Trade and the Secretary General for Trade (1983).
- Technical support to the General Technical Secretariat during the negotiation of Spain's entry into the EU (1984-1985).
- President of the Spanish Delegation to the OECD for the annual meetings on macroeconomic monitoring (1990-1993).
- Chair of the Economic Policy Committee of the European Union (1992-1993).
- Member of the Economic Policy Committee of the EU (1989-1992).
- Responsible for Spanish relations with the IMF, the World Bank and the Development Banks (Africa, Asia, Latin America and Europe) (1986-1993).

Other information of interest:

In addition, he is active as a speaker at conferences with various institutions and collaborates as a lecturer in the International Master's programme at IE Business School.



Marcos Vaquer Caballería

INDEPENDENT NON-EXECUTIVE DIRECTOR

First appointment	29/06/2021
Last appointment	29/06/2021
Procedure for election	General Meeting
Position on the Board	Member
Type of director	Independent non-executive
Membership on Board committees/position	Appointments and Remuneration Committee / Member
Presence on boards of other listed companies	No

Born on 15 September 1967.

B.A. in Law from Universidad Pontificia de Comillas (ICADE). B.A. in Economics and Business from Universidad Pontificia de Comillas (ICADE). PhD in Law from Universidad Carlos III de Madrid (UC3M).

Currently he is:

- Professor of Administrative Law at Universidad Carlos III de Madrid ("UC3M") (since 2011).
- Secretary General of UC3M (since 2015).
- Head of the Master's programme in Advanced Studies in Public Law at UC3M (since 2016).
- President (by delegation of the Rector) of the academic council of the Tirant-UC3M Chair of Ibero-American Legal Studies (since 2016).
- Member of the Management Committee of the Inter-University Institute for Cultural Communication, UNED-UC3M (since 2002).
- Member of the Scientific Committee of the Andrés Bello Chair of Cultural Rights, created by the Andrés Bello Agreement and the National University of Distance Education (UNED) and UC3M (since 1998).
- Member of the Pascual Madoz Institute of Territory, Urban Planning and Environment of UC3M.

- Member of the Editorial Board of the *Yearbook of Good Governance and Regulatory Quality* published by Fundación Democracia y Gobierno Local (since 2020)
- Member of the Scientific Board of *Revista de Derecho Urbanístico y Medio Ambiente* (since 2020).
- Member of the Scientific Committee of the Editorial *La Cultivada*, promoted by Fundación Gabeiras (since 2020).
- Member of the Scientific Committee of *Revista General de Derecho de los Sectores Regulados* of the Editorial Iustel (since 2018).
- Member of the Scientific Board of *Revista de Estudios de la Administración Local y Autonómica* (since 2017).
- Member of the editorial team of *Práctica Urbanística. Revista de urbanismo* of the Editorial *La Ley* (Wolters Kluwer group) (since 2015)
- Manager of the digital collection *Cuadernos de Derecho de la Cultura* (since 2013).
- Member of the editorial team of *Revista General de Derecho Administrativo* of the Editorial Iustel (since 2002).
- Member of the Madrid Bar Association (since 1992).
- Lawyer at Estudio Jurídico of UC3M (since 1997).
- Member of the Spanish Association of Administrative Law Professors (since 2012).

Professional experience (among other positions):

The most relevant positions held in the academic field:

- Head of the Inter-University Institute for Cultural Communication (UNED-UC3M-UIMP) (2012-2015).
- Deputy Director to the Vice Rector for Coordination and General Secretary of Universidad Carlos III de Madrid (2004).
- Head of Teaching and Research Staff, Assistant to the Vice Rector for Faculty and Departments (UC3M) (2003-2004).
- Secretary of the Faculty of Social and Legal Sciences (UC3M) (2000-2003).
- Head Lecturer in Administrative Law, Department of State Public Law (2001-2011).
- Acting Head Lecturer in Administrative Law, Department of State Public Law (1999-2001).
- University Assistant assigned to the area of Administrative Law, Department of Public Law and Philosophy of Law (1997-1999).
- Associate Professor of Administrative Law, Department of Public Law and Philosophy of Law (1994-1997).
- Visiting or guest professor at the Universities of Pavia and Sassari (Italy), Paris Ouest (France), Externado (Colombia) and Católica de Valparaíso (Chile); and having participated in various international technical assistance missions in European Union projects in Ecuador (2014) and Paraguay (1998, 1995).

The most relevant positions held in the public sector:

- Board member of Entidad Pública Empresarial de Suelo (SEPES), attached to the Ministry of Public Works (2010-2012).
- Undersecretary for Housing, Ministry of Housing and Chair of Entidad Pública Empresarial de Suelo (SEPES) (2008-2010).
- Board member of BILBAO Ria 2000, S.A. (2004-2010).
- Member of the Committee on Housing and Land Management of the United Nations Economic Commission for Europe, UNECE (2006-2008).

- Member of the Governing Council of the Defence Infrastructure and Equipment Management (GIED) and Member of the Higher Council of Real Estate Property (2006-2008).
- General Manager of Urban Planning and Land Policy of the Ministry of Housing, Deputy chair of the Board of Entidad Pública Empresarial de Suelo (SEPES) (2004-2008)
- Member of the Governing Council of Gestor de Infraestructuras y Equipamientos de la Seguridad del Estado (GIESE) (2004-2008).
- Member of the Administrative Buildings Coordinating Board and alternate member of the Higher Council of Statistics (2004-2008).

Free practice of law:

- Altair Asesores, S.L, a law firm specialising in public law and international technical assistance (1991-1994).
- Arthur Andersen, Asesores Legales y Tributarios, S.R.L, part-time, combined with university studies (1990-1991).

Other information of interest:

Author of 7 monographs and more than 80 Articles and book chapters, and director or coordinator of 9 collective works on various public law topics, his main areas of specialisation being land and urban planning law, housing law, social services and services of general economic interest, better regulation and general administrative law. He has also participated in more than a hundred opinions, reports and advising for public and private entities, and in drawing up preliminary drafts for town planning legislation for various Autonomous Communities. He has been an expert witness for the State Attorney's Office of Spain in more than a dozen international investment arbitrations (ICSID and SCC), has appeared as an expert before the Constitutional Commission of the Lower House of the Spanish Parliament and has carried out several international technical assistance missions in Latin America for the European Commission.

In 2011 he received the Grand Cross of the Order of Civil Merit.



Elisenda Malaret García

INDEPENDENT NON-EXECUTIVE DIRECTOR

First appointment	29/06/2021
Last appointment	29/06/2021
Procedure for election	General Meeting
Position on the Board	Member
Type of director	Independent non-executive
Membership on Board committees/position	Sustainability Committee / Member
Presence on boards of other listed companies	No

Born on 20 March 1958.

B.A. in Law from the University of Barcelona. PhD in Law from the University of Barcelona. Postdoctoral researcher at Università degli Studi di Bologna, Project on the Promotion of Industrial Reorganisation.

Currently she is:

- Professor of Administrative Law at the Faculty of Law of the University of Barcelona (since 1995).
- Head of the Master's programme in Advanced Public Procurement at the University of Barcelona.
- Joint Head of the Master's programme in Public Management at Escola d'Administració Pública de Catalunya (EAPC).
- Chair of the Law Teaching Staff Accreditation Committee of the Spanish National Agency for Quality Assessment and Accreditation (ANECA)
- Lecturer in Economic Regulation Law in the Master's programme in Advanced Legal Studies at the Faculty of Law and in the Master's programme in Regulation, Competition and Public Services of the Faculty of Economics at the University of Barcelona
- Member of the Scientific Committee of the European Federation of Energy Law Associations.
- First Vice President of the Spanish Association of Energy Law (AEDEN).

- Member of the Scientific Committee of *Associazione per gli Studi e le ricerche sulla Riforma delle Istituzioni Democratiche e sull'innovazione nelle amministrazioni pubbliche* (ASTRID).
- Member of the Inaugural Council of the International Society of Public Law.
- Member of the Public Contracts in Legal Globalization (PCLG) European network.
- Member of the Spanish Association of Administrative Law Professors (AEPD).
- Member of the European Group of Public Law (EGPL) (since 1995).

Professional experience (among other positions):

- Director of the Catalan Audiovisual Council (2008-2014).
- Member of the Advisory Board of the Spanish Data Protection Agency (AEPD) (2005-2008).
- Guest lecturer at the following universities: Paris II Pantheon-Assas, Institut de Sciences Politiques, Paris, Paris I Panthéon-Sorbonne, Institut de Sciences Politiques, Grenoble, Roma Tre, Externado, Bogotá, Siena, Oviedo, Euskadi, Roma La Sapienza, Pisa, Florence, Cattolica de Milano, Pavia, Montpellier.
- Head of various courses on telecommunications regulation at Consorci Universitat Internacional Menéndez Pelayo de Barcelona (CUIMPB) (1997-2001).
- Head of the Department of Administrative Law and Procedural Law at the Faculty of Law of the University of Barcelona (2000-2004).
- Professor of Administrative Law at the University of Barcelona since 1986.
- Other professional responsibilities to highlight:
 - Representative of the CAC on the European Platform of Regulatory Authorities (EPRA), on the contact committee provided for in the SCA Directive between national audiovisual regulators and the European Commission, on the Réseau des Institutions de Régulation Méditerranéennes (RIRM) and on the Platform of Latin American Audiovisual Regulators (PRAI).
 - Member of the Lower House of the Spanish Parliament in the 8th and 9th legislatures (2004-2008). Rapporteur for the Antitrust Act, the Basic Statute of Public Employees Act, the Public Sector Contracts Act, the Act on Transparency in Financial Relations between Public Authorities and Public Companies, the Act on State Agencies for the Improvement of Public Services, and the Act on the Special Regime for the Municipality of Barcelona, among others (2004-2008).

Other information of interest:

Author of numerous books, book chapters, Articles and research projects on the main lines of research she has undertaken in her career, including: economic regulation law; energy law; infrastructure law; judicial control, administration and technology; telecommunications law; transparency, conflicts of interest and accountability – good governance and good administration; independent regulatory authorities, public procurement; public

services; and liberalisation in the process of European integration; etc.

In recent years, she has also participated in numerous presentations at conferences, and on the boards of scientific journals, committees and representations, and has received merit awards for research and teaching from the Spanish National Commission for the Evaluation of Research Activity (ANECA).



José María Abad Hernández

INDEPENDENT NON-EXECUTIVE DIRECTOR

First appointment	29/06/2021
Last appointment	29/06/2021
Procedure for election	General Meeting
Position on the Board	Member
Type of director	Independent non-executive
Membership on Board committees/position	Audit Committee / Member
Presence on boards of other listed companies	No

Born on 28 May 1982.

B.A. in Law from Universidad Pontificia de Comillas (ICAE).
B.A. in Business Administration and Management, specialising in Finance, from Universidad Pontificia de Comillas (ICAE).
Specialist in Quantitative Research Methods (Statistical Techniques) from Universidad Politécnica de Madrid. Advanced Studies Programme in International Economics from the Kiel Institute for the World Economy (Kiel, Germany).

Currently he is:

- Visiting Scholar in the Financial and Capital Markets Department of the International Monetary Fund (IMF) (Washington, DC)(since 2021).
- Visiting Professor at ESADE Business & Law School (Barcelona)(since 2018) where he teaches the 'Company Valuation' and 'Analysis and Valuation of Financial Institutions' courses as part of the Master in Finance.

Professional experience (among other positions):

- Financial Sector Expert in the Financial and Capital Markets Department of the International Monetary Fund (IMF)(Washington, DC)(2020-21).
- Executive Manager of the European Financial Institutions Group of the Research Division and senior banking analyst responsible for coverage of listed banks in

Southern Europe (Spain, Portugal, Greece) at Goldman Sachs (London)(2015-2020).

- Vice President and senior analyst at the Sovereign and Supranational Risk Group and member of the Sovereign Ratings Committee at Moody's Investors Service (London)(2015).
- Board member of AXIS Participaciones Empresariales S.G.E.I.C, S.A.S.M.E. (ICO Group)(Madrid)(2012-2015).
- Chief Economist and Head – with the rank of Deputy Manager – of the Research Department and the International Relations Department of Instituto de Crédito Oficial (ICO) under the Ministry of Economy and Competitiveness (Madrid)(2012-2015). As such:
 - Responsible for shaping ICO's macro vision, defending the "Spanish position" on key economic policy issues with other national and European multilateral development banks, and for managing the CEO's international agenda.
 - Member of ICO's Procurement, Strategy and International Relations and Monitoring Committees of Fond-ICO Global.
 - Joint Secretary of the High Level Expert Group for SME Financing of the Ministry of Economy and Competitiveness (2013).
 - ICO Representative at the Financial Institutions Shareholder Group (FISG) of the European Investment Fund (EIF) in Luxembourg.
 - ICO Representative on the Board of the European Association of Long-Term Investors (ELTI) in Brussels.
 - ICO Sherpa in the Long-Term Investors Club (LTIC) and in the "Big Six Group", formed by the presidents and/or CEOs of the six major European development banks (Germany, France, Italy, Spain and Poland, and the EU through the EIB Group).
 - Co-responsible for the launch and monitoring of the "Cátedra Fundación ICO de Financiación a PYME", led by the University of Alcalá de Henares, which won the "Titanes de las Finanzas" award (granted by the ECOFIN Forum) in 2015.
- Advisor (for Spain and Portugal) to the Chief Global Economist at Unicredit Group (London)(2011-2012).
- Consultant (for Spain and Portugal) to the European Economic Analysis team at Goldman Sachs (Frankfurt) (2010-2011).
- Senior Associate in the Sovereign and Supranational Risk Group, member of the Sovereign Ratings Committee and the Economic Analysis Committee at Moody's Investors Service (Frankfurt)(2009-2010).
- Associate of the Strategy and Operations Group at KPMG (Madrid)(2006).

In terms of his academic career, the following stands out:

- Research and teaching assistant at the Institute for Economic Policy at the University of Leipzig, Germany (2011-2012).
- Research and teaching assistant at the International Centre for Financial Research (CIIF) at IESE Business School (Madrid)(2007-2008).

- Research and teaching assistant in the Department of Economics at ICADE - Universidad Pontificia Comillas (Madrid)(2005-2006).

Other information of interest:

Author of numerous monographs, Articles and research projects on various topics related to financial and capital markets and economic policy.



Carlos Méndez-Trelles García

GENERAL SECRETARY AND SECRETARY TO THE BOARD (NON-DIRECTOR)

Born on 25 February 1975.

B.A. in Law from Universidad San Pablo-CEU. Executives Development Programme (PDD), Business Administration and Management, IESE Business School. Master's Degree in Energy Law, Spanish Energy Club Spanish Energy Institute. Master's Degree in Information and Communications Technology Law, Universidad Pontificia Comillas. Special course in Corporate Law, Madrid Bar Association.

Currently he is:

- Lawyer of the Madrid Bar Association.
- Director of REDCOR REASEGUROS, S.A.

Professional experience:

- Internal Audit and Risk Control Manager at Red Eléctrica de España, S.A.U.
- Head of Legal Services at Red Eléctrica de España, S.A.U.
- Lawyer for the Legal Services Department at Red Eléctrica de España, S.A.U.
- Collaborator at the Institute of Legal IT at Universidad Pontificia Comillas.



Fernando Frías Montejo

DEPUTY GENERAL SECRETARY AND SECRETARY TO THE BOARD (NON-DIRECTOR)

Born on 11 March 1965.

B.A. in Law and Corporate Legal Adviser from Universidad Pontificia de Comillas (ICADE-E-I). Program for Management Development for TSO Companies (PMD) IESE, Universidad de Navarra.

Currently he is:

- Deputy secretary (non-director) of the Board of Hispasat, S.A.
- Lawyer of the Madrid Bar Association.
- Joint director of RED ELÉCTRICA FINANCIACIONES, S.A.
- Director of RED ELÉCTRICA DE ESPAÑA FINANCE B.V.

Professional experience:

- Head of the Corporate Governance Department at Red Eléctrica.
- Head of the Corporate Governance and Compliance Department at REE.
- Secretary to the Board of Infraestructuras de Alta Tensión, S.A, Red de Alta Tensión, S.A. and Tenedora de Acciones de Redesur, S.A.
- Lawyer for the Legal Services Department at Red Eléctrica de España, S.A.U. (REE) since 1990.

3.2. Responsibilities and activity

The Board Regulations set out the basic principles guiding the actions of the Company's Board of Directors and lay down the basic rules for the organisation and functioning of the Board and its committees, the rules of conduct for its members, and the supervisory and control functions entrusted to the Board. This is achieved by encouraging the active participation of its directors, placing the interests of the Company and of its shareholders above their own interests, in accordance with the law, the Articles of Association and corporate governance principles.

The rules on the organisation and functioning of the Board are contained in the Articles of Association (Articles 19 to 26, both inclusive) and the Board Regulations (sections 5 to 13, both inclusive, and Articles 19 and 20).

Also, pursuant to the Articles of Association and the Board Regulations, the principle guiding the Board's actions at all times is the corporate interest, understood as the Company's long-term profitability and sustainability so as to ensure the Company's long-term survival and the maximisation of its value.

The Board of Directors, supported by the work of the Audit Committee, the Appointments and Remuneration Committee and the Sustainability Committee, governs and represents the Company.

Specifically, the Board holds all powers to manage and represent the Company, both in and out of court, exercising such powers directly, via delegation or by means of a power of attorney under the terms established by law, the Articles of Association and the Board Regulations.

In any event, in accordance with Article 6 of the Board Regulations, the Board will perform its duties with unity of purpose and independence of judgement and will adopt the necessary measures in relation to the corporate organisation to ensure that:

- a) Company management pursues the achievement of the corporate interest, in line with the purpose, values and strategies defined by the Board, and has the proper resources and incentives for doing so and to correct potential deficiencies.
- b) Management of the Company and the Group companies is under the effective supervision of the Board, ensuring proper and efficient coordination between the Company and the Group companies and, in particular, compliance by the latter with the policies and principles approved by the Board.
- c) No person or small group of persons holds decision-making power that is not subject to checks and balances.
- d) The same treatment is given to all shareholders who are in the same position and no shareholder receives preferential treatment over others.
- e) The functions attributed by law to Red Eléctrica de España, S.A.U. and, as applicable, to the other Group companies, are performed seeking to protect the public interest in these functions and with the legally required independence in the adoption of the relevant decisions, observing at all times the separation between regulated and non-regulated activities.
- f) In its relations with stakeholders and in pursuit of the corporate interest, the Company should not only abide by laws and regulations and conduct itself based on principles of good faith, ethics and respect for customs and best practices regarding conduct and business reputation, but also address at all times the legitimate interests of its employees, suppliers, customers and other stakeholders that may be affected, and the impact of the Company's activities on the community as a whole and on the environment, furthermore abiding by those additional principles of sustainability and good corporate governance that it has voluntarily accepted.
- g) As regards relations and transparency with stakeholders and with society as a whole, the highest standards of corporate reputation and other aspects necessary to generate confidence in the Company and its Group are ensured.

The following responsibilities, among others, rest with the Board:

- Approval of the general policies and strategies of the Company and the Group, with special emphasis on the risk management and control policy.
- Decisions regarding appointments and removal of executives who report directly to the Board or to its members, director remuneration, financial and non-financial reporting and strategic investments (except for those that rest with the shareholders at the General Meeting).
- Annual assessment of the quality and efficiency of the Board and of the functioning of its committees.

The Board's policy is to delegate the ordinary management of the Company to the executive bodies and the management team and to concentrate on its general supervisory function, the approval of basic operating guidelines and strategies and on decisions that are highly relevant to the interests of the Company.

Responsibilities of the Board that cannot be delegated (section 5 of the Board Regulations):

- a) Approve the general policies and strategies of the Company and the Group.
- b) The following decisions:
 - i) Appointment and removal of the Company's executive directors, and the establishment of the terms of their contracts.
 - ii) Authorisation of the appointment and removal of the executives of the Company and of Red Eléctrica de España, S.A.U. who report directly to the chair of the Board or the CEO of the Company, and of the strategic executives of the Group as established by the Board, and the establishment of the basic terms of their contracts, including their remuneration.
 - iii) Remuneration of directors, within the framework set by the Articles of Association and the remuneration policy approved by the shareholders at the General Meeting, and, in the case of executive directors, the additional remuneration for their executive functions and any other terms that must be included in their contracts.
 - iv) Authorisation of proposals for the appointment, renewal and removal of directors in the various Group companies, and the authorisation of proposals for the appointment of those who should assume, where appropriate, the chair of the respective boards of directors of the Group companies.
 - v) Authorisation or waiver of the obligations arising from the duty of loyalty, as provided in section 230 of the Corporate Enterprises Act.
 - vi) Financial and non-financial information that, as a listed company, the Company must publish on a regular basis, or that it submits to the regulatory or market supervisory bodies for publication.
 - vii) Investments or transactions of any kind carried out by the Company or the Group that, because of their amount or special characteristics, are considered strategic, based on the criteria established by the Board, or entail a particular tax risk, unless approval is reserved for the shareholders at the General Meeting.
 - viii) Creation or acquisition of interests in special purpose vehicles or entities domiciled in countries or territories that are considered tax havens and any other similar transactions or operations that, due to their complexity, could adversely affect the transparency of the Company and the Group.
- c) Approval, after obtaining a report from the Audit Committee, of transactions that the Company or Group companies carry out with directors or with shareholders holding, individually or in concert with others, at least 10% of the voting rights or represented on the Company's Board or with other persons who are considered related parties under the terms provided by law ("related-party transactions"), unless their approval corresponds to the shareholders at the General Meeting, without prejudice to the power of delegation provided in the Board Regulations.
- d) Authorisation for issue of the financial statements and presentation at the Annual General Meeting.
- e) Calling of the General Meeting and drafting of the agenda and proposals for resolutions.
- f) Delegation of the powers that the shareholders at the General Meeting may in turn have delegated to the Board, unless express authorisation was given by the shareholders to sub-delegate these powers.
- g) Drafting of any kind of report required of the Board by law, provided the transaction to which the report refers may not be delegated.
- h) Annual assessment of:
 - i) The quality and efficiency of the functioning of the Board, the diversity of its composition and competencies, the performance of its functions by the chair of the Board and the Company's chief executive officer and, where applicable, the performance and contribution of each director, paying special attention to the chairs of each of the various committees, all based on the report submitted to the Board by the Appointments and Remuneration Committee in coordination with the lead independent director or the chair, as the case may be.
 - ii) The composition and functioning of the Board's committees and of any other delegated body that may have been

created, based on the report submitted to the Board by the Appointments and Remuneration Committee in coordination with the lead independent director or the chair, as the case may be.

Law 11/2018 established a new responsibility of the Board that cannot be delegated, whereby it must include, where appropriate, the required non-financial information in the supervision of the process of preparing and presenting non-financial information.

Prior to the beginning of the year, at the proposal of its chair, the Board approves a tentative meeting schedule for the year. In any event, in accordance with Article 19 of the Board Regulations, the Board will ordinarily meet on a monthly basis, at least eight times a year, in accordance with the schedule and, if applicable, the agendas set at the start of the year, to which each director may propose the addition of new items. Furthermore, the Board may meet as many times as considered necessary by the chair for the proper functioning of the Company.

The Company has a small, effective and efficient Board. In 2021, the Board met 13 times, with an attendance rate of **99.36%**.

In 2021, the Board held thirteen (13) meetings, two (2) of which were special meetings; and over the course of the year there was only one absence, where the director designated a proxy with instructions, and therefore there were a total of 155 attendances in person, for an attendance rate of 99.36%.

Attendance at Board meetings in 2021			
Director	In person	By proxy	% attendance 2021
Beatriz Corredor Sierra	13	0	100
Roberto García Merino	13	0	100
Mercedes Real Rodrigálvarez	13	0	100
María Teresa Costa Campi	13	0	100
Ricardo García Herrera	13	0	100
Carmen Gómez de Barreda Tous de Monsalve	13	0	100
Socorro Fernández Larrea	12	1	92.30
Antonio Gómez Ciria	13	0	100
José Juan Ruiz Gómez	13	0	100
Marcos Vaquer Caballería	7	0	*
Elisenda Malaret García	7	0	*
Jose María Abad Hernández	7	0	*

As regards the number of attendances shown in the above table, it should be noted that three directors did not hold their position during the whole of 2021, namely:

- Marcos Vaquer Caballería was appointed independent director of Red Eléctrica Corporación, S.A. at the Annual General Meeting held on 29 June 2021, for a term of four years, at the proposal of the Appointments and Remuneration Committee, replacing the independent director María José García Beato.
- Elisenda Malaret García was appointed independent director of Red Eléctrica Corporación, S.A. at the Annual General Meeting held on 29 June 2021, for a term of four years, at the proposal of the Appointments and Remuneration Committee, replacing the independent director Alberto Francisco Carbajo Josa.
- José María Abad Hernández was appointed independent director of Red Eléctrica Corporación, S.A. at the Annual General Meeting held on 29 June 2021, for a term of four years, at the proposal of the Appointments and Remuneration Committee, replacing the independent director Arsenio Fernández de Mesa y Díaz del Río.

It should also be noted that these outgoing directors attended in person all Board meetings held in 2021 while they were directors of the Company.

Furthermore, the Board Regulations refer to the duties inherent to the position of director and, sections 30 to 38 set out the general duty of diligence, the duty of loyalty, the duty to avoid conflicts of interest, the duty to abstain from using non-public information, and the duty of disclosure of directors.

In any case, in accordance with Articles 5 and 6 of Board Regulations, the director's function is to guide and oversee the Company's management to achieve its corporate interests.

As regards related-party transactions, Article 5.5 c) of the Board Regulations details the direct responsibilities of the Board that cannot be delegated, which includes that relating to the approval, following a report by the Audit Committee (pursuant to Article 16.6 c) of the Board Regulations), of transactions that the Company or Group companies carry out with directors or with shareholders holding, individually or in concert with others, at least 10% of the voting rights or represented on the Company's Board or with other persons who are considered related parties under the terms provided by law ("related-party transactions"), unless their approval corresponds to the shareholders at the General Meeting, without prejudice to the power of delegation provided in the Board Regulations.

The Board of Directors may delegate to delegated bodies or members of senior management the approval of related-party transactions with Group companies that are carried out in the ordinary course of business and on an arm's length basis, and related-party transactions entered into under contracts with standard terms and conditions that are applied in general to a large number of customers, that are performed at prices or rates generally set by the party acting as the supplier of the goods or services in question, and where their amount does not exceed 0.5% of the Company's revenue. Transactions between the Company and its wholly-owned companies, whether directly or indirectly, contracts to be entered into with executive directors or senior executives and transactions performed with subsidiaries or investees will not be considered related-party transactions, as long as no other party related to the Company has an interest in these entities.

Furthermore, Article 36 of the Board Regulations sets out the rules for related-party transactions and establishes that the Audit Committee must issue a report prior to approval by the shareholders at the General Meeting or by the Board of a related-party transaction. In this report, the Committee will assess whether the transaction is fair and reasonable from the point of view of the Company and, where applicable, of the shareholders other than the related party, and give an account of the assumptions on which the assessment is based and the methods used. Directors who are members of the Committee affected by the related-party transaction may not participate in drawing up the report.

In 2016 the Company posted for the first time on its website the Annual Report of the Audit Committee on related-party transactions pursuant to Recommendation no. 6 of the Code

As regards passing a resolution to approve related-party transactions, the approval of which is within the competence of the Board and has not been delegated, the director affected or the director representing or related to the shareholder affected must abstain from participating in the deliberation and voting in accordance with that stipulated by law.

If the Board delegates the approval of related-party transactions pursuant to Article 5.5 (c) of the Board Regulations, the Board itself will establish an internal reporting and periodic control procedure to verify the fairness and transparency of these transactions and, where appropriate, compliance with the applicable law.

In relation to related-party transactions that must be approved by the shareholders at the General Meeting, the proposed resolution for approval passed by the Board must be submitted at the General Meeting with an indication as to whether it has been approved by the Board with or without votes against by the majority of the independent directors.

Article 37 of the Board Regulations establishes the principle of transparency of related-party transactions and indicates that the Board will encourage public disclosure of related-party transactions entered into by the Company or Group companies when the amount reaches or exceeds 5% of the total amount of assets or 2.5% of annual revenue. Accordingly, a notice with the legally stipulated content must be published in an easily accessible place on the Company's website, which in turn must be communicated to the CNMV. The notice must be published and communicated at the latest on the same date on which the related-party transaction is carried out and must be accompanied by the report, where applicable, issued by the Audit Committee. In determining the amount of a related-party transaction, transactions carried out with the same counterparty over the last twelve months will be taken into account in aggregate.

In accordance with Article 31.e) of the Board Regulations, directors must take the necessary measures to avoid situations in which their interests, either as independent professionals or as employees, may be in conflict with the Company's interests and their duties to the Company.

Article 32 of the Board Regulations, previously mentioned in this Report, further develops the duty to avoid conflicts of interest referred to in Article 31 e), and specifies those situations in which the director must abstain, stipulating that, in any case, directors must disclose to the Board any direct or indirect conflicts that they or any persons related to them may have with

the interests of the Company. Any conflicts of interest directors may have will be disclosed in the notes to the financial statements.

In May 2010, at the proposal of the Audit Committee, the Board approved certain resolutions on identifying related-party transactions and set out objective parameters for controlling related-party transactions (whether significant or not), annual recurring related-party transactions and transactions that must be disclosed to the markets. In compliance with these resolutions, the Audit Committee annually monitors related-party transactions and reports in a timely manner to the Board.

However, as a result of the amendments to the Board Regulations on 20 December 2016 and to the Internal Code of Conduct in the Securities Market on 26 September 2017, the Board, based on the applicable laws and regulations governing related-party transactions and taking into consideration the Company's internal rules fully adapted to those laws and regulations, in January 2018 resolved to render those resolutions inapplicable and approved a new resolution whereby all related-party transactions that the Company or any Group company carry out with directors or with shareholders of the Company who individually or in concert own a significant holding, including shareholders represented on the Board of the Company or of a Group company, or with the persons related to them in accordance with applicable regulations, must be submitted for Board approval, following a report from the Audit Committee and before the transactions are carried out.

However, Law 5/2021, of 12 April, which transposes Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 into Spanish law, introduced important amendments to the Corporate Enterprises Act that, among other matters, have affected the rules applicable to transactions that listed companies enter into with their related parties, which are specifically regulated in sections 529 vicies to 529 tercicies of the Corporate Enterprises Act. The amendments refer to the definition of a related-party transaction, and to the approval and disclosure of these transactions, which are subject to the **new rules**. The new legal regime contained in section 529 vicies of the Corporate Enterprises Act therefore includes the definition of related parties for the purpose of identifying related-party transactions, in accordance with Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017, and the International Accounting Standards (IAS) to which paragraph 1 of section 529 vicies of the Corporate Enterprises Act itself refers, in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002. In turn, the new regime establishes which related-party transactions must be subject to approval by the shareholders at the General Meeting and those that fall within the competence of the Board, taking into consideration that the Board may delegate this approval for those transactions that meet certain legal requirements, with the Board itself adopting an internal procedure in which the Audit Committee must take part and through which the fairness and transparency of these transactions will be verified.

For these purposes, it should be noted, as mentioned above in this Report, that the Board, at its meeting held on 25 May 2021, approved the amendment to the Board Regulations to bring them into line with the reform of the Corporate Enterprises Act by Law 5/2021, of 12 April, which amends the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies, and in particular, among other matters, to the new rules for related-party transactions. Likewise, at the Annual General Meeting held on 29 June 2021, the shareholders approved the amendments to the Articles of Association and the General Meeting Regulations to bring them into line with the amendments to the Corporate Enterprises Act as regards the new rules of related-party transactions, among other matters.

The Board of Directors, at its meeting held on 30 November 2021, also approved a **protocol for related-party transactions** (superseding the resolution on related-party transactions adopted by the Board on 30 January 2018) based on the regulatory framework applicable to related-party transactions, taking into account the unique characteristics of the Company and its Group, and that is intended to develop –based on that established in the Corporate Enterprises Act and in the Articles of Association, the General Meeting Regulations and the Board Regulations of Red Eléctrica– the criteria for applying the rules for approving related-party transactions affecting the Company and for publishing the related information on these transactions, while also establishing the internal procedure for identifying, analysing, approving, monitoring, reporting and controlling related-party transactions.

This protocol for related-party transactions therefore sets out in full the internal procedure for identifying, analysing, approving, monitoring, reporting and controlling these transactions, without prejudice to the fact that the Audit Committee exercises the corresponding supervisory functions in relation to the related-party transactions delegated by the Board.

Similarly, to provide the greatest possible flexibility in applying the new legal regime, the protocol considers the possibility of the Board delegating to the CEO both the approval of (i) related-party transactions between companies that form

part of the Red Eléctrica Group that are carried out in the ordinary course of business and on an arm's length basis, (ii) related-party transactions entered into under contracts with standard terms and conditions that are applied in general to a large number of customers, that are performed at prices or rates generally set by the party acting as the supplier of the goods or services in question, and where their amount does not exceed 0.5% of the Company's revenue, since it is understood that this will improve the functioning of the Company and simplify the operations regarding related-party transactions, without prejudice to the fact that, in relation to related-party transactions delegated by the Board, there will in any case be subsequent control by the Audit Committee, which will receive a report every six months from the Secretary of the Operating Group summarising the related-party transactions where their approval had to be delegated by the Board and that were approved during the period corresponding to the half-yearly financial information of the Company.

It should be noted that prior to their approval the related-party transactions will be analysed by the Operational Group, which has been created by the Company for this purpose and is composed of the Corporate Chief Financial Officer, the Head of Legal Services, the Internal Audit and Risk Control Manager and the General Secretary and the Secretary to the Board, who acts as Secretary.

The main corporate resolutions on corporate governance passed by the Board in 2021 most notably include the following:

1. At the meeting held on 26 January 2021, the Board resolved to appoint the proprietary director (representing Sociedad Estatal de Participaciones Industriales) Ricardo García Herrera as member of the Red Eléctrica Corporación, S.A.'s Appointments and Remuneration Committee, for the term of three years stipulated in the Board Regulations, at the proposal of the Chair of the Board and following a report from the Appointments and Remuneration Committee, in accordance with Article 24 of the Articles of Association and Article 17 of the Board Regulations, to fill the vacancy on the Appointments and Remuneration Committee.
2. At its meeting held on 23 February 2021, the Board resolved to approve the new 2021-2025 Strategic Plan of the Red Eléctrica Group.
3. At this same meeting held on 23 February 2021, the Board approved the Corporate Governance Report of Red Eléctrica Corporación, S.A. and the Annual Report on Directors' Remuneration for 2020, and authorised for issue the financial statements of Red Eléctrica Corporación, S.A. and its Consolidated Group for 2020.
4. At the meeting held on 25 May 2021, the Board resolved to submit the appointment of Marcos Vaquer Caballería, Elisenda Malaret García and José María Abad Hernández as independent directors, and the ratification and appointment of Ricardo García Herrera as proprietary director to the shareholders at the Annual General Meeting of 2021.
5. At this same meeting, in addition to the proposals relating to these appointments, the Board approved all the proposed resolutions and reports to be submitted to the shareholders at the Annual General Meeting of 2020, which was then called. These proposals are as follows:
 - Approve the financial statements (balance sheet, income statement, statement of changes in total equity, statement of recognised income and expense, statement of cash flows and notes to the financial statements) and the directors' report of Red Eléctrica Corporación, S.A. for 2020.
 - Approve the consolidated financial statements (consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements) and the consolidated directors' report of the Consolidated Group of Red Eléctrica Corporación, S.A. and Subsidiaries for 2020.
 - Approve the distribution of profit proposed by the Board at its meeting of 23 February 2021 and, therefore, distribute the profit for 2020.
 - Approve the report on non-financial information of the Consolidated Group of Red Eléctrica Corporación, S.A. for 2020, in accordance with that established in Law 11/2018, of 28 December, amending the Spanish Commercial Code (Código de Comercio), the consolidated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and Spanish Account Auditing Act (Ley 22/2015 de Auditoría de Cuentas), on non-financial information and diversity.
 - Approve the management of the Board of Red Eléctrica Corporación, S.A. for 2020.
 - Pass the resolutions relating to the amendments to the Articles of Association, to bring them into line with Law 5/2021, of 12 April, which amends the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree

1/2010, of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies, and to include certain technical and wording clarifications.

- Pass the resolutions relating to the amendments to the General Meeting Regulations, to bring them into line with Law 5/2021, of 12 April, which amends the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies, and to include certain technical and wording clarifications.
 - In relation to remuneration:
 - Approve the Annual Directors' Remuneration Report of Red Eléctrica Corporación, S.A.
 - Approve the remuneration of the Board of Red Eléctrica Corporación, S.A. for 2021.
 - Approve the remuneration through the delivery of Company shares under the new long-term incentive plan to drive the energy transition, reduce the digital divide and promote diversification.
 - Approve the Directors' Remuneration Policy of Red Eléctrica Corporación, S.A. for 2022-2024.
 - Reappoint the statutory auditor of the parent company and the Consolidated Group.
 - Grant authority to implement the resolutions passed by the shareholders at the 2020 Annual General Meeting.
 - Report to the Annual General Meeting on the Annual Corporate Governance Report of Red Eléctrica Corporación, S.A. for 2020.
 - Report to the Annual General Meeting on the amendments to the Board Regulations.
6. Likewise, at this meeting held on 25 May 2021, it was resolved to approve the update of the Orientation Plan for new Board members.
 7. Finally, at this meeting, it was resolved to approve the amendments to the Board Regulations.
 8. At the meeting held on 2 July 2021, it was resolved to appoint the independent director Marcos Vaquer Caballería as member of the Red Eléctrica Corporación, S.A.'s Appointments and Remuneration Committee, for the new term of four years stipulated in the Board Regulations, in accordance with Article 24 of the Articles of Association and Article 17 of the Board Regulations; to appoint the independent director Elisenda Malaret García as member of Red Eléctrica Corporación, S.A.'s Sustainability Committee, for the new term of four years stipulated in the Board Regulations, in accordance with Article 24 bis of the Articles of Association and Article 18 bis of the Board Regulations; and to appoint the independent director Jose María Abad Hernández as member of the Audit Committee of Red Eléctrica Corporación, S.A. for the new term of four years stipulated in the Board Regulations, in accordance with Article 23 of the Articles of Association and Article 15 of the Board Regulations
 9. At its meeting held on 2 July 2021, it was resolved to approve the update of the Red Eléctrica Group's compliance, integrated risk management, corporate reputation and sustainability policies.
 10. At the meeting held on 30 November 2021, it was resolved to re-elect the proprietary director Mercedes Real Rodríguez as member of the Audit Committee of Red Eléctrica Corporación, S.A. for a term of four years; to re-elect the independent director Socorro Fernández Larrea as member of the Red Eléctrica Corporación, S.A.'s Appointments and Remuneration Committee, for a term of four years; to re-elect the proprietary director María Teresa Costa Campi as member of Red Eléctrica Corporación, S.A.'s Sustainability Committee, for a term of four years; to appoint the independent director María Teresa Costa Campi as member of Red Eléctrica Corporación, S.A.'s Sustainability Committee, replacing José Juan Ruiz Gómez, for a term of four years, with Ms Gómez de Barreda stepping down as member of the Audit Committee; and to appoint the independent director José Juan Ruiz Gómez as member of the Audit Committee of Red Eléctrica Corporación, S.A. replacing Carmen Gómez de Barreda Tous de Monsalve, for a term of four years, with Mr Ruiz Gómez stepping down as member of the Sustainability Committee.
- On 30 November 2021, the Sustainability Committee and the Audit Committee resolved, respectively, to appoint the independent director Carmen Gómez de Barreda Tous de Monsalve and the independent director Antonio Gómez Ciria as the chairs of the Sustainability Committee and the Audit Committee, respectively, for a term of four years.
11. At this same meeting held on 30 November 2021, it was resolved to approve the update to the skills matrix of the Board, drawn up with the support of an international external advisor.
 12. Lastly, at this same meeting, it was resolved to approve the update to the contingency plans for the succession of the Chair of the Board and CEO.

The resolutions were reported to the CNMV in 2021, and are available on the Company's website at the following link, [Shareholders and Investors - Other relevant information](#), and on the website of the Spanish National Securities Market Commission at the following link, [CNMV - Red Eléctrica Corporación - Other relevant information](#).

3.3. Committees

The Company has three Board committees, the Sustainability Committee, the Audit Committee, and the Appointments and Remuneration Committee. The three committees have been set up by the Board, with a highly technical profile, to support it in the performance of its responsibilities, designed to achieve greater efficiency and transparency.

The structure, composition, functions and responsibilities of the committees are established in Articles 22 to 24 bis of the Articles of Association and implemented through Articles 14 to 18 ter of the Board Regulations. Both sets of corporate rules are fully in line with the latest reforms of the Corporate Enterprises Act, the Code of Good Governance and the most recent international practices and recommendations in relation to the composition of the committees and to the independence and qualifications of their members.

At the end of 2018 the Board Regulations were reviewed to update the functions of the three Board committees, resulting in the approval of the revised version at the Board meeting held on 19 February 2019.

The Board of Directors, at its meeting held on 31 March 2020, also approved the voluntary amendments to the Board Regulations to include the appropriate adaptations to Law 11/2018, of 28 December, on non-financial information and diversity, to update the functions of the Board and its committees as regards sustainability, some of them of a cross-cutting nature, with the formal and material scope agreed upon by the three committees, and to strengthen the mechanisms of coordination between the three Board committees.



3.3.1. Audit Committee

3.3.1.1. Composition

The Audit Committee is made up of four members, all of them appointed from among the non-executive directors, with the majority of them being independent directors, for a term of four years (section 15 of the Board Regulations).

In 2021, the Audit Committee was made up exclusively of non-executive directors, with the majority independent directors.

The composition of the Company's Audit Committee at 31 December 2021 was as follows:

Audit Committee	
● Independent non-executive directors (3)	● Antonio Gómez Ciria (chair)
● Proprietary non-executive directors (1)	● José María Abad Hernández
	● José Juan Ruiz Gómez
	● Mercedes Real Rodríguez

Highlights of 2021:

- In July **an independent director** was **appointed as member** of the Committee for a term of four years (section 15 of the Board Regulations).
- In November **a proprietary director was re-elected as member** of the Committee for a new term of four years (section 15 of the Board Regulations) and **an independent director** was **appointed as member** of the Committee for a term of four years (section 15 of the Board Regulations), stepping down as member of the Sustainability Committee.
- In November **an independent director** was **appointed as chair of** the Committee for a new term of four years (section 15 of the Board Regulations).
- **75%** of its members are **independent directors**.
- There is one woman on the Audit Committee, representing 25% of the total members.
- Prior to the approval of CNMV Technical Guide 3/2017 for Audit Committees in Public Interest Entities of 27 June 2017, the Company was already following its recommendations in relation to diversity in the composition of the Audit Committee, given that its members have knowledge and experience in accounting or auditing, or both, and in management, economics, finance and business.

As regards the professional profile of the directors comprising the Committee, they are particularly well qualified for their position and have extensive professional experience, having held positions of the highest responsibility outside the Company where they carried out functions related to those entrusted to the Committee. Their professional profiles are noteworthy for their knowledge of and experience in accounting or auditing, or both, which has been taken into account for their appointment, in accordance with section 529 quaterdecies of the Corporate Enterprises Act and Recommendation no. 39 of the Code of Good Governance. Furthermore, Article 15.2 of the Board Regulations indicates that, in addition to knowledge and experience in accounting and auditing, knowledge and experience in risk management in a broad sense, including both financial and non-financial risks, will be taken into account for the appointment of the members of the Audit Committee, especially the chair.

The chair of the Committee is chosen by its members from among its independent directors, and may be re-elected after one year has elapsed since leaving office, and its secretary is the secretary of the Board.

3.3.1.2. Responsibilities and activity

The functions of the Audit Committee include, among others, providing support to the Board in overseeing the process of preparing the Company's financial and non-financial information, the internal control and risk management systems, the independence of the external auditor, compliance with legal provisions and internal regulations and the relationships with the Company's shareholders, and any other responsibilities expressly assigned to it by the Board.

In recent years, pursuant to key recommendations on corporate governance, the separate and consolidated financial statements that are submitted to the Audit Committee for approval by the Board were previously certified by the chief executive officer and the Corporate Chief Financial Officer.

Subsequent to the restructuring of the Board committees, the functions of this Committee were reviewed as part of the overall review of the Board Regulations. At its meeting held on 19 February 2019, the Board approved the revised functions, which are set out in Article 16 of the Board Regulations, mainly to include certain matters regarding the regulatory compliance system.

The Committee meets with the appropriate frequency for properly discharging its duties. In any event, it must meet at least on a quarterly basis and when called by its chair or requested by two of its members and whenever the Board or the chair requests the publication of a report or the submission of proposals.

In 2021 the Audit Committee held fourteen (14) meetings and submitted fourteen reports on the Committee's activities to the Board. There were no absences or attendance by proxy at these meetings, and therefore there were a total of 56 attendances in person, for an attendance rate of 100%.

More detailed information on the matters dealt with by the Audit Committee in 2021, and the changes in the composition of the Committee during this year, is available on the Company's website at the following link, Annual Activities Report of the Audit Committee for 2021.

3.3.2. Appointments and Remuneration Committee

3.3.2.1. Composition

The Appointments and Remuneration Committee is made up of three members, all of them appointed from among the non-executive directors, with the majority of them being independent directors, for a term of four years (section 17 of the Board Regulations).

In 2021, the Appointments and Remuneration Committee was made up exclusively of non-executive directors, with the majority independent directors.

The composition of the Company's Appointments and Remuneration Committee at 31 December 2021 was as follows:

<p>Appointments and Remuneration Committee</p> <ul style="list-style-type: none"> ● Independent non-executive directors (2) ● Proprietary non-executive directors (1) 	<ul style="list-style-type: none"> ● Socorro Fernández Larrea (chair) ● Marcos Vaquer Caballería ● Ricardo García Herrera
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Highlights of 2021:

- In July **an independent director** was **appointed as member** of the Committee for a term of four years (section 17 of the Board Regulations).
- In November **an independent director** was **re-elected as member of** the Committee for a new term of four years (section 17 of the Board Regulations).
- **66.7%** of its members are **independent directors**.
- There is one woman on the Appointments and Remuneration Committee, representing 33.3% of the total members.

As regards the professional profiles of the directors comprising the Committee, they are particularly well qualified for their position and have extensive professional experience, having held positions of the highest responsibility outside Red Eléctrica where they carried out functions related to those entrusted to the Committee, so that all Committee members have the proven capacity to discharge the functions entrusted to the Committee as a result of their broad experience and knowledge.

The chair of the Committee is chosen by its members from among its independent directors, and its secretary is the secretary to the Board.

3.3.2.2. Responsibilities and activity

The Committee's functions include, among others, those related to the appointment and removal of directors and senior executives who report directly to the Board, the chair or the CEO, the directors' remuneration policy, compliance with directors' duties, corporate governance rules and principles, and to employees of Group companies. It also prepares an annual report on diversity and equality, which it submits to the Board for approval. The Committee's functions regarding employees of Group companies most notably includes the responsibility to keep up-to-date at all times, pursuant to best corporate governance practices, a protocol for relations between the Board and the employees of Group companies to ensure protection of their well-being and interests. All of the Committee's functions are included in Article 18 of the Board Regulation.

The Committee meets with the appropriate frequency to properly discharge its duties. In any event, it must meet at least on a quarterly basis and when called by its chair or requested by two of its members and whenever the Board or the chair requests the publication of a report or the submission of proposals.

In 2021 the Audit Committee held thirteen (13) meetings and submitted thirteen reports on the Committee's activities to the Board. There were no absences or attendance by proxy at these meetings, and therefore there were a total of 39 attendances in person, for an attendance rate of 100%.

More detailed information on the matters dealt with by the Appointments and Remuneration Committee in 2021, and the changes in the composition of the Committee during this year, is available on the Company's website at the following link, Annual Activities Report of the Appointments and Remuneration Committee for 2021.

3.3.3. Sustainability Committee

3.3.3.1. Composition

The Sustainability Committee was created pursuant to Article 22 of the Articles of Association and Article 14 of the Board Regulations, and in accordance with Recommendation no. 53 of the Code of Good Governance.

The Sustainability Committee was created by resolution of the Board on 27 November 2018, following a favourable report from the Appointments and Remuneration Committee. The Sustainability Committee responds to the strategic nature that the Board wants to give to sustainability in the Group, contributing to strengthening Red Eléctrica's position as regards sustainability and corporate governance.

The Sustainability Committee is made up of three members, all of them appointed from among the non-executive directors, with the majority of them being independent directors, for a term of four years (section 18 bis of the Board Regulations).

Since its creation, the Sustainability Committee has been made up exclusively of non-executive directors, with the majority independent directors.

The composition of the Company's Sustainability Committee at 31 December 2021 was as follows:

Sustainability Committee

- Independent non-executive directors (2)
- Proprietary non-executive directors (1)

- Carmen Gómez de Barreda Tous de Monsalve (Chair)
- Elisenda Malaret García
- María Teresa Costa Campi

Highlights of 2021:

- In July **an independent director** was **appointed as member** of the Committee for a term of four years (section 18 bis of the Board Regulations).
- In November **a proprietary director was re-elected as member** of the Committee for a new term of four years (section 18 bis of the Board Regulations) and **an independent director** was **appointed as member** of the Committee for a term of four years (section 18 bis of the Board Regulations), stepping down as member of the Audit Committee.
- In November **an independent director (lead independent director)** was **appointed as chair of** the Committee for a new term of four years (section 18 bis of the Board Regulations).
- **66.7%** of its members are **independent directors**.
- There are three **women** on the Sustainability Committee, representing 100% of the total members.

As regards the professional profiles of the directors comprising the Committee, they are particularly well qualified for their position and have extensive professional experience, having held positions of the highest responsibility outside Red Eléctrica where they carried out functions related to those entrusted to the Committee, so that all Committee members have the proven capacity to discharge the functions entrusted to the Committee as a result of their broad experience and knowledge.

The chair of the Committee is chosen by its members from among its independent directors, and its secretary is the secretary to the Board.

At 31 December 2021, the chair of the Sustainability Committee is the Company's lead independent director.

3.3.3.2. Responsibilities and activity

The functions of the Sustainability Committee include, among others, those related to ethical leadership, compliance with the Group's sustainability policy, sustainability actions and proposals, the 2030 Sustainability Commitment, sustainability policy and its relationship to the Strategic Plan, interaction with different stakeholders, the annual report on ethical management at the Group, sustainability disclosures in accordance with international benchmarks, the review and validation of reports on specific sustainability areas and oversight of compliance with the Code of Ethics. Following the amendments made to the Board Regulations, which were approved at its meeting held on 19 February 2019, the functions of Sustainability Committee were included in Article 18 ter of the Board Regulations and in Article 42 bis of the Company's Articles of Association.

The Committee meets with the appropriate frequency to properly discharge its duties. In any event, it must meet at least on a quarterly basis and when called by its chair or requested by two of its members and whenever the Board or the chair requests the publication of a report or the submission of proposals.

In 2021 the Sustainability Committee held twelve (12) meetings, one (1) of which was an special meeting, and submitted twelve reports on its activities to the Board. Over the course of the year there was only one absence, where the director designated a proxy with instructions, and therefore there were a total of 35 attendances in person, for an attendance rate of 97.22%.

More detailed information on the matters dealt with by the Sustainability Committee in 2021, and the changes in the composition of the Committee during this year, is available on the Company's website at the following link, Annual Activities Report of the Sustainability Committee for 2021.

3.4. Relations with management

The Board's policy is to delegate the ordinary management of the Company and the Group to the executive bodies and the management team and to concentrate on its general supervisory function and the approval of basic operating guidelines.

However, as a result of the separation of the positions of chair of the Board and CEO, the Company has two clearly differentiated management bodies composed of the Company's top executives:

- Advisory Committee to the Chair, headed by the chair of the Board.
- Executive Committee, chaired by the CEO.

The secretary to the Board serves as secretary of both committees.

The structure and functioning of both committees replicates, within the organisation, the model of separation of functions between the non-executive chair and the chief executive officer, so that the committee chaired by the former takes care of overall supervision and strategic oversight, while the committee chaired by the latter continuously monitors the business and corporate activities on an ongoing basis.



4. Balance of powers on the Board

The Company has been taking steps and implementing new measures in its corporate governance structure since 2012, in line with an international trend in corporate governance, especially in Europe, that recommends that listed companies separate the positions of chair of the Board and chief executive officer (CEO), so that each is held by a different person.

Counterbalancing measures adopted by the Company

- The chair of the Board appointed in 2012 never became a member of the Appointments and Remuneration Committee, notwithstanding their appointment as executive chair and chair of the Board.
- The position of lead independent director was voluntarily created, at the proposal of the Board, by the shareholders at the Company's Annual General Meeting held in April 2013, with Carmen Gómez de Barreda Tous de Monsalve being appointed as lead independent director.
- The Board of Directors is currently composed of a significant majority of independent directors (58.3%), who act as a counterbalance and balance of powers in the composition of the Board.
- The procedure for selecting and appointing directors has been strengthened in recent years to improve diversity in its broadest sense, not only in terms of gender, but also in terms of experience, knowledge, age, nationality or length of service of the directors, among others, in the composition of the Board and its committees.
- The skills matrix of the Board, which was first approved in 2018 and is updated on an ongoing basis, is a tool for monitoring and improving the overall quality of the Board.
- In its internal regulations the Board has voluntarily reserved certain responsibilities that cannot be delegated or performed by the CEO or by the Board committees.
- At each of its regular meetings, the Board also exercises immediate effective control of the ordinary, extraordinary and urgent actions of the CEO.
- The Board committees, of which 75% are composed of independent directors in the case of the Audit Committee, and 66.7% in the case of the Appointments and Remuneration Committee and the Sustainability Committee, have extensive functions attributed to them in the Board Regulations.
- For several years the Board has been conducting an annual self-assessment, with advice from independent external experts, and publishes the conclusions in the Annual Corporate Governance Reports.
- Red Eléctrica has voluntarily submitted the Annual Directors' Remuneration Report since 2010, and the annual remuneration of the Board since 2007, to the shareholders at the Annual General Meeting for approval as separate and independent items on the agenda of the General Meeting, along with extensive details and information on comparable companies.
- The Company has voluntarily limited the term of office of its directors to four years, when the legal maximum is six years.

All these practices, together with the need to have a Board of Directors that is fully committed, well balanced and diverse in terms of gender, experience and knowledge, among other aspects, supported by ongoing refresher programmes for technical know-how, and that acts in accordance with the principle of transparency and quality reporting to the markets, constitute sufficient counterbalancing measures that ensure a robust corporate governance system. This has helped the Board to effectively perform its general supervisory function and oversee the work of the management team and the then executive chair, until the formal and definitive separation of the two positions.

4.1. Separation of the roles of chair and chief executive officer

In response to the commitment made by the Company at the General Meeting held in April 2012 and to international best practices regarding corporate governance, the Board submitted to the shareholders, at the extraordinary General Meeting held in July 2015 and called solely for this purpose, the separation of the positions of chair of the Board and chief executive officer of the Company, and the subsequent appointment of the executive director. Both proposals received the favourable vote of 99% of the shareholders, with a quorum of 58%. In July 2015 the Board appointed the new executive director as chief executive officer (CEO) of the Company.

A transitional period was established, which ended at the Annual General Meeting held on 15 April 2016, when the separation of functions between the office of chair of the Board and the position of CEO was completed. Since this General Meeting, the chair of the Board has only had the responsibilities inherent to this position.

Following the replacement of the CEO in May 2019 and the appointment of the new non-executive chair of the Board in February 2020, the model of separation of the positions of chair of the Board and chief executive officer (CEO) of the Company approved in 2015 has been maintained and is working satisfactorily. The non-executive chair has assumed supervisory responsibilities and corporate functions that are of a strategic nature for the Company and the CEO is responsible for leading the management of the Company's business.

The chair of the Board, chair of the Company and of the Red Eléctrica Group

In accordance with Article 25 of the Articles of Association, the chair of the Board is the chair of the Company and, therefore, of the Red Eléctrica Group.

At its meeting held on 28 January 2020, the Board acknowledged the resignation of the former chair as a director and, therefore, as non-executive chair of the Board and of the Company. At the same meeting, the Board resolved to implement the Contingency Plan for the succession of the chair, which has proved to be a key tool for distributing the functions performed by the chair among the CEO, the lead independent director and the chair of the Audit Committee.

At its meeting held on 25 February 2020, the Board appointed Beatriz Corredor Sierra as director of Red Eléctrica Corporación, S.A, under the category of "other non-executive", at the proposal of the Appointments and Remuneration Committee, to fill the vacancy on the Board until the next General Meeting is held. Her appointment was submitted for ratification at the Company's Annual General Meeting held on 14 May 2020, with 98.48% voting in favour.

Furthermore, in accordance with Article 21 of the Articles of Association and Article 9 of the Board Regulations and following a favourable report from the Appointments and Remuneration Committee, the Board appointed Beatriz Corredor Sierra as chair of the Board and non-executive chair of the Company at its meeting held on 25 February 2020.

Since then, the chair of the Board has discharged, among others, the following functions:

- Institutional representation of the Company and of the Group.
- Promotion and oversight of the policies and strategies of the Company and the Group.
- Strategic corporate functions, including, among others, regulation, sustainability, institutional relations, communication, compliance, internal audit and risk control.
- Leadership and promotion of the Group's technological and digital transformation.
- The function of safeguarding the principle of independence of the Electricity System Operator and proper separation of regulated and unregulated activities.

The chair of the Board is appointed from among the Board members, following a report from the Appointments and Remuneration Committee, and is ultimately responsible for the management and the effective functioning of the Board. Under the corporate rules, if the position of chair is held by an executive director, the appointment will require the vote in favour of two-thirds of the Board members.

Under the Board Regulations, the Board has expressly reserved the responsibilities and powers considered to be strategic, which cannot be delegated and were expanded in December 2016 and reviewed in the latest revision of the Board Regulations updated in 2019 and March 2020. The responsibilities that cannot be delegated may not be assumed by chair of the Board, the CEO or the Board committees.

Section 529 sexies of the Corporate Enterprises Act, which was added in the reform approved by Law 31/2014, of 3 December, amending the Corporate Enterprises Act to improve corporate governance, regulated the powers of the chair of the Board for the first time, naming the chair as the person ultimately responsible for the effective functioning of the Board.

The Annual General Meeting held on 15 April 2015 approved the amendments to the Articles of Association aimed at fully bringing them into line with the Corporate Enterprises Act and specifically amended Article 25 of the Articles of Association to include the powers assigned to the chair of the Board in section 529 sexies of the Corporate Enterprises Act.

In addition to Article 25, Articles 20 and 21 of the Company's Articles of Association assign to the chair of the Board the functions of representing the Board on a permanent basis, calling a vote on Board matters once they are considered to have been sufficiently discussed and ensuring compliance with Board resolutions.

In addition, Recommendation no. 33 of the Spanish Code of Good Governance for Listed Companies expanded the powers of the chair of the Board.

Article 9 of the Board Regulations, which is in line with the Corporate Enterprises Act, the Code of Good Governance and the changes in the organisation and functioning that resulted from completing the process of separating the positions of chair of the Board and CEO, regulates, among other aspects, the role of the chair of the Board.

Under Article 12 of the General Meeting Regulations, for many years now the chair of the Board has been responsible for chairing the General Meeting, in anticipation of the new legal provision introduced with the 2014 reform of the Corporate Enterprises Act, and, in his absence, the General Meeting is to be chaired by the Deputy chair selected by ranking or greater seniority in that position, and, failing this, by the person designated by the Board, and if no such person is designated, it will be chaired by the director or shareholder freely designated by the shareholders in attendance at each General Meeting.

Main responsibilities of the chair of the Board, chair of the Company and of the Red Eléctrica Group

- Ensure that sufficient time is devoted to strategic issues.
- Call and chair Board meetings, setting the agenda and leading the discussions and deliberations.
- Prepare and submit to the Board a schedule of meeting dates and, where appropriate, the matters to be discussed.
- Chair the General Meeting.
- Ensure that directors receive sufficient information in advance to be able to discuss the items on the agenda.
- Encourage debate and active participation of all directors during the meetings, safeguarding their rights to freely adopt positions.
- Participate, in coordination with the Appointments and Remuneration Committee and with the lead independent director, in the periodic assessment of the Board and of the Company's CEO.
- Review the refresher programmes for directors when advisable.

The chief executive officer

The position and functions of CEO and the delegation of powers are regulated in Articles 22 to 25 of the Articles of Association, and the responsibilities associated with this position are set out in the document "Process of separation of the positions of chair of the Board and chief executive officer (CEO) of the Company" and in Article 11 of the Board Regulations.

The chief executive officer of the Company is Roberto García Merino. At its meeting of 27 May 2019, the Board appointed him as the Company's chief executive officer after his appointment as executive director of the Company, on an interim basis until the next General Meeting was held to fill the only vacancy existing on the Board, which was caused by the resignation tendered by the person who previously held the position of executive director. His appointment was submitted for ratification at the Company's Annual General Meeting held on 14 May 2020, with 98.98% voting in favour.

The CEO is ultimately responsible for the day-to-day conduct and effective management of the organisation and businesses of the Company and the Group.

Without prejudice to the powers corresponding to the chair of the Board, the CEO will act as the Company's chief executive officer and will be responsible, reporting to and under the supervision of the Board, for the day-to-day conduct and effective management of the organisation and businesses of the Company and the Group, always in accordance with the policies, strategies, decisions and criteria set by the shareholders at the General Meeting and the Board within the scope of their respective competences.

Main responsibilities of the CEO

- Conduct, coordinate and promote the management of the organisation and business areas of the Company and the Group.
- Lead, promote and guide the execution and implementation of the Strategic Plan and the Budget of the Company and the Group.
- Efficiently implement the internal control and risk management system approved by the Board for the Company and the Group, and effectively oversee its proper operation.
- Regularly report to the Board on the degree of execution of and completion with the Strategic Plan and the Budget, the functioning of the risk management system implemented and the progress made in the management of the Group's business areas, so that the Board is able to adequately and effectively exercise its general oversight and control function.

In any event, the CEO will report directly to the Board on the discharge of his duties, without prejudice to regularly informing the chair of the Board on the performance of the businesses of the Company and Group and the rest of the areas under his responsibility.

Under the Company's corporate rules, the Board, at the proposal of the Appointments and Remuneration Committee, may appoint one or more chief executive officers from among its members.

Those regulations also indicate that the CEO or directors may be directors other than the chair of the Board and may have any powers delegated to them as is considered appropriate, although with the necessary scope for the day-to-day conduct and effective management of the Company's business lines, always specifying the content, limits and types of delegated authority.

Without prejudice to the powers corresponding to the chair of the Board, the CEO will act as the Company's chief executive officer and will be responsible for the day-to-day conduct and effective management of the organisation and businesses of the Company and the Group, always in accordance with the decisions and criteria set by the shareholders at the General Meeting and the Board within the scope of their respective competences.

As indicated above, as a result of the separation of the positions of CEO and chair of the Board, the Company's executive team has two clearly differentiated executive bodies: the Executive Committee, which is chaired by the CEO, and the Advisory Committee to the Chair, which, as indicated by its name, is responsible for advising the chair (who also chairs the committee) on the matters within their remit.

4.2. Selection and succession processes

At its meeting held on 28 January 2020, the Board acknowledged the resignation of the former chair as a director and, therefore, as non-executive chair of the Board and of the Company. At the same meeting, the Board resolved to implement the Contingency Plan for the succession of the chair, which has proved to be a key tool for distributing the functions performed by the chair among the CEO, the lead independent director and the chair of the Audit Committee.

At its meeting held on 25 February 2020, the Board appointed Beatriz Corredor Sierra as director of Red Eléctrica Corporación, S.A, under the category of "other non-executive", at the proposal of the Appointments and Remuneration Committee, to fill the vacancy on the Board until the next General Meeting is held. Her appointment was submitted for ratification at the Company's Annual General Meeting held on 14 May 2020, with 98.48% voting in favour.

Furthermore, in accordance with Article 21 of the Articles of Association and Article 9 of the Board Regulations and following a favourable report from the Appointments and Remuneration Committee, the Board appointed Beatriz Corredor Sierra as chair of the Board and non-executive chair of the Company at its meeting held on 25 February 2020.

Consequently, with the appointment in 2020 of Beatriz Corredor Sierra as chair of the Board and non-executive chair of the Company, an orderly and reasonable succession has taken place within the framework of the current corporate system of separation of powers between the positions of chair and CEO in the structure and composition of the Board.

As regards the selection processes, it should be noted that, as indicated in Section 1 of this Report, Law 11/2018, of 28 November, which amended the consolidated text of the Corporate Enterprises Act, on non-financial information and diversity, among other matters, requires listed companies to include in the Annual Corporate Governance Report a description of the diversity policy applied in relation to the board of directors and the specialised board, as regards issues such as age, gender, disability or the professional training and experience of its members; including its objectives, the measures taken, the manner in which they have been implemented and, in particular, the procedures for seeking to include a number of women on the board of directors to achieve a balanced presence of women and men, and the results achieved in the reporting period, and any measures agreed by the Appointments Committee as regards these matters. Companies must also disclose whether information was provided to shareholders on diversity criteria and objectives when electing or renewing board members and the specialised board committees.

As regards the Company's Diversity Policy, Red Eléctrica endeavours to ensure diversity in a broad sense so that it extends to the concepts of gender, experience, knowledge, age, length of service, etc. and continues to apply the policies and procedures that guarantee reasonable balance and diversity both in the Board and its committees and throughout the entire organisation, which reflects the Company's concern for diversity and equality for the purpose of achieving a balance in the Board and the organisation as a whole.

Diversity policy in the selection of directors at Red Eléctrica

The policy is set out in:

- The Corporate Governance Policy.
- The criteria established by the Appointments and Remuneration Committee to define the ideal profile for holding the position of director.
- The skills matrix of the Board.
- The Board Regulations (sections 15, 18 and 22).
- The Articles of Association (Article 24).

The Corporate Governance Policy approved by the Board on 25 November 2014, and last updated on 24 November 2020, took into account the objective of improving gender diversity, recognising and assuming the principle of "consolidating the Company's commitment to diversity in a broad sense, not only in terms of gender, but also experience, knowledge, age, nationality or length of service on the Board, among other aspects, in relation to the composition of the Board and its committees".

Likewise, the practices contained in the Corporate Governance Policy include *"Comprehensive diversity on the Board. The Company applies the principle of promoting diversity in a broad sense, not only in terms of gender but also considering the experience, knowledge, age, nationality or length of service of directors, among other aspects, in the composition of the Board and its committees, as an essential factor to enable it to achieve its objectives from a plural and balanced perspective."*

In addition, Red Eléctrica applies the principle contained in the Corporate Governance Policy of *"ensuring that appropriate procedures exist to select directors, guaranteeing reasonable balance and integral diversity in the Board to adequately perform its tasks"*.

For several years now the Appointments and Remuneration Committee has had criteria that define the ideal profile for holding the position of director, determining the qualities, competencies and experience that the ideal candidate for the position of director should have.

In 2018 the Appointments and Remuneration Committee and the Board carried out a process of assessing the competencies and knowledge of the Board members, which culminated in the approval of the skills matrix of the Board, broken down by director. The application of the matrix of individual competencies of the directors, which reflects the competencies, experience, knowledge, professionalism, suitability, independence of judgement, qualities and capacities established in the Corporate Governance Policy that Board members must have, makes it easier to supervise overall Board diversity and facilitates informed decision making.

The matrix consists of three blocks (experience-knowledge in the sector of activities and strategic priorities of the Company, functions related to the responsibilities of the Board and diversity), which in turn comprise a total of twenty-three categories reflecting the experience and knowledge of the Board members in aspects such as: the energy and telecommunications sector, finance, capital markets, business strategy and development, infrastructure management, boards of directors of public and private entities, sustainability, risk management and compliance, digital transformation, and gender, age or length of service as a director, among others.

The Board skills matrix is a good governance tool that makes it easier to monitor the overall and individual balance, diversity and quality of the Board at any given time and is in line with the most advanced international practices and recommendations in corporate governance matters.

This skills matrix is reviewed on a continuous basis so that it is always up to date and in line with the strategy of the Red Eléctrica Group. In 2021 the skills matrix also underwent a review process with the support of an international external consultant.

In addition, before issuing its report or making a proposal to appoint a director, the Appointments and Remuneration Committee always analyses the diversity of profiles and contributions of the current Board members, so that the Board has the knowledge and experience necessary at all times to successfully meet the coming challenges and progress efficiently and proactively in fulfilment of the strategies and objectives of the Company and the Red Eléctrica Group.

In preparing the corresponding proposal, and when considered appropriate, the Appointments and Remuneration Committee, among other proposals and suggestions, seeks the opinion of head-hunters specialised in the recruiting process of directors, who put forward various candidates and issue reports on each one of them, in which they assess the candidate's competencies and experience. These reports are carefully analysed and assessed by the Appointments and Remuneration Committee before a report and/or appointment proposal is submitted to the Board.

The proposals of directors and the associated reports that the Company has published on its website, both in Spanish and in English, which were submitted to the shareholders at the Annual General Meeting held on 29 June 2021, demonstrate in a transparent manner the concern felt by both the Appointments and Remuneration Committee and the Board for diversity in the composition of the Board. In those proposals and reports, the Appointments and Remuneration Committee and the Board drew on the criteria that define the profile and the requirements considered appropriate for holding the position of director to establish the qualities, competencies and experience that ideal directors should have to discharge the position, and assessed and applied them in the selection processes for the directors who were submitted for approval at the General Meeting.

The proposals of directors and the associated reports that were submitted for shareholder approval at the Annual General Meeting held in are available on the corporate website through the following link: [Proposals of directors and associated reports for the 2021 General Meeting](#).

Article 22 of the Board Regulations provides that the Board, within the scope of its powers, will ensure that the candidates selected are persons of good standing, competence and experience, ensuring diversity in a broad sense in terms of gender,

age, experience, training, knowledge and personal aspects, among others on the Board, and that the selection is not affected by any implicit bias that may entail any kind of discrimination.

In this context, the important role played by the Appointments and Remuneration Committee in fostering diversity on the Board should be noted. As provided in Article 24 of the Articles of Association and Article 18 of the Board Regulations, this Committee is in charge of setting a target number for the less well-represented gender on the Board, assessing the competencies, knowledge and experience needed on the Board, submitting to the Board proposals for the appointment of independent directors and reporting on the proposals for the appointment of other directors, among other responsibilities. Furthermore, Article 15 of the Board Regulations stipulates that members of the Audit Committee will be appointed taking into account their knowledge and experience in the field of accounting, auditing or risk management.

In accordance with Article 18.4 I) of the Board Regulations, for several years now the Board of Red Eléctrica Corporación, S.A. has assumed the commitment to comply with the recommendations established regarding diversity and, therefore, the Appointments and Remuneration Committee is required to prepare an annual report on diversity to be submitted to the Board for approval. This report reflects the Company's concern for diversity and, therefore, for several years now measures have been analysed and adopted to achieve the right balance of competencies on the Board and throughout the entire organisation.

The most recent report on diversity was approved by the Board on 27 April 2021. This report refers to 2020 and includes data on diversity in a broad sense, not only regarding gender but also considering the experience, knowledge, age or length of service of the directors on the Board, and in the organisation, including information on a larger number of Red Eléctrica Group companies. That report is published on the corporate website through the following link: [Diversity report 2020](#)

The 2021 diversity report is expected to be approved at the end of the first quarter of 2022 along with the Sustainability Report for that same year, which is expected to be approved in that period as well.

Of note is the signing of the general protocol on balanced participation of women on the Board and the general protocol on balanced participation of women in pre-executive and executive positions and management committees, both signed with the Ministry of the Presidency, Relations with the Congress and Equality in 2019 within the framework of the 'More women, Better businesses' initiative. The two protocols demonstrate the Board's concern for and commitment to diversity, taking into account that although there are now 6 women on the Board, which represent 50% of the total Board (above the 40% stipulated in the Additional Provision One of Spanish Law 3/2007, of 22 March), the Board is committed to making further progress.

Notwithstanding the progress made to date and the external recognitions, the Board remains fundamentally committed to making further progress in diversity. The necessary resources and means will therefore continue to be made available to develop mechanisms that promote the presence of qualified women both on the Board and its committees and in executive positions and positions of responsibility in the organisation, so as to put into effect and consolidate the Company's diversity management model.

Appointment and re-election of directors

The procedure is regulated in Articles 21 to 23 of the Board Regulations. In accordance with these Articles, directors are appointed by the shareholders at the General Meeting or by the Board by co-option. The appointments, including by co-option, or the re-election of directors will be proposed by the Appointments and Remuneration Committee, in the case of independent directors, and by the Board itself in the case of all other directors.

In all cases, the proposal must be accompanied by an explanatory report from the Board, which assesses the competence, experience and merit of the proposed candidate and will be attached to the minutes of the General Meeting or the Board meeting.

The proposal for appointment or re-election of any non-independent director must also be preceded by a report from the Appointments and Remuneration Committee.

The Board of Directors, within the scope of its powers, will ensure that the candidates selected are persons of good standing, competence and experience, ensuring diversity of gender, experience and knowledge on the Board.

To appoint non-executive directors, the Board must follow the candidate appointment and assessment policy approved by the Board and may use external advisors when considered necessary.

Directors will serve for the term indicated in the Articles of Association.

Article 20 of the Articles of Association sets the term of office for directors at four years, and directors may be re-elected indefinitely, without prejudice to the authority of the shareholders at the General Meeting to remove directors at any time. In

accordance with Article 7 of the Board Regulations, independent directors may not continue discharging their duties as such for a continuous period of more than twelve years.

Removal of directors

In accordance with Article 24 of the Board Regulations, directors will cease to hold office when the term for which they were appointed expires, or when so resolved by the shareholders at the General Meeting in the exercise of the powers granted to them by law and by the Articles of Association. The Board of Directors will not propose the removal of independent directors before the end of the term stipulated in the Articles of Association for which they were appointed, unless the Board considers there is just cause to do so, subject to a report by the Appointments and Remuneration Committee. In particular, just cause will be presumed to exist when a director takes up a new post or assumes obligations that prevent them from allocating sufficient time to discharge the duties of director, is in breach of the duties inherent to their position or becomes subject to any of the situations described in Article 7.2 c) of the Board Regulations and, therefore, can no longer be classified as an independent director. The removal of independent directors may also be proposed as the result of takeover bids, mergers or similar corporate transactions that give rise to a change in the Company's share capital structure, when such changes in the structure of the Board are made to meet the criterion of proportionality referred to in Article 7.1.c) of the Board Regulations.

Directors must also tender their resignation to the Board and, if the Board considers it appropriate, resign in the cases envisaged in Article 24.2 of the Board Regulations.

Committee members will be relieved of their duties once they cease to be directors.

When a director leaves office before the end of their term, whether by resignation or for other reasons, they will explain his reasons in a letter addressed to all Board members, and, in addition to this resignation being disclosed to the market as mandated by current law, it will be included in the Annual Corporate Governance Report. We refer to the information indicated in section C.1.2 of the official Annex of this report corresponding to the form of Annex I of Circular 3/2021, of 28 October, of the Spanish National Securities Market Commission (CNMV).

Succession plan and contingency plans

At its meeting held on 27 October 2011, the Board approved the succession plan for the Company's chair, when the chair still performed executive functions, following a corporate governance practice that is becoming increasingly common worldwide, involving the preparation and approval by listed companies of succession plans for their chief executive officer (CEO) to minimise the impact of the handover on the organisation, and aiming to determine a model profile for the candidates and ensure the continuity of the business, thus reducing as much as possible the potential risks or adverse effects of the appointment of a new executive chair, until they have fully settled into the role. This plan established a succession procedure that is split into several phases, assigning functions to the managing bodies involved; all with a view to creating an environment in which the appointment of a new chair can be carried out in an orderly and efficient manner so as not to affect the Company's ordinary course of business.

But since 2011, in line with advances in the world of good corporate governance, the Company has undergone significant structural changes on the Board that directly affected the former plan: in May 2013 the position of lead independent director was established and in July 2015, the shareholders at the Annual General Meeting approved the separation of the positions of chair of the Board and CEO.

Since that time various legislative changes have been enacted that affect the rules on publicly traded companies and a new Code of Good Governance for Listed Companies was adopted in Spain that recommended that those companies prepare succession plans by having the Appointments and Remuneration Committees prepare and present proposals on a coordinated basis with the lead independent director. As a result, the relevant amendments were made to the Company's Articles of Association (Article 24.2.f) and to the Board Regulations (sections 10.2.1.h and 18.1.m) that directly affected the responsibilities of the Appointments and Remuneration Committee and the lead independent director in the process of drawing up the succession plans.

The Board of Directors, both in the self-assessments of its performance carried out in recent years and in the subsequent Annual Corporate Governance Reports, stressed the need to review and update the 2011 Succession Plan for the chair because, among other reasons, a specific succession plan was needed for the chief executive officer, whose role was now held by a different person after the separation of that function from that of the chair of the Board.

The Appointments and Remuneration Committee and the lead independent director worked intensely throughout 2017 on the analysis and preparation of the succession plans, with the support of an external international consultant. The process cul-

minated with Board approval, at its meeting held on 19 December 2017, at the proposal of the Appointments and Remuneration Committee, of the "Contingency plan for succession of the chair of the Board" and the "Contingency plan for succession of the chief executive officer".

In 2021, work was carried out to update both plans and, at the proposal of the Appointments and Remuneration Committee, the updates of the "Contingency plan for the succession of the chair of the Board" and the "Contingency plan for the succession of the chief executive officer" were approved at the Board meeting held on 30 November 2021.

It should also be noted that at the meeting held on 28 January 2020, the Board resolved to trigger the contingency plan for the succession of the chair of the Board as a result of the resignation tendered by the former chair as a director and as non-executive chair of the Board and the Company. This contingency plan has proved to be a key tool for distributing the functions performed by the chair among the CEO, the lead independent director and the chair of the Audit Committee.

At its meeting held on 25 February 2020, the Board appointed Beatriz Corredor Sierra as director of Red Eléctrica Corporación, S.A, under the category of "other non-executive", at the proposal of the Appointments and Remuneration Committee, to fill the vacancy on the Board until the next General Meeting is held. Her appointment was submitted for ratification at the Company's Annual General Meeting held on 14 May 2020, with 98.48% voting in favour.

Consequently, with the appointment in 2020 of Beatriz Corredor Sierra as chair of the Board and non-executive chair of the Company, an orderly and reasonable succession has taken place within the framework of the current corporate system of separation of powers between the positions of chair and CEO in the structure and composition of the Board.

The "Contingency plan for the succession of the chair of the Board" and the "Contingency plan for the succession of the chief executive officer" set out the profiles and functions of the positions of chair of the Board and CEO, and lay down the actions to be taken immediately by the Company if unexpected or unforeseeable events prevent the chair of the Board and the CEO from performing their duties during their term of office. These plans must be reviewed at least once a year. Both plans set out detailed objectives, the events that trigger their activation, the responsible bodies and the actions to be taken in each phase, from the first 24 hours through the first month, assigning specific roles and responsibilities and avoiding risks of an unforeseen and disorderly succession.

The contingency plan for the succession of the chair of the Board was implemented for the first time, with very satisfactory results, after the former chair of the Board tendered his resignation at the Board meeting held on 28 January 2020. This plan proved to be a key tool for distributing the functions of the chair among the CEO, the lead independent director and the chair of the Audit Committee. After this plan was triggered, the following steps were taken:

1. The lead independent director took over managing the Board and temporarily chaired Board meetings, and the CEO, in addition to discharging the duties of his office, represented the Company with the central government and State authorities. The CEO was also charged with communicating information to the media, investors and shareholders.
2. The chair of the Audit Committee temporarily took over managing internal audit and risk control functions.
3. At the same time, the Board initiated the process of selecting a new chair following the relevant call by the lead independent director and upon the favourable report of the Appointments and Remuneration Committee. This selection process concluded with the appointment of Beatriz Corredor Sierra as chair of the Board at the meeting held on 25 February 2020.

It should furthermore be noted that the executive functions of the CEO were maintained in full, thus ensuring the normal operation of the Company and the Group.

4.3. Lead independent director

Following the reform of the Corporate Enterprises Act approved in December 2014, having a lead independent director is obligatory for listed companies in Spain in which the chair of the Board is an executive director (section 529 septies). The powers and responsibilities of the lead director have been strengthened in the Code of Good Governance, updated in July 2020, which explicitly assigns to the lead director functions such as chairing Board meetings in the chair's absence, having contact with shareholders and investors, and overseeing the succession plan for the chair.

The Appointments and Remuneration Committee and the Board of the Company consider that the position of lead independent director that was created in 2013, constitutes, given the responsibilities attributed to that office, an effective corporate governance practice, and it has been recognised as such by shareholders and proxy advisors that consider the position a key counterweight in the structure and composition of the Board for striking a proper balance of powers and responsibilities.

The Board of Directors resolved to voluntarily create the position of lead independent director at the proposal of the Appointments and Remuneration Committee at the Board meeting held on 13 March 2013. On 18 April 2013, the shareholders at the Annual General Meeting approved an amendment to the Articles of Association which, among other matters, included that position on the same terms as on which it had already been included in the Board Regulations at that same Board meeting. The term of office is three years and the officer may be reappointed. The appointment will be terminated when the lead director ceases to be a director or loses their independent status or when so decided by the Board at the proposal of the Appointments and Remuneration Committee.

At its meeting held on 28 May 2013, the Board appointed Carmen Gómez de Barreda Tous de Monsalve as lead independent director for a term of three years. At its meetings held on 31 May 2016 and 26 March 2019, the Board resolved to re-elect her as lead independent director for a term of three years, respectively, a position that she continues to hold at present.

The duties and responsibilities of the lead independent director are set out in Article 25 bis of the Articles of Association and implemented in Article 10 of the Board Regulations, in line with sections 529 sexies.2 and 529 septies.2 of the Corporate Enterprises Act, and Recommendation no. 34 of the Code of Good Governance.

Following the conclusion of the process of separating the positions of chair of the Board and CEO of the Company, the Board considered it appropriate to maintain this role because, among other reasons, the lead independent director helps maintain the checks and balances within the Board in favour of the independent directors, and because it is a role that has been very well received by shareholders and proxy advisors.

Functions and performance of the lead independent director in 2021

The functions of the lead independent director of Red Eléctrica are established in Article 25 bis of the Articles of Association and Article 10 of the Board Regulations.

The essential responsibility of the lead independent director, which must be taken into account in the performance of the other duties, is to organise the possible common positions of the non-executive directors and serve as a channel for expressing or giving voice to these common positions before the chair of the Board, the Board itself, and the Board committees.

The main responsibilities of this office are the following:

- In relation to the Board:
 - Chair Board meetings in the event the chair is absent or has a conflict of interest, and subsequently assess, with the chair, the matters discussed.
 - Call annual or extraordinary Board meetings, when justified by good reasons, which must be stated in an attachment to the call notice, when the request for a meeting has not been met by the chair of the Board, where appropriate.
 - Take part in preparing the annual schedule of Board meetings, in coordination with the chair, the secretary to the Board and the Appointments and Remuneration Committee.
 - Take part in the Board self-assessment and, in particular, lead the periodic assessment of its chair, in coordination with the Appointments and Remuneration Committee.
 - Voice the concerns of the non-executive directors.
 - Coordinate the preparation of the succession plan for the chair and, where applicable, the CEO.
- In relation to the independent directors:
 - At least once a year, at their own initiative or at the initiative of any other independent director, call and chair formal or informal meetings of the independent directors and determine the matters to be discussed, which may include the basic

responsibilities and functioning of the Board, with the possibility of asking for the presence of executives at these meetings.

- In relation to shareholders:
 - Maintain contact with investors and shareholders to know their points of view, and to form an opinion as to their concerns in relation to the corporate governance of the Company and the Group, in accordance with any general guidelines established by the Appointments and Remuneration Committee or the Board, to which it will report regularly.

In 2021 the lead independent director held various meetings with independent directors to know their concerns and organise their common positions on different matters discussed by the Board.

In addition, following the resignation tendered by the former chair as director and therefore as non-executive chair of Board and the Company on 28 January 2020, the contingency plan for succession of the chair was activated and, as a result of its implementation, the lead independent director took charge of managing the Board and temporarily chairing the Board meetings, until the appointment of Beatriz Corredor Sierra as chair of the Board at the meeting held on 25 February 2020.

The lead independent director actively participated in:

- The design, planning and promotion of the process of separating the positions of chair of the Board and CEO.
- The annual self-assessments of the Board.
- The road shows with proxy advisors organised by the Company since 2016.
- The process of preparing the contingency plans for the succession of the chair of the Board and the CEO.

5. Remuneration policy and assessment

5.1. Assessment

Article 5 of the Board Regulations expressly reserves for the Board, among other functions that cannot be delegated, the responsibility for the annual assessment of the quality and efficiency of the functioning of the Board, the performance of their duties by the chair of the Board and the chief executive officer of the Company and the effective functioning of the Board committees, based on the report issued by the Appointments and Remuneration Committee, in coordination with the lead independent director or the chair. The assessment of the performance of the Board, its chair, the Company's chief executive officer and the Board committees will be conducted by an outside independent expert at least every two years.

The Board must periodically review the general aspects of the assessment methodology used, the overall results of the assessment and any corrective measures adopted, as the case may be.

For some years now, Red Eléctrica has been carrying out annual assessments of the functioning and performance of the Board, the chair of the Board, the Company's chief executive officer and the Board committees, with the support of external independent advisors. The process conducted in 2020 was once again carried out in collaboration with an international external consultant, Ackermann International, S.L, and was conducted under the direction of the Appointments and Remuneration Committee, in coordination with the lead independent director.

This self-assessment process was carried out through individual interviews with each Board member, focusing on the contribution of both the Board and each of the committees to which the directors belong. The methodology used assessed the functioning of the Board from four pillars (Functional, Effectiveness, Decision and Capabilities), and for each pillar a series of key issues were assessed (among others, organisation and planning, management and reliability of information, professionalism in preparation, degree of independence, degree of collaboration, management of expectations, responsibilities, contribution indicators, shareholder value, types of decisions and decision-making power, decision-making process, mechanisms for interacting with management teams, risk control, strategic vision, agility in ongoing learning, capacity to adapt to change, high-performance teams, leadership model, etc.).

Following completion of the process, the self-assessment report was approved by the Board at its meeting held on 25 January 2022. The assessment resulted in a number of aspects with higher or lower ratings. The Board highlighted the **strengths indicated, which included** the high level of technical qualification and professional experience of its members, the fact that there has been significant growth in the composition and diversity of the Board, incorporating strategic thinking, the contribution of value and agility in the decision-making process, and the independence of judgement, transparency and ease of communication within the Board. It also highlighted the good working atmosphere within the Board itself, the optimal contribution and support from the Board members.

The Board also made note of a number of opportunities, which include holding specific sessions (case studies) within the framework of the Strategic Plan; reviewing with the committee chairs the issues to be addressed to avoid overlapping, obtain greater knowledge and have a broader vision on certain specific risk issues, in particular integrated security; and promoting the protocol for connection between the Board and employees.

Following the Board's approval of the self-assessment report, work is underway on an action plan to facilitate the implementation of the improvements considered most relevant to the areas assessed.

It should also be noted that the Action Plan approved by the Board at its meeting held on 23 February 2021, at the proposal of the Appointments and Remuneration Committee, was implemented in 2021, and is the result of the conclusions and recommendations of the Board Self-Assessment Report for 2020, previously approved by the Board at its meeting held on 22 December 2020, a process in which external advisory services were provided by Egon Zehnder. The Appointments and Remuneration Committee reported to the Board in January 2022 on the actions carried out in 2021 within the framework of this Action Plan.

5.2. Remuneration

The Company applies the principle of maintaining a remuneration policy for the Board based on moderation, effective dedication, alignment with the long-term strategies and interests of the Company, its shareholders and other stakeholders, to act as an incentive while not affecting, because of its amount, a director's impartiality.

For several years now, comparative analyses of peer companies have been performed and constant contact is maintained with the Company's shareholders and proxy advisors. As a result of this analysis and the market research carried out by the Company with the support of an international consultant, in 2014 a new remuneration structure was established replacing the variable remuneration component with a fixed component, so non-executive directors no longer receive any variable remuneration.

Only the remuneration of executive directors includes variable components tied to short and long-term performance, in line with the Company's main targets.

Since 2015, environmental, social and good corporate governance (ESG) criteria have been applied in calculating the variable remuneration of the CEO and top executives.

The Directors' Remuneration Policy applicable in 2021 was approved by the shareholders at the Annual General Meeting held on 22 March 2019 for a period of three years. Its core principles are:

GENERAL PRINCIPLES OF THE DIRECTORS' REMUNERATION POLICY	CHIEF EXECUTIVE DIRECTOR (CEO)	NON-EXECUTIVE DIRECTORS
Balance and moderation	X	X
Alignment with the practices demanded by shareholders and investors	X	X
Transparency	X	X
Voluntary submission of any decision related to director remuneration to shareholder approval at the Annual General Meeting	X	X
Alignment of the remuneration policy with the Company's strategy	X	X
Alignment with the remuneration established by peer companies	X	X
Remuneration policies and practices ensure no discrimination by reason of gender, age, culture, religion and race	X	X
Effective dedication	X	X
Correlation between their responsibility and the performance of their duties as directors	X	X
Maintaining a reasonable balance between the various components of (short-term) fixed remuneration and (annual and long-term) variable remuneration, reflecting an adequate assumption of risks combined with the achievement of defined objectives, linked to the creation of sustainable value	X	
Absence of variable components in remuneration to ensure their complete independence as regards the remuneration paid to the executive director (CEO) and management team		X
Sufficient to act as an incentive, without compromising their independence		X

All of the foregoing principles are consistent with the Group's Corporate Governance Policy, last updated by the Board at its meeting held on 24 November 2020 and published on the corporate website.

Moreover, these remuneration principles comply with the general rules laid down for companies in the Corporate Enterprises Act, regarding the need for remuneration to be commensurate with a company's size and importance, economic position, comparability, profitability and sustainability; and not to encourage excessive risk taking or reward adverse results.

The Directors' Remuneration Policy approved in 2019 is available on the corporate website through the following link: [Directors' Remuneration Policy](#)

Other noteworthy aspects of the Board's remuneration

Red Eléctrica has voluntarily submitted the Annual Directors' Remuneration Report since 2010, and the annual remuneration of the Board since 2007, to the shareholders at the Annual General Meeting for approval as separate and independent items on the agenda of the General Meeting. The proposals and reports on these matters are therefore submitted to the shareholders for a binding vote.

This line of action was continued in 2021, and the remuneration of the Board for 2021 and the Annual Directors' Remuneration Report were submitted for approval (binding vote) by the shareholders as separate and independent items on the agenda of the Annual General Meeting. Red Eléctrica Corporación, S.A. therefore continues to align itself with best corporate governance practices, giving shareholders the necessary autonomy and independence of judgement to be able to vote individually and separately on each resolution to be passed at the General Meeting.

The proposed Board remuneration was supported by practically all of the shareholders at the Annual General Meeting held on 29 June 2021, with only 0.37% voting against. For several years now, the state holding company SEPI has abstained from voting on proposals for remuneration of the Board at the Annual General Meeting, in line with the policy it follows in all Spanish listed companies in which it holds a non-controlling interest.

At the Annual General Meeting to be held in 2022, the Annual Directors' Remuneration Report and the remuneration of the Board for 2022 will be submitted for approval (binding vote) by the shareholders as separate and independent items on the agenda, following the same line as in previous years.

In addition, Red Eléctrica has also submitted the directors' remuneration policy for shareholder approval at the General Meeting since 2015 and, given that the period of validity (2019, 2020 and 2021) of the Directors' Remuneration Policy for Red Eléctrica Corporación, S.A. approved by the shareholders at the Annual General Meeting of 22 March 2019 ended in 2021, the **Directors' Remuneration Policy** applicable in 2022 was **approved at the Annual General Meeting held on 29 June 2021** for a period of three years.

It should be noted that in 2021 the remuneration system for the chief executive officer, and for top executives, includes fixed and variable components, the latter of which are of a short and long-term nature, in line with the objectives and strategies of the Red Eléctrica Group.

In particular, the annual variable remuneration for the CEO is based on the fulfilment of a combination of predetermined and quantifiable Company targets, measured at Group level, which account for 75% of his total annual variable remuneration, and the fulfilment of operational management targets linked to the Red Eléctrica Group's businesses, which account for 25% of his total annual variable remuneration. The latter include the **target linked to sustainability**, which has a weight of 10% and is linked to the fulfilment of a series of key projects to move forward as regards the Red Eléctrica Group's Sustainability Plan and to the Company's ongoing inclusion in the most relevant sustainability indices.

Likewise, the shareholders at the Annual General Meeting held on 29 June 2021 approved the remuneration through the delivery of the Company's shares provided for in the new Long-Term Incentive Plan to drive the energy transition, reduce the digital divide and promote diversification, aimed at executive directors and members of the management team of the Company and of the companies belonging to the Red Eléctrica Group who, due to their position or responsibility, are considered to contribute decisively to the creation of value and are included in the plan during its term.

The proposed resolutions mentioned above are available on the corporate website (www.ree.es), in the General Meeting section.

6. Implementation of the integrated risk management, control and compliance system

6.1. Ethics and compliance in the Red Eléctrica Group

Ethics and compliance are fundamental pillars for the Red Eléctrica Group for the proper functioning of its business activity. The Company is committed to acting with the utmost integrity in the fulfilment of its obligations and commitments, and in the relations and engagement with its stakeholders.

The Red Eléctrica Group has rules on corporate conduct that lay down the values and standards of behaviour that must be embraced by all persons at the Company in the performance of their professional activities.

The Company has a compliance system that is in line with best practices, the purpose of which is to ensure that the obligations established and commitments assumed are respected based on a culture in which compliance risks are managed proactively.



6.1.1. Development of ethics and compliance culture

Awareness and training are key factors in developing an ethics and compliance culture within the organisation. The Company promotes raising awareness and understanding the importance and strategic role of the compliance system for the Red Eléctrica Group, within the organisation's integrity culture.

The Red Eléctrica Group continuously promotes a culture based on ethics and compliance, as a fundamental element of due diligence in the management of compliance risks.

An awareness and training plan on compliance culture was designed and implemented in 2021 by means of an e-learning course on ethics and compliance. The course develops the ethical values, principles and guidelines of the Code of Ethics and Conduct and the principles of the Compliance Policy. Through this training, the Group provides the Company's professionals with the tools to resolve possible risk situations in the performance of their duties and responsibilities, and the means for communicating any issues related to ethics and compliance.

In 2021, 83% of the Red Eléctrica Group's employees were trained in the Group's management system and ethics, exceeding the target set at the beginning of the year of 80% trained in this area for all Group companies.

As part of the Group's commitment to ethics and compliance, it also participated as a premium member in the Integrity Forum of Transparency International Spain.

Red Eléctrica is also a member of the **Spanish Compliance Association (ASCOM)**, the main objective of which is to professionalise the compliance function in Spain; it also joined the group of large companies that form part of the **Forética Transparency, Good Governance and Integrity Cluster**.

Due diligence as regards the integrity of third parties

The Red Eléctrica Group provides its members with the tools necessary to ensure that the Company's relations with third parties are governed by ethical and transparent conduct, which are key to maintaining the trust and reputation of the Group companies among its stakeholders.

The principles of the compliance system contained in the Company's Compliance Policy include the establishment of the due diligence measures necessary for properly selecting and monitoring business partners or third parties, defined as those stakeholders with which the Group maintains or intends to maintain relations of any nature, as regards ethics and compliance.

The third-party due diligence model seeks to promote the highest ethical and compliance standards, and respect for current laws and regulations as regards integrity, and to promote a culture of compliance based on the principle of zero tolerance towards unlawful acts **zero tolerance towards the commission of illegal acts**, especially those linked to integrity (corruption, bribery, money laundering, financing of terrorism or other similar acts).

In 2021, a global due diligence system as regards the integrity of third parties was further developed to establish the criteria and measures necessary to provide the Group with the means to for properly selecting and monitoring third parties as regards integrity. As an additional measure for conducting due diligence as regards the integrity of third parties, the Dow Jones Risk & Compliance platform was implemented as a support tool, through which queries can be made about entities or individuals, non-compliance, illegal conduct or sanctions that may affect integrity.

6.1.2. Code of Ethics and Conduct

The purpose of the **Red Eléctrica Group's Code of Ethics and Conduct** is to formally set out the Group's commitment to ethics, consolidating a responsible business model that ensures the creation of shared value, bringing the interests of the organisation into line with those of its stakeholders.



The current Code of Ethics and Conduct of the Red Eléctrica Group, approved by the Board in May 2020, responds to the requirements and recommendations on ethical management established by: the United Nations (UN), mainly through the Sustainable Development Goals, the 10 principles of the Global Compact and the Universal Declaration of Human Rights and the conventions that develop it; the Organisation for Economic Co-operation and Development (OECD); the International Labour Organisation (ILO), and Transparency International, among others.

The Red Eléctrica Group's Code of Ethics and Conduct is structured around the **fifteen principles**, established taking into account the criminal risks associated with the activities of the Red Eléctrica Group. For each of these principles, a catalogue of conduct consistent with or contrary to the Code of Ethics and Conduct is established to prevent situations from arising that may favour the commission of crimes. The principles and guidelines for conduct are structured in three blocks, based on the relationship of the Red Eléctrica Group with the environment, employees and the organisation itself.

6.1.3. Code of Conduct for Suppliers

The Red Eléctrica Group has a specific code for its suppliers in which it highlights the prevention of corruption, respect for human rights and compliance with occupational and environmental safety requirements by its suppliers, in the development of the products or services required by the Company, whether they have been carried out directly or through other companies.

In 2021, the suppliers section of the "Compliance culture" section of the Company's corporate website was updated to bring it into line with the Group's compliance system, including aspects related to the prevention of corruption and due diligence processes as regards the integrity of third parties.

The Company also makes the Red Eléctrica Group's "Ethics and Compliance Channel" available to suppliers for reporting possible non-compliance with the Code of Ethics and Conduct or the Code of Conduct for Suppliers, and for submitting queries on these rules.

6.1.4. Ethics and Compliance Channel

To promote the application of the Code of Ethics and Conduct, the Red Eléctrica Group has an **Ethics and Compliance Channel** available on the corporate website, through which queries, complaints or suggestions on this matter can be submitted.

The Ethics and Compliance Channel is managed by the Ethics Officer in coordination with the Compliance area, and its operation is regulated in the guide for channel management. In 2021, the implementation of the new IT tool was completed, which strengthens the guarantees for the user of the channel and improves the follow-up of the queries and complaints submitted through the channel. This channel is audited on a regular basis and ensures the confidentiality of the users.



The Red Eléctrica Group has another channel for registering non-compliances, complaints, queries and suggestions regarding ethics through the **DÍGAME Service**, the purpose of which is to receive requests from external stakeholders that are not aware of the previously mentioned channel. This service refers inquiries to the Ethics Officer, preserving confidentiality.

In 2021, to facilitate access to the Ethics and Compliance Channel and to give it visibility, the Ethics and Compliance section of the corporate website was updated, creating a specific subsection for this channel that includes information on the type of communications that can be made through the channel, how the channel is managed, and the guarantees it offers.

Seven queries were made through the Ethics and Compliance Channel in 2021, with a maximum resolution time of ten days, extended by a further ten days in particularly complex cases, in accordance with the rules for managing the Ethics and Compliance Channel.

As regards compliance with the Code of Ethics and Conduct, four complaints were received during the year. None of the complaints concern violations related to the organisation's criminal risks. More detailed information on these complaints can be found in the Annual Executive Management Report of the Code of Ethics and Conduct for 2021.

More detailed information on these complaints can be found on the Company's website at the following link: [Annual Executive Management Report of the Code of Ethics](#).

Ethics Officer and Stakeholder Ombudsman

To ensure awareness, application of and compliance with the Code of Ethics and Conduct, the Company appointed Carlos Méndez-Trelles García, General Secretary and Secretary to the Board, as the Ethics Officer and stakeholder ombudsman.

The responsibilities carried out by the Ethics Officer, with the collaboration of the Compliance area, are as follows:

- Resolve queries in connection with the Code.
- Investigate complaints submitted in relation to the application of the Code.
- Draw up action plans for resolving the complaints made and submit them for approval by the chair of the Red Eléctrica Group.
- If the complaint is related to any member of the Executive Committee or the Board, it will be submitted to the chair of the Audit Committee or, as the case may be, to the chair of the Sustainability Committee, depending on the nature of the complaint.
- Draw up a periodic report reviewing the ethics management system and propose actions for improving the system.

6.1.5. Tax strategy

The Red Eléctrica Group is committed to complying with tax law and with its tax obligations, fosters a cooperative relationship with the tax authorities and considers the tax contribution in all territories where it operates as significant for the overall economic and social development.

The responsibility for setting the tax strategy, drawing up the tax risk management and control policy, and approving investments or transactions that, due to their amount or special characteristics, are considered strategic or to entail particular tax risk is reserved for the Board and cannot be delegated. This reflects the strategic role of the Board in tax matters.

The tax strategy of the Red Eléctrica Group was approved by the Board on 30 June 2015 and its purpose is to determine the approach to be taken on tax matters on a consistent basis and in line with the Group's strategy. It lays out the vision and objectives as regards tax matters, and is based on the three core values of transparency, good governance and responsibility.

The vision of the tax strategy can be summarised as follows:

"Manage tax matters proactively, acting responsibly and transparently towards all stakeholders and in such a way as to comply with tax law and minimise reputational risk, making compliance compatible with the protection of shareholder value."

The scope of application of the tax strategy includes all Red Eléctrica Group companies and covers the following tax obligations:

Fulfilment of the obligation to file tax returns and pay both input and output taxes.

Fulfilment of the obligation to file tax returns and pay taxes collected and paid on behalf of third parties.

Fulfilment of tax reporting obligations.

On 29 September 2015 the Board approved the Red Eléctrica Group's Tax Risk Management and Control Policy and its inclusion in the Integrated Risk Management Policy. The tax risk management and control systems are described in Section 6.3 of this Report.

Within the framework of implementing good tax practices that reduce tax risks, the following actions have been taken:

Information on the tax policies applied in the annual corporation tax return for 2020, prior to filing the annual tax return.

Information on the Tax Transparency Report for 2020.

Information about the tax policies applied in the first half of 2021.

Information on the Annual Report on Tax Transparency for 2020.

Approval of the Country-by-Country Report for 2020.

Approval of the tax policies applied at the end of 2021, prior to authorisation for issue of the financial statements for 2021.

The Red Eléctrica Group has an Integrated Risk Management System that includes the main tax risks for the Group and the mechanisms for their mitigation, control and management.

In addition, the Group has a System for Internal Control over Financial Reporting (ICFR) that includes tax reporting and processes and their associated controls, based on the COSO II (Committee of Sponsoring Organisations of the Treadway Commission) methodology. These processes and systems undergo systematic internal and external audits.

The Red Eléctrica Group has various mechanisms to prevent unlawful transactions, money laundering and fraudulent concealment or disposal of assets. These include the Code of Ethics and Conduct, which sets out specific principles and guidelines for conduct related to tax responsibility, the Compliance Policy, the Criminal Compliance System Manual, the Code of Conduct for Suppliers and the "Corruption prevention guide: Zero tolerance", which are available to employees of the Red Eléctrica Group, its suppliers and the various stakeholders through the corporate website. The Red Eléctrica Group also carries out awareness-raising actions and ongoing training in which those documents are given to employees.

The Red Eléctrica Group's Code of Ethics and Conduct and tax strategy establish a commitment not to create companies to evade taxes in countries considered tax havens.

The Red Eléctrica Group does not have a presence or carry out any operations in territories officially classified as tax havens in accordance with current regulations.

At its meeting held on 29 September 2015, Red Eléctrica Corporación, S.A.'s Board passed a resolution requiring the Red Eléctrica Group to subscribe to the Code of Good Tax Practices adopted by the Spanish Tax Agency (AEAT) within the framework of the Large Companies Forum. Adherence to those practices is in line with the tax principles and guidelines set out in the Group's tax strategy.

On 28 October 2016, the Large Companies Forum approved a proposal to strengthen good practices in business tax transparency, and proposed that companies issue an "Annual Report on Tax Transparency for companies adhering to the Code of Good Tax Practices". In accordance with the above, the Red Eléctrica Group has voluntarily submitted this Tax Transparency Report to the Spanish tax authorities since 2017.

Following the practice initiated in 2014, and with the aim of offering greater transparency of tax information on a voluntary for its various stakeholders, the Company publishes its total tax contribution, highlighting the relevant economic and social role of the Group's tax contribution.

To calculate its total tax contribution, the Red Eléctrica Group uses PwC's Total Tax Contribution methodology, which measures the total impact of a company's tax payment. This contribution is calculated in terms of the total contribution of taxes paid to the various tax authorities, both directly or indirectly, as a result of the Red Eléctrica Group's economic activity.

The Red Eléctrica Group's total tax contribution for 2021 is published in the 2021 Sustainability Report.

Since 2019 the Red Eléctrica Group, pursuant to its commitment to transparency in the conduct of its activities, publishes an annual tax transparency report that sets out the main tax issues and position of the Group. This report is available on the corporate website.

Lastly, it should be noted that for the second year in a row the Red Eléctrica Group leads the ranking of tax transparency and responsibility for 2020, published by the Commitment and Transparency Foundation in its latest report on transparency in the management of tax responsibility of Ibx 35 companies, obtaining the highest score.

6.2. Compliance

Compliance system

The Company has a compliance system that is in line with best practices, the purpose of which is to ensure that the obligations established and commitments assumed are respected based on a culture in which compliance risks are managed proactively.

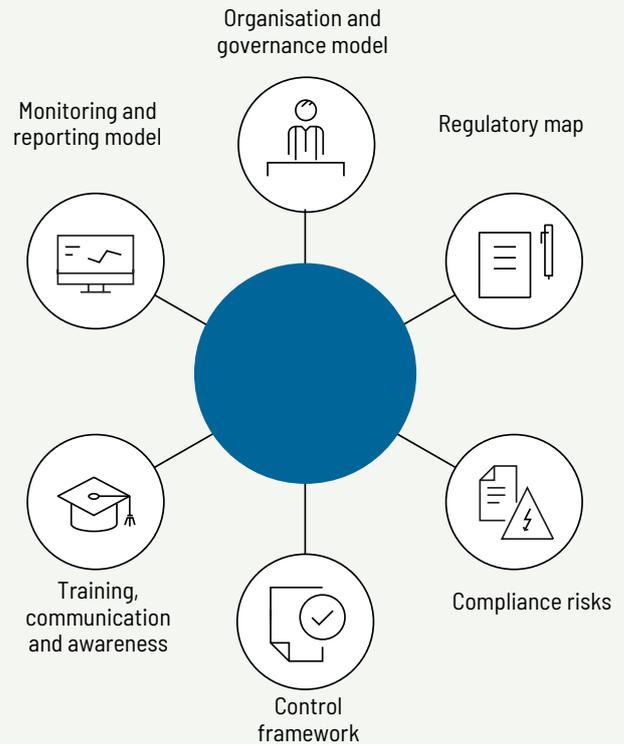
The criminal compliance and anti-bribery system of the Red Eléctrica Group in Spain is in accordance with section 31 bis of

Components of the compliance system

the Criminal Code and Public Prosecution Service Circular 1/2016 on the criminal liability of legal entities, and the UNE 19601 and ISO 37001 standards on criminal compliance and anti-bribery management systems, respectively.

The Red Eléctrica Group has a Compliance Policy approved by the Board, which establishes the principles that govern the organisation's commitment to the prevention, detection of and response to any conduct that constitutes an act contrary to the legal obligations and commitments voluntarily assumed by the Company. The Policy contains the Group's express commitment to compliance with criminal and anti-bribery laws applicable to the organisation, and the rejection of any conduct of a criminal nature, all of which is consistent with the values, principles and guidelines for conduct set out in the Group's Code of Ethics and Conduct.

In accordance with the provisions of the UNE 19601 and ISO 37001 standards on criminal compliance and anti-bribery management systems, respectively, in 2021 the requirement was met for the organisation's particularly exposed personnel (management team), and its governing body, to submit a statement at reasonable intervals confirming compliance with the Criminal and Anti-Bribery Policy, included in the Group's Compliance Policy.



Update of the Compliance Policy

Following the approval of the Code of Ethics and Conduct in May 2020 and the 2021-2025 Strategic Plan in February 2021, the Company reviewed and updated the Group's policy map to ensure that both its structure and the principles contained in the policies are in line with the culture of ethics and compliance and with the Company's strategy. They should also respond to stakeholder demands and promote a common corporate culture among all Group companies.

The main changes included in the updated Compliance Policy are as follows:

- Alignment with the ISO 37001 standard on anti-bribery management systems, including a specific reference to this area of compliance. An additional principle is also included in relation to the duty to report suspicious behaviour or non-compliance, and the whistleblower's right to indemnity if acting in good faith.
- Alignment with the Code of Ethics and Conduct, included as one of the components of the Group's compliance system.
- Inclusion of confidentiality and anonymity guarantees for users of the Ethics and Compliance Channel

The Company also has a Compliance area, part of the Internal Audit and Risk Control Division, which is responsible for the design, development, implementation and monitoring of the organisation's global compliance system, with the objectives of promoting a global and proactive vision of compliance risks and ensuring their efficient control, guaranteeing the coordination and uniformity of their management at the corporate level, and improving internal control at the Red Eléctrica Group.

The compliance system is structured through the following regulatory areas:



Key actions in 2021

- Update of the Group's Compliance Policy.
- Implementation of the new monitoring plan for the criminal compliance and anti-bribery system.
- Communication, awareness and training plan for 2021 to measure and accredit the compliance culture.
- Progress on the global system for due diligence as regards the integrity of third parties.

Next objectives for 2022

- Review and update of the corruption prevention guide.
- Development of an integrity relationship model with business partners.

Criminal compliance and anti-bribery system

The Red Eléctrica Group has a criminal compliance and anti-bribery system aimed at identifying the rules, procedures and tools established by the Group to avoid non-compliance with any regulations that carry criminal liability for the Company and its employees. This widens the due control exercised by the Company to take in the management and prevention of criminal risks that may affect its activity and business sector.

Internal and external audits were carried out in 2021 to monitor the criminal compliance and anti-bribery system of the parent company of the Red Eléctrica Group (Red Eléctrica Corporación) and Red Eléctrica de España to verify compliance in accordance with the UNE 19601 and ISO 37001 standards. The external audit to monitor the certification was carried out by AENOR, which in December 2020 certified the criminal compliance and anti-bribery system of these companies, in accordance with the above standards, with the certification body having reported the approval and effectiveness of the system.

Criminal Compliance Committee

The Board of Directors, as the body ultimately responsible for risk management at the Red Eléctrica Group, in accordance with applicable regulations and, in particular, with that stipulated in section 31 bis of the Criminal Code, has designed the Criminal Compliance Committee as the specific body responsible for controlling the Company's criminal compliance and anti-bribery system.

The Criminal Compliance Committee is independent and works autonomously, and reports to the Board, through the Audit Committee, regarding the activities it has carried out, and on the adequacy and efficiency of the criminal compliance and anti-bribery system.



In 2021, none of the Group companies was investigated or convicted for breaches related to the organisation's criminal risks. The Criminal Compliance Committee has been informed of the matters within its remit, has had free access to the documentation necessary to carry out its task and has had the cooperation of the Company's various departments to carry out its functions.

Monitoring of the criminal compliance and anti-bribery system

The monitoring plan for the criminal compliance and anti-bribery system includes the activities aimed at monitoring the proper functioning of the system and ensuring that the information regarding the levels of risk of criminal compliance and anti-bribery faced by the organisation is kept up to date, so that those responsible for making decisions regarding the system do so in an informed manner. The plan includes the activities of verifying, overseeing and monitoring the system, the results of which are set out in a table of indicators for follow-up.

One of the control objectives included in the monitoring plan is to oversee the design and implementation of the criminal compliance and anti-bribery map, by identifying and assessing the risks and control activities that mitigate these risks, and having an independent entity verify the design and operation of the control activities.

In accordance with the monitoring plan for the criminal compliance and anti-bribery system and following best practices, in 2021 the Company engaged an international audit firm of recognised prestige to carry out an external assessment and verification of the design and effectiveness of the key controls identified in relation to the risks of fraud, stock market offences, misappropriation and disclosure of company secrets, fraud against the Public Treasury and money laundering and financing of terrorism.

In addition, new key controls associated with public corruption and business corruption risks were assessed and verified in 2020 as supplementary work to the first verification cycle completed. The work consisted of assessing the design and verifying the effectiveness of a total of 54 controls through substantive testing and process testing for 2020. The result of the verification was satisfactory, as no significant weaknesses in the design and effectiveness of the controls were identified.

Prevention of corruption and conflicts of interest

The Code of Ethics and Conduct and the Ethics and Compliance Channel, as a system **for handling queries and complaints**, constitute an effective mechanism for detecting and handling possible cases of corruption, fraud and conflicts of interest

Code of Ethics and Conduct	
Ethics and Compliance Channel	
Corruption prevention guide: zero tolerance	Guide for managing conflicts of interest

The Red Eléctrica Group has a **Corruption prevention guide: zero tolerance**, approved by the Board in 2015, which builds on the values and behavioural guidelines included in the Code of Ethics and Conduct related to the main manifestations of corruption.

In 2021, in accordance with these guidelines, which prohibit contributions to political parties and organisations, the Group did not make any donations or provide any grants or loans to political parties. Along these same lines, no complaints were filed as regards possible cases of corruption, and no Red Eléctrica Group company was investigated or convicted by any court of wrongdoing in cases of corruption.

In addition, a review process of the current corruption prevention guide was initiated in 2021 with the support of Transparency International, and a report was issued with opportunities for improvement and recommendations to be taken into account in the review process to be carried out in 2022.

Management of conflicts of interest

The Red Eléctrica Group has had a **guide for managing conflicts of interest** since 2018 to implement the commitments assumed in the Code of Ethics and Conduct, with the aim of detecting and preventing potential conflicts of interest that could affect the management team. This guide, which is the result of the Group's duty of diligence regarding conflicts of interest, includes preventive measures to minimise risks.

The Company has an Advisory Body for conflicts of interest, which is responsible for the development and due implementation of the procedure for identifying, managing and resolving conflicts of interest established in this guide.

In 2021, the Advisory Body dealt with one query on conflicts of interest from one member of the organisation subject to the guide. The Advisory Body declared that there was an actual conflict of interest, and the situation was resolved by adopting measures to safeguard the Group's interests.

Protection of privacy

The Red Eléctrica Group has a **data protection compliance system**, with the aim of promoting and maintaining a responsible and proactive attitude in the protection of personal data, which guarantees the good governance of personal data and preserves the trust of our stakeholders.

The Group's data protection compliance system ensures the good governance of personal data based on current regulations

Data protection governance model

Area responsible	Functions
Data Protection Officer (DPO).	To ensure compliance with current regulations on data protection and to act as a liaison with the supervisory and control authority in this area.
Data Protection Advisory Body	To support the proper functioning of the data protection compliance system and to propose legal, technical and organisational improvements to that system. In addition to the Data Protection Officer, the Advisory Body is composed of representatives from the following areas: Compliance, Legal Services, Corporate Security, Information Technology, and People and Culture.
Network of liaison officers	To implement the data protection culture at the Company, connecting the management of the areas with compliance with the regulatory requirements in this area.

Throughout 2021, the following actions taken as regards data protection should be highlighted:

- Review of the guidelines that govern the data protection governance model. The review consisted of, among other aspects, the inclusion of a specific section on the basic principles that govern the processing of personal data in the Red Eléctrica Group, in line with the Compliance Policy, and the adaptation of the rules to the requirements of the Spanish Organic Law on the Protection of Personal Data and Guarantee of Digital Rights (*Ley Orgánica de Protección de Datos Personales y Garantía de los Derechos Digitales*) and to the current operations carried out at the Company.
- Approval of the internal rules that govern data protection by design and by default.
- Internal audit regarding data protection. The result of this audit has shown that the personal data protection model has performed positively since the last audit in 2019. Furthermore, it was verified that measures and controls are in place to mitigate the main risks of the processes related to personal data protection and that, in general, they are adequate.
- Launch of a platform for consent management at the Group. The tool will allow the autonomous management of the consents managed by the different areas of the Company.

In 2021, the Data Protection Officer did not receive any complaints about breaches related to personal data protection and none of the Group companies was investigated or convicted for breaches related to privacy regulations.

In addition, three requests were received to exercise rights related to personal data protection, which were answered in due time and form, and the necessary technical measures were taken to provide an effective response to the request to exercise this right, all in accordance with the Red Eléctrica Group's protocol for handling the rights of access, rectification, erasure, objection, portability and restriction of processing and the applicable privacy regulations.

Lastly, it should be noted that 99 queries were received in 2021 by the Data Protection Advisory Body, 98% of which have been closed. The Advisory Body regularly monitors these queries to ensure that they are properly resolved.

Development of a culture of privacy

The Red Eléctrica Group promotes, through the annual activity plan for the data protection compliance system, adequate training, awareness and understanding among its members on the importance of the data protection compliance system within the integrity culture of the Company.

In 2021, the Group continued with the plan to raise awareness, understanding and training in matters regarding privacy. Since the e-learning course on privacy was launched in 2019, more than 1,350 Group employees have received training in this area. In addition, this course forms part of the training material for new employees joining the Company.

Proactive protection of personal data

The Red Eléctrica Group maintains a conscious, diligent and proactive attitude towards the processing of personal data.

Along with the components already mentioned, the Company also has:

- A **privacy policy** that provides instructions on matters such as the way in which personal data are processed, and guarantees the rights of the data subjects, and the security of the data.
- A **specific methodology for analysing the risks involved in** processing personal data to assess these risks and establish the security measures and controls that guarantee the rights and freedoms of citizens.
- A methodology for identifying, assessing, qualifying and responding to security incidents related to compliance with data protection regulations.
- A **protocol for handling the rights of access, rectification, erasure (right to be forgotten), objection, portability and restriction of processing** of personal data.
- A **protocol for contracting** of personal data processors.
- A **internal rule** that regulates the principles of **privacy by design and by default** and that incorporates in projects, activities and initiatives an approach aimed at the principles of risk management and proactive accountability that protects the rights of personal data subjects.
- A **plan for monitoring the control framework** of the organisational and legal measures of the data protection compliance system that is completed on a three-year cycle.
- **Internal** biennial audits to review the whether the Red Eléctrica Group's policies regarding data protection are adequate and to ensure it complies with the relevant regulations.

6.3. Integrated risk management and control

6.3.1. Integrated risk management system

The Red Eléctrica Group has had an **integrated risk management system** in place since 2002 to facilitate compliance with the Group's strategies and objectives, ensuring that any risks that may affect them, including tax risks, are identified, analysed, assessed, managed and controlled in a systematic manner, with uniform criteria and within the acceptable level of risk approved by the Board.

The management system was developed in accordance with the ISO 31000:2018 standard on principles and guidelines in the management of risk, and is of a comprehensive and ongoing nature, with management being carried out by business unit, subsidiary and corporate level support area.

The Red Eléctrica Group has an integrated risk management policy, which was reviewed and updated in 2021, and a general procedure for integral risk management and control, based on the 2017 COSO Enterprise Risk Management - Integrated Framework.

This policy, which has included the tax risk management and control policy since 2015, is fully in line with the Group's strategic plan and is available in the Corporate Governance section of the corporate website through the following link, [Integrated Risk Management Policy](#).

In 2015 the Red Eléctrica Group began a gradual review, with the support of international audit firms, of compliance with the five components of internal control, based on the COSO Integrated Framework.

The audit firm Ernst & Young ("EY") reviewed the first of these components ("Control environment") in 2015 and the second ("Risk assessment") in 2016. In both reviews they came to the conclusion that the components and activities relating to the control environment and risk assessment are formally established and in place in all areas/operations of the organisation and that, furthermore, best practices in these fields had been implemented across the board.

In 2017 the third component, "Control activities", was assessed by the audit firm Deloitte, the conclusion being that this component had been successfully implemented and was in line with best practices in the market.

In 2018, EY performed an assessment of the fourth component of the COSO Integrated Framework: "Information and communication", concluding that the Red Eléctrica Group has strong information and communication mechanisms that are in line with the most advanced practices.

In 2019, the audit firm PwC reviewed the components of the COSO Integrated Framework with an assessment of the fifth component, "Monitoring activities", concluding that Red Eléctrica has procedures and controls in place that ensure a high level of compliance with the principles of this component, in line with the best practices in internal control.

In 2020, an external assessment process of the Red Eléctrica Group's integrated risk management system was carried out with the aim of assessing whether the current model was in line with best practices according to the ISO 31000:2018 and COSO ERM 2017 standards. As a result of this assessment, it was concluded that the implementation of the system complies with the reference standards. In addition, a series of opportunities for improvement were identified that were taken into account when developing the activity plan for the integrated risk management system for 2021.

The integrated risk management policy

The integrated risk management policy is approved by the Board. This policy establishes the general principles and guidelines of the integrated risk management system, sets the acceptable level of risk for the Red Eléctrica Group and provides guidelines for managing and mitigating the different categories of risks identified, including tax risks.

The integrated risk management and control procedure

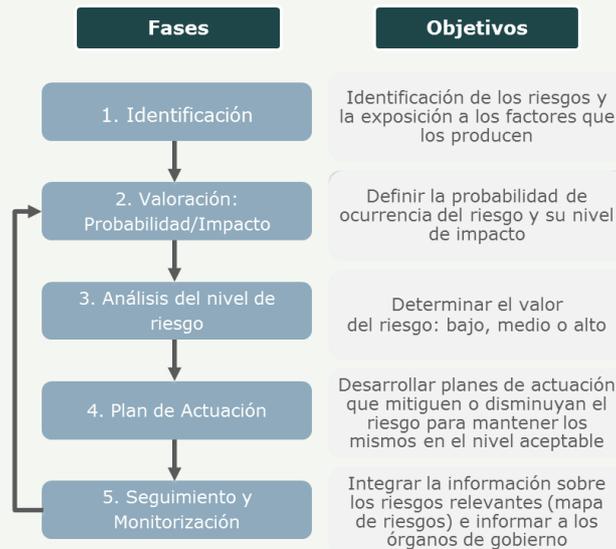
The integrated risk management and control procedure regulates the process of identifying, analysing, assessing and controlling the management of the material risks faced by the Group.

The process is intended to ensure that managers at all levels within the Company are aware of and assess the risks that threaten the Group's strategies and objectives, and keep these risk within the levels of acceptable risk established.

Organisational structure of risk management and control

The integrated nature of the risk management system ensures the participation of all units of the Red Eléctrica Group and ensures that the bodies in charge of controlling risk are adequately informed of the situation.

The integrated risk management and control policy and procedure define the different responsibilities of the governing bodies and each of the organisational units, and the information flows and activities to be carried out, in accordance with the



scheme shown in the graph below.

Organisational scheme

The Board Regulations expressly give the Board responsibility for approving the Group's integrated risk management policy, which includes the acceptable level of risk determined, and for receiving reports on and periodically monitoring the internal control, prevention and reporting systems.

Twice a year, the Board reviews the risk control system and material risks, including tax risks, without prejudice to the information it receives on a regular basis from the Audit Committee as part of the ongoing monitoring process carried out by the Committee.

The Audit Committee is responsible for periodically monitoring the effectiveness of the integrated risk management system, including tax risks, to ensure that material risks are identified, kept within the established acceptable level of risk and properly reported.

The Executive Committee, composed of executives from the Company's most significant and strategic areas, is assigned the functions of monitoring the material risk map and ensuring that those classified as high risk and other especially important risks, and the action plans that are essential for mitigating those risks, are properly controlled and monitored.

The Internal Audit and Risk Control Division, which reports to the chair from an organisational standpoint and to the Audit Committee from a functional standpoint, is responsible for coordinating and supporting the risk identification, analysis and assessment process and for monitoring these risks on a regular basis. This department submits the appropriate reports to the Executive Committee, Audit Committee and Board of Directors.

The organisational units participate on an ongoing basis, together with the Internal Audit and Risk Control Division, in the process of identifying, analysing and assessing the Group's risks and in the implementation of the action plans established to mitigate these risks.



6.3.2. Main risks, acceptable level of risk, and response and monitoring plans

Main risks that may affect the achievement of the Group's strategies and objectives

The Red Eléctrica Group's core business involves transmission activities and operation of the electricity system in Spain. These are classified as regulated activities, since carrying them out is essential for the security and continuity of the electricity supply in Spain, and as the Company is exclusively responsible for these activities. This classification as a regulated activity affects both the setting of revenue and the environment and conditions in which the Company must carry out its core business activities and determines the risks to which it is exposed.

The Group also carries out electricity transmission activities outside Spain (in Chile, Peru and Brazil) and provides telecommunications services to third parties, mainly through the lease of dark fibre backbone and the operation of satellite infrastructures.

The Company has established a **risk taxonomy or classification** to provide a more complete identification of these risks and to allow for a more detailed analysis. This structure allows the identified risks to be classified into three levels of aggregation:

Strategic:

- Risks related to the regulatory framework in which the Group's activities are carried out.
- Business risks associated with the business environment itself or with strategic decisions.
- Risks related to sustainability and good governance.

Operational:

- Risks associated with assets planned and/or in progress.

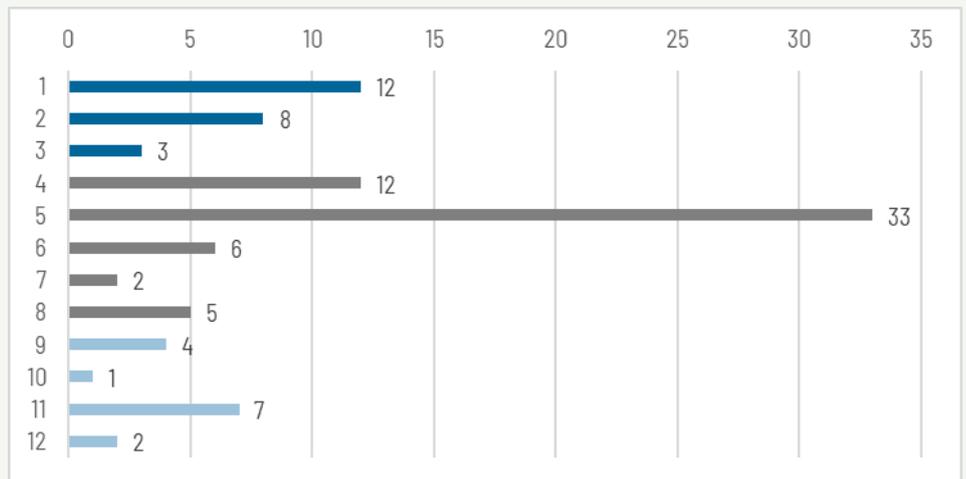
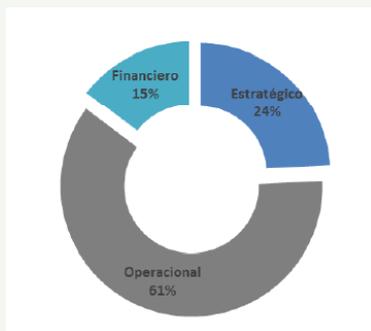
- Risks associated with assets in service.
- Risks related to information systems.
- Risks related to people and their organisation.
- Compliance risks.

Financial:

- Market risks.
- Risks related to the Company’s solvency.
- Counterparty risks.
- Insurance risks.

The tax matters, classified as strategic risks related to the regulatory framework, were included in the integrated risk management policy in 2015, which sets out specific guidelines for managing these risks.

In accordance with the risk analysis performed by the Red Eléctrica Group, the most recent risk map identified 95 risks, which are shown in the following chart by risk category:



The Company’s Sustainability Report contains detailed information on the Group’s current risks and any risks that may arise in the future. This report is available on the corporate website (www.ree.es).

Acceptable level of risk

The Red Eléctrica Group’s risk management system establishes a methodology for determining the level of risk. All identified risks are therefore individually classified into three categories: **high level risks, medium level risks and low level risks.**

The level of a risk is determined by combining two variables – the probability of occurrence and the impact its occurrence would have on the Company – as regards four key elements of the business:

<p>ELECTRICITY SUPPLY Energy not supplied (ENS) as a result of the potential event.</p>	<p>REPUTATION Stakeholder perceptions in the event of failure to meet their expectations and disclosure of the event in communication channels and social media.</p>
<p>STRATEGIC PLAN Degree of impact on the achievement of the Group’s Strategic Plan.</p>	<p>ECONOMIC LOSS Impact on the income statement after corporate income tax.</p>

The Red Eléctrica Group's risk management system establishes a methodology for determining the level of risk. All identified risks are therefore individually classified into three categories: **high level risks, medium level risks and low level risks.**

Depending on the probability of occurrence and the level of impact of each risk, it is placed in the probability/impact matrix, which automatically determines the level of risk. The following matrix reflects the distribution of the 95 risks identified according to their assessment.

Probability	Level 5	1	1	0	0	0
	Level 4	4	4	1	0	0
	Level 3	2	8	16	2	0
	Level 2	4	21	14	1	3
	Level 1	3	7	1	1	1
		1	2	3	4	5
		Impact				

The level of risk that the Red Eléctrica Group is willing to accept is established both for individual risks, and for aggregate risk for each of type of impact.

The overall acceptable level of risk that the Group is willing to assume for each of the four main types of impact envisaged in the integrated risk management system is approved by the Board. As a general rule, the overall level of risk must not exceed this approved acceptable level of risk.

In 2021, in accordance with the updated 2021-2025 Strategic Plan, the overall acceptable levels of risk for each of the four main types of impact (electricity supply, achievement of the strategic plan, reputation and economic loss) were reviewed and updated.

Accordingly, at an individual level, as set out in the integrated risk management policy, any risk that does not exceed the low risk level is considered acceptable. Actions must be taken on risks that exceed the low risk level until they reach an acceptable level. Risk management must aim for consistency between the importance of the risk and the cost and resources required to reduce it. However, for activities that affect the electricity system, the impact that the risks may have on the system must also be taken into account.

Risks that arose in 2021

As regards operational risks, it should be noted that the transmission grid facilities are constantly exposed to events that may affect the continuity and security of the electricity supply. These events are caused mainly by third parties and also meteorological phenomena. If these risks were to arise, the Group has the corresponding insurance policies to mitigate the potential impact that these events could have on its income statement.

In January 2021, the cold weather and snow unleashed by the Filomena storm threatened many parts of the Spanish peninsula. Due to the intensity of the snowfall and the freezing temperatures, 50 incidents – all of them minor – were registered in the transmission grid, which were detected and appropriately isolated by the protection systems without causing power cuts. During this same month, the Hortensia storm once again put a large part of the peninsula on alert due to strong winds, affecting the Cerrato-San Sebastián de los Reyes high voltage line in the province of Valladolid. This incident did not cause a power cut in the area. In both cases, Red Eléctrica activated from the outset all the human and technical resources necessary to restore the damaged assets in the shortest possible time.

On 24 July 2021, a malfunction in the French electricity system, as reported by the French system operator (RTE), coinciding with a fire over which seaplanes had to fly, led to the disconnection of the two circuits of the electricity interconnection between Spain and France, causing the disconnection of the peninsular electricity system from the rest of Europe. The isolation of the peninsular system led to a frequency drop in the system due to the loss of energy that was being imported at that time (2,500 MW), which caused the activation of automatic protection measures to disconnect consumption (or load shedding) to guarantee the security of the system and avoid a greater impact, ensuring that essential services were not affected. Some 2,350 MW were lost in the Spanish electricity system throughout the peninsula. Red Eléctrica activated all the necessary resources envisaged for a situation of this nature, and after the disruption, the system was stabilised, the interconnection with France was reconnected, consumption recovered, and supply to the entire system was restored within one hour and three minutes after the incident occurred.

Response and monitoring plans for the Group's main risks

The actions required to reduce the degree of risk to the acceptable level are established in the process of identification, analysis, assessment and control of risks.

To monitor risks, the current risk management system involves monitoring more than 500 actions plans aimed at reducing the level of risk, with more than 300 indicators to review their performance.

The Risk Control area, together with the risk management units, reviews the performance and mitigating effect of the action plans established. This review is carried out on an annual basis and covers all risks in the corporate risk map. The review is carried out every six months for high level risks and others that require special monitoring. In this last case, the additional review is carried out because a change in their situation could convert them into high level risks in the mid to long term.

Furthermore, the Red Eléctrica Group also has a system for Internal Control of Financial Reporting (ICFR), with the basic aim of improving the efficiency and security of processes for preparing economic and financial information on the organisation, with the proactive adoption of international best practices. ICFR specifically includes the information related to the Red Eléctrica Group's tax processes, and their related controls.

The Red Eléctrica Group also has contingency plans that regulate the various crisis situations that may arise in the event of an electricity incident (so as to ensure security of supply), or a non-electricity incident that may affect the environment, people, the Company's operations, the availability of its systems, its business results or any other aspect that may have an impact on the Company and its reputation.

The Company has a Business Continuity Plan aimed at preparing the necessary actions and planning a set of procedures to be able to respond appropriately to a disaster, crisis or emergency, from the moment it occurs until the situation returns to normal. The Business Continuity Plan allows the impact on the Company's business to be reduced to a minimum and allows decision making in disaster, crisis or emergency situations to be streamlined and automated.

In addition, the Risk Control area carries out actions with other Group companies to develop risk management in line with the Integrated Risk Management System. In 2021, we collaborated with the subsidiary ARGO in defining the criteria and methodology to identify and assess its own risks. Significant progress has also been made with the subsidiary HISPASAT to bring its management methodology into line with the Red Eléctrica Group's policy.

Notable actions in 2021

- Update of the Integrated Risk Management Policy.
- Update of the acceptable level of risk established by the Group.
- Implementation of the plan for improvements resulting from the external assessment of the Integrated Risk Management System carried out in 2020.

Main actions in 2022

- Development of the model for analysing the actions carried out to mitigate risks.
- Analysis of insurance management as a mitigating measure for the material risks of the Red Eléctrica Group.
- Identification and internal analysis of the main emerging risks that may have an impact on the Red Eléctrica Group.

6.4. Internal audit

Internal Audit at Red Eléctrica is an independent, objective assurance activity that involves a planned and systematic review of the Group's processes, systems, projects and other activities to assess and improve their effectiveness by identifying those aspects that need to be improved and monitoring of the effective implementation of those improvements.

The Internal Audit Department, as part of the Internal Audit and Risk Control Division, reports to the chair of the Board from an organisational standpoint and to the Audit Committee from a functional standpoint, and its mission, authorities, functions and obligations are set out in the "Internal Audit Statute of the Red Eléctrica Group" approved by the Board.

In order for this activity to contribute greater value to the organisation, an Annual Plan is drawn up each year for the audits to be carried out in the following year with a focus on the key risks faced by the Group, based on the Corporate Risk Map, the risk map of the Criminal Compliance and Anti-Bribery System, and the risk maps for Fraud, Information Systems and Corporate Security. The requests made by senior management and the Audit Committee are also taken into consideration when preparing the Annual Plan. The Annual Plan includes internal audits of processes managed by the various Group companies (including those related to fraud and criminal risks), information systems and cybersecurity, the system of internal control over financial reporting (ICFR), certified management systems, and other audits – not included in the foregoing – that are required by law or by the requirements established in internal rules. Audit results are reported on a quarterly basis, as is the follow-up on aspects that require improvement, to the executive team, to the chief executive officer, to the chair and to the Audit Committee.

Relation between internal audit and other assurance units

Internal audit (third line of defence) takes into account the level of maturity and the degree of assurance provided by other divisions and departments of the Company that also perform assurance functions (second line of defence) when drawing up the Annual Plan and determining the approach and scope of the audits for the purpose of increasing coordination and alignment and seeking out synergies and efficiency.

In relation to risk management, the Annual Plan includes audits to evaluate the design and effectiveness of the controls and actions that contribute to mitigating the most important risks inherent to the Group, reporting the results to the Risk Control area.

In relation to the compliance activity, the Annual Plan includes specific audits of the risks of criminal liability of legal entities, and of legal and internal compliance in the Group's processes, reporting the results to the Compliance area.

7. Future outlook

As in previous years, the Annual Corporate Governance Report for this year includes a section dedicated to the future outlook for Red Eléctrica as regards corporate governance, due to the relevance it has for current shareholders and potential investors, and future third parties interested in Red Eléctrica.

The statements made in this section do not constitute any commitment or formal obligation for the Company, enforceable by third parties, but rather are merely possible steps and actions to be taken in 2022 and subsequent years, in accordance with Red Eléctrica's tradition to continue incorporating best corporate governance practices, in light of the progress made in shareholder requirements and its corporate governance commitment.

In 2021, the Board used the following basic tools, among others, to analyse best corporate governance practices, with a view to their possible adoption by Red Eléctrica: the annual assessment of the Board with the support of an external advisor, an annual schedule of visits to institutional investors and proxy advisors, the engagement of advisors and specialists in various corporate governance matters and an external audit of the processes for managing the General Meeting to help identify possible improvements.

The Company's presence as a member of the world's leading organisation in the field of corporate governance, the International Corporate Governance Network (ICGN), has once again helped it to have first-hand knowledge of the key international trends in corporate governance, and their progress, with the possibility of conducting an early analysis and implementation.

In the Group's Corporate Governance Policy, recently updated by the Board, certain commitments to good corporate governance were assumed, which have been incorporated and consolidated by Red Eléctrica by adopting certain principles and practices, summarised in Section 1 of this Report, which will be periodically monitored in 2022, as in each year, to oversee compliance.

The following are some of the main issues currently being analysed or due to be discussed by the Board and its committees:

- Monitoring of the implementation of the Group's Strategic Plan, which aims to make the energy transition a reality with sustainability criteria, promoting innovation, talent and technological development.
- The Board's full commitment to sustainability (ESG) for the development of the Group's business, with the support of the Sustainability Committee and the other Board committees, within the scope of their respective responsibilities in this area.
- Review and continuous improvement of the Company's engagement with its shareholders and proxy advisors to continue maintaining a sustainable relationship that will keep the Company's interests aligned with those of its shareholders in the medium and long term, creating mutual trust.
- Monitoring the implementation of diversity policies within the Board and throughout the organisation, in particular, monitoring compliance with the general protocol on balanced participation of women on the Board and the general protocol on balanced participation of women in pre-executive and executive positions and management committees, signed with the Ministry of the Presidency, Relations with the Congress and Equality in 2019 within the framework of the 'More women, Better businesses' initiative.
- Updating of the corporate rules to bring them into line with regulatory changes and adoption of best corporate governance practices.
- Development and promotion of the protocol for the relationship between the Board and the employees of the Group companies, in accordance with best corporate governance practices, to contribute to the cultural transformation and the development of the talent of the Group's people.
- Further progress in the supervision and monitoring by the Board of the Group companies.
- Progress in the development of the Red Eléctrica Group's Compliance System and implementation of the Red Eléctrica Group's compliance culture awareness and dissemination plan.
- Continuous updating of the skills matrix approved by the Board, which serves as a guide to define director profiles that are most in line with the Group's needs and strategies at any given time.
- Implementation of a new annual self-assessment process for the Board to continue improving the functioning of the

Board and its committees.

- Review of the contingency plans for the succession of the chair of the Board and the chief executive officer.
- Promotion of the annual programme of knowledge and information of the Board, in line with the Group's new Strategic Plan.
- Continuous analysis, updating and improvement of the corporate governance information published on the corporate website to meet international standards.
- Continuous progress in the process of preparing and publishing annual corporate information for shareholders and other stakeholders, based on the principles of quality, clarity, integrity and simplicity of information.

Official Annex: Standard Form of Annex I to Circular 3/2021, of 28 September, of the Spanish National Securities Market Commission (CNMV)



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

ISSUER'S PARTICULARS

Reporting date: [31/12/2021]

TAX ID NO.: [A-78003662]

Corporate name:

[RED ELECTRICA CORPORACION, S.A.]

Registered office:

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

JOSÉ JUAN RUIZ GÓMEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SOCORRO FERNÁNDEZ LARREA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JOSÉ MARÍA ABAD HERNÁNDEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ROBERTO GARCÍA MERINO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ANTONIO GÓMEZ CIRIA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RICARDO GARCÍA HERRERA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MERCEDES REAL RODRIGÁLVAREZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MARCOS VAQUER CABALLERÍA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BEATRIZ CORREDOR SIERRA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% of total voting rights held by board members							0.00

Roberto García Merino is entitled to a direct percentage of voting rights attributed to the shares of 0.002%.

Details of indirect holdings:

Name of director	Name of direct holder	% of voting rights attributed to the shares	% of voting rights through financial instruments	% of total voting rights	% of voting rights that can be transferred through financial instruments
No data					

Give details on the total percentage of voting rights represented on the board:

% of total voting rights represented on the board of directors	0.00
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- A.4.** Indicate, as appropriate, any relationships of a family, commercial, contractual or corporate nature existing between the owners of significant shareholdings, insofar as they are known to the company, unless they have scant relevance or arise from the ordinary course of business, except those reported in section A.6:

Name of related party	Type of relationship	Brief description
No data		

- A.5.** Indicate, as appropriate, any relationships of a commercial, contractual or corporate nature existing between the owners of significant shareholdings and the company and/or the group, unless they have scant relevance or arise from the ordinary course of business:

Name of related party	Type of relationship	Brief description
No data		

- A.6.** Describe the relationships, unless insignificant for the two parties, between significant shareholders or shareholders represented on the board and directors, or their representatives in the case of legal entities.

Explain, where applicable, how the significant shareholders are represented. Specifically, indicate those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or related to significant shareholders and/or companies in its group, specifying the nature of the relationships. In particular, state the identity and position of any directors or representatives of directors of the listed company who are themselves directors or representatives of directors of companies that have significant holdings in the listed company or in companies belonging to the same group as a significant shareholder:

Name of related director or representative	Name of related significant shareholder	Name of the group company of the significant shareholder	Description of the relationship or position
MERCEDES REAL RODRIGÁLVAREZ	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	- Head of Investees of SEPI.

- A.7.** Indicate whether the company has been notified of any shareholders' agreements pursuant to sections 530 and 531 of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*). If so, provide a brief description and list the shareholders that are party to the agreement:

Yes
 No

Indicate whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

Yes
 No

Expressly indicate any amendment to or termination of such agreements or concerted actions during the year:

- A.8.** Indicate whether any individuals or legal entities currently exercise control or could exercise control over the company in accordance with section 5 of the Spanish Securities Market Act (*Ley del Mercado de Valores*). If so, identify them:

Yes
 No

- A.9.** Complete the following tables on the company's treasury shares.

At year end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
1,803,433		0.33

(*) through:

Name of direct shareholder	Number of shares held directly
No data	

A.10. Give details of the conditions and term of the current resolution passed by shareholders authorising the board of directors to issue, buy back or transfer treasury shares:

The Corporate Enterprises Act strengthened the legal scheme applicable to treasury shares of companies as established in Spanish Law 3/2009, of 3 April, on structural modifications of commercial companies (*Ley 3/2009 sobre Modificaciones Estructurales de las Sociedades Mercantiles*), without there having been any relevant changes in this scheme since then.

The renewal of the authorisation granted by the AGM to the Board for the derivative acquisition of treasury shares by the Company, or by companies belonging to the Red Eléctrica Group, and their direct delivery to employees, members of management and executive directors of the Company and of the companies belonging to the Red Eléctrica Group, as remuneration, for a term of 5 years from the date of this AGM, was submitted for approval at the AGM held on 14 May 2020. Moreover, as a separate item on the agenda, a remuneration plan was established for employees, members of management and executive directors of Red Eléctrica Corporación, S.A, which could also be extended to those considered as such in the companies of its consolidated Group in Spain, allowing a part of their annual remuneration to be paid through the delivery of Company shares, from treasury shares, always following the latest international corporate governance recommendations, insofar as the maximum number of shares did not exceed, under any circumstance, 10% of the share capital for all plan beneficiaries, or 5% of the share capital in the case of executive directors. Approval of this plan required a resolution with certain legally established conditions. The shareholders at this AGM authorised the Board, in accordance with section 146 and related provisions of the Corporate Enterprises Act and other applicable rules, to engage in the derivative acquisition of treasury shares of Red Eléctrica Corporación, S.A. by the Company itself and by companies in the Red Eléctrica Group, both directly or indirectly, to the extent determined by the Board to be advisable under the circumstances, provided the following conditions are met:

- (i) The maximum number of shares to be acquired will not exceed the established legal limit, provided all other applicable legal requirements can also be fulfilled.
- (ii) The acquisition may not be made at a price greater than the price of the shares on the stock exchange at the time of the acquisition, or at a price less than 50% of the stock market price at that time.
- (iii) The acquisition may take the form of a purchase or swap or any other type of transaction in exchange for valuable consideration or free of charge, depending on the circumstances.
- (iv) In accordance with section 146.1 b) of the Corporate Enterprises Act, the acquisition, including the shares that the Company may have acquired previously and hold as treasury shares, may not result in the equity being reduced to below the amount of the share capital plus the restricted reserves as indicated by law or the Articles of Association.

In accordance with the third paragraph of section 146.1 a) of the Corporate Enterprises Act, the Board may use all or part of the treasury shares acquired by virtue of this authorisation and those already owned by the Company at the date of approval of the current resolution, for the implementation of remuneration programmes that involve the direct delivery of shares to employees, members of management and executive directors of the Company and the companies in the Red Eléctrica Group in Spain. The Board of Directors has therefore been authorised, in the broadest sense necessary, to request as many authorisations and to pass as many resolutions as necessary or appropriate to comply with current regulations and to successfully implement the current resolution.

As regards the remuneration plan aimed at employees, executive directors and members of management of the Company and the companies in the Red Eléctrica Group in Spain, approved at the Company's AGM, its main characteristics are as follows:

- Beneficiaries: All employees, executive directors and members of management of the Company and the companies in the Red Eléctrica Group in Spain.
- Participants may join the remuneration plan on a voluntary basis.
- The maximum amount of remuneration to be received in shares will be EUR 12,000 per participant per year. Nevertheless, for executive directors of the Company, the maximum amount of remuneration to be received in shares each year will be the amount resulting from the remuneration policy for executive directors that is applicable at any given time over the term of the remuneration plan, with a maximum limit in any event of EUR 120,000.
- The shares will be delivered within the term established in the authorisation.
- Number of shares to be received by each beneficiary: This will depend on the price of the share at the close of trading on the stock exchange on the date of delivery, with the maximum limit in each case applicable to each beneficiary.
- The maximum number of shares to be delivered will depend on the value of the share at the close of trading on the stock exchange on the date of delivery, with the maximum limit in each case applicable to each beneficiary.
- The price of each share of Red Eléctrica Corporación, S.A. will be determined at the close of trading on the stock exchange on the date of delivery.
- The shares will be part of the previous or new treasury shares owned either directly by the Company or through the companies in the Red Eléctrica Group.
- The current retribution system will be applicable for the next 5 years.

A.11. Estimated free float:

	%
Estimated free float	71.53

- A.12.** Indicate whether there are any restrictions (under the Articles of association, applicable laws or otherwise) placed on the transfer of securities and/or any restrictions on voting rights. In particular, indicate whether there is any type of restriction that could present obstacles to the takeover of the company by means of share purchases on the market, and any authorisation or notification requirements applicable to acquisitions or transfers of the company's financial instruments under industry regulations.

Yes
 No

Description of the restrictions

Maximum percentage of voting rights a shareholder may exercise under a special legal restriction: 3% (general) and 1% (electricity sector).
Maximum percentage of voting rights a shareholder may exercise under a restriction imposed by the Articles of association: 3% (general) and 1% (electricity sector).

The limits are established in additional provision twenty-three of Spanish Law 54/1997, of 27 November (which remains in effect by virtue of the sole repealing provision of the Spanish Electricity Sector Act 2013 [*Ley 24/2013 del Sector Eléctrico*]), after its amendment by Royal Decree Law 13/2012, of 30 March, which incorporated certain additional restrictions for companies carrying out generation or marketing functions. The special regime for Sociedad Estatal de Participaciones Industriales (SEPI) is maintained, whereby it must always hold at least ten per cent (10%) of the share capital.

These legal provisions concerning the general and special shareholding regime are included in Articles 5 and 14 and the sole additional provision of the Company's Articles of Association and also in Article 6.3 of the General Meeting Regulations, the content of which is available on the Company's corporate website (www.ree.es). The restrictions included in the Articles of Association set forth the legal limitations.

- A.13.** Indicate whether the shareholders at the general meeting have resolved to take measures to neutralise a takeover bid pursuant to Spanish Law 6/2007.

Yes
 No

If so, explain the measures approved and the situations in which the restrictions would be inoperative:

- A.14.** Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes
 No

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer:

B. GENERAL MEETING

- B.1.** Indicate whether quorums for convening the general meeting differ from the system of minimum quorums established in the Corporate Enterprises Act. If so, give details.

Yes
 No

- B.2.** Indicate and, as applicable, describe any differences between the company's system of passing corporate resolutions and the framework established in the Corporate Enterprises Act:

Yes
 No

- B.3.** Indicate the rules governing amendments to the company's Articles of association. In particular, indicate the majorities required to amend the Articles of association and, if applicable, the rules for protecting shareholders' rights when amending the Articles of association.

The procedure for amending the Articles of Association does not differ from that established in sections 285 et seq. of the Corporate Enterprises Act, which require approval by the shareholders at the General Meeting, with the majorities set out in sections 194 and 201 of this Act. Spanish Law 31/2014, of 3 December, amending the Corporate Enterprises Act to improve corporate governance, introduced certain changes to the rules on majorities (section 201 of the Corporate Enterprises Act). In particular, it clarified that resolutions will be passed by a simple majority of votes, in the sense that the resolution obtains more votes in favour than against from the share capital attending in person or by proxy.

Resolutions amending the Articles of Association and similar resolutions (section 194 of the Corporate Enterprises Act) require an "absolute majority" if the quorum is greater than 50% of the share capital, and two thirds of the share capital attending in person or by proxy when the quorum on second call does not reach 50% of the share capital. An immediate consequence of the reform of the Corporate Enterprises Act was the amendment to the Articles of Association and the Company's General Meeting Regulations at the Annual General Meeting held on 15 April 2015. The Articles of Association that were in effect and applicable when this General Meeting was held did not differ from that established in sections 285 et seq. of the Corporate Enterprises Act, requiring approval by the shareholders at the General Meeting with the majorities that were set out in sections 194 and 201 of the Corporate Enterprises Act in effect when this General Meeting was held. Article 14 of the Articles of Association indicates that in order for an Annual or Extraordinary General Meeting to be duly called, and for a valid resolution to be passed to increase or reduce capital, and any other amendment to the Articles of Association, shareholders holding at least 50% of the subscribed share capital with voting rights must be present in person or by proxy on first call, and on second call the attendance of shareholders representing 25% of this share capital with voting rights will be sufficient. In addition, in accordance with section 286 of the Corporate Enterprises Act, the Board will be required to draft the full text of the proposed amendment and a written report justifying the amendment. Also, pursuant to section 287 of the Corporate Enterprises Act, the call notice of the General Meeting must state the matters that are to be amended with appropriate clarity, and state the right of all shareholders to examine the full text of the proposed amendment and the report on the amendment at the registered office, and request that those documents be delivered or sent free of charge. For several years now proposed resolutions have been published in full, in Spanish and in English, together with the call notice for the General Meeting, with all relevant information for shareholders being posted on the Company website, which is designed to make it easier for shareholders to exercise their right to information. The Company's website is an appropriate means of communication with shareholders and investors. In addition, the following actions to make it easier for shareholders to exercise their right to information at the General Meeting are notable:

- Call notices are always posted more than one month in advance, which is the period established by law.
- All documentation submitted for approval at the General Meeting are made available to all shareholders at the corporate headquarters, on the website and at the Shareholder Information Office.
- A Shareholder Bulletin is published quarterly and contains the main news regarding the Company.
- The items on the agenda of General Meetings are explained in as much detail as possible.
- Items are voted on separately, even by way of remote voting, with a view to giving shareholders full decision-making freedom and independence as regards each item put to a vote.
- The Shareholder Information Office specifically deals with requests made by the Company's shareholders. Shareholders may also submit questions in writing about the information available to the public or reported to the competent authorities and make inquiries through the Shareholder Information Office.
- The most recent amendment to the Company's Articles of Association was approved at the Annual General Meeting held on 29 June 2021 to bring them into line with Spanish Law 5/2021, of 12 April, which amends the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies (mainly regarding the possibility of holding meetings by remote means; powers of the General Meeting, the Board and the Audit Committee as regards related-party transactions; provisions relating to pre-emption rights in capital increases; and directors' remuneration, among others). As in prior years, in 2021 an audit was conducted of the processes for managing the General Meeting, with a view to improving the protection of shareholder rights at General Meetings. The auditor's report was published on the website on the same day the General Meeting was held.

B.4. Indicate the data on attendance at the general meetings held in the year to which this report refers and those of the two previous years:

Date of general meeting	Attendance data				Total
	% attendance in person	% attendance by proxy	% remote voting		
			Electronic voting	Others	
31/03/2017	22.47	36.01	0.06	0.00	58.54
Of which, free float	15.60	25.01	0.04	0.00	40.65
22/03/2018	21.73	38.63	0.06	0.00	60.42
Of which, free float	15.09	26.83	0.04	0.00	41.96
22/03/2019	21.60	41.46	0.09	0.00	63.15
Of which, free float	13.72	26.33	0.06	0.00	40.11
14/05/2020	0.44	39.85	0.02	21.37	61.68
Of which, free float	0.00	39.85	0.02	1.37	41.24
29/06/2021	0.38	41.09	0.03	20.52	62.02
Of which, free float	0.00	41.08	0.003	0.52	41.63

The Annual General Meeting of 29 June 2021 was held solely by remote means as a result of the COVID-19 pandemic, pursuant to Royal Decree Law 34/2020, of 17 November, on urgent measures to support business solvency and the energy sector, and on tax matters, which was amended by Royal Decree Law 5/2021, of 12 March, on special measures to support business solvency in response to the COVID-19 pandemic).

In addition, the Annual General Meeting of 14 May 2020 was held solely by remote means in accordance with Royal Decree Law 8/2020, of 17 March, on urgent special measures to address the economic and social impact of COVID-19.

B.5. Indicate whether any item on the agenda of the general meetings held during the year was not approved by the shareholders for any reason:

[...] Yes
[v] No

B.6. Indicate whether the Articles of association contain any restrictions as regards a minimum number of shares required to attend general meetings or to vote remotely:

[...] Yes
[v] No

B.7. Indicate whether certain decisions, other than those established by law, entailing an acquisition, disposal or contribution to another company of core assets or other similar corporate transactions must be subject to approval by the shareholders at the general meeting:

[...] Yes
[v] No

B.8. Indicate the address and method of accessing corporate governance information on the company's website and other information on general meetings that must be made available to shareholders on the website:

Article 2 of the General Meeting Regulations establishes the content of the Company's website, the purpose of which is to serve as an instrument to ensure the transparency of corporate activities and allow shareholders greater effectiveness in exercising their voting rights, while facilitating the relationship between shareholders and the Company. The Company has been using this form of communication since it became a publicly traded corporation in 1999. The content of the website is updated regularly and goes beyond the requirements indicated in applicable regulations. Spanish Law 25/2011, of 1 August, placed greater importance on the Company's website, as it introduced a new section 11 bis in the Corporate Enterprises Act that governs the electronic headquarters or corporate website. Therefore, at the General Meeting held on 19 April 2012, the shareholders ratified the creation of Red Eléctrica's website and it was registered with the Commercial Registry. In addition, section 516 of the Corporate Enterprises Act required listed companies to use the website to disseminate the call notice of the General Meeting, something that Red Eléctrica had been doing for years before this amendment. The Company's website (www.ree.es) includes a section accessible from the homepage dedicated to corporate governance matters that contains all the information of interest to shareholders. The website also includes a specific area for "Shareholders and Investors" that is accessible from the homepage. The General Meeting subsection of the Corporate Governance section contains a link to the "Right to information" section, which contains the information related to the existing channels of communication between the Company and its shareholders, and the relevant explanations on how to exercise their right to information. There is also an "Ethics and compliance" section that includes information on the Company's regulatory compliance system, the methodology for assessing risks of non-compliance and the importance of raising awareness and training as key factors for the development of a culture of compliance within the organisation. In 2018, the "Committees" section was restructured with the approval of the new Sustainability Committee. In 2019, two new informational spaces were added in the "Ethics and transparency" section. One is to provide information on the Data Protection and Compliance System, and the other is to make public the Company's commitment to preventing corruption. In 2020, a year marked by COVID-19, the first significant change consisted of adapting the "General Meeting" section so that the meeting could be held solely by remote means. The special measures adopted in response to the health situation created by COVID-19 include the creation of a new remote attendance channel so that shareholders, in addition to having the possibility of using the ordinary procedure for proxy appointment, voting and provision of information by remote means, could participate in and cast their vote for the General Meeting from their homes by remote means. The Company also took a step further in transparency in 2020 with the revision and updating of the Corporate Governance Policy and the criteria for reporting financial, non-financial and corporate information to shareholders, institutional investors, proxy advisors and other stakeholders. The COVID-19 pandemic continued to affect the social landscape in 2021 and, therefore, the "General Meeting" section has included the same mechanisms for holding meetings as in the previous year: use of the remote attendance channel and ordinary procedure for proxy appointment, voting and provision of information by remote means. Furthermore, the "Ethics and compliance channel" section was updated in 2021 to promote the implementation of the new Code of Ethics and Conduct approved in 2020. A new management platform was launched in this section, available to all members of the Red Eléctrica Group and to its stakeholders. Publication of the resolutions approved by the shareholders at the General Meeting is regulated in Article 17 of the General Meeting Regulations. As regards dissemination, in 2021 the following actions, among others, were carried out: the live broadcast, simultaneously in Spanish and English, of the Annual General Meeting held on 29 June 2021 and of the earnings presentations given at the end of 2020 and the first half of 2021; and the publication in English of the call notice of General Meeting from the day it was published, and of the proposed resolutions to be submitted for approval at the General Meeting, in addition to all related documentation, including the Annual Corporate Governance Report. In 2021, as in prior years, the Shareholder E-Forum was made available for the Annual General Meeting. The purpose of this forum, created by the Company on its website (www.ree.es) in relation to the holding of its General Meetings, is to facilitate communication between shareholders, for the purpose of posting proposed supplements to the agenda in the call notice of the General Meeting, submitting requests for support for these proposals, submitting initiatives to reach the percentage required to exercise minority shareholder rights provided for by law or make offers or requests to act as a voluntary proxy. The Company is firmly committed to improving and adapting the corporate website on an ongoing basis, as a living instrument of communication, dialogue and commitment to shareholders, in application of its Corporate Governance Policy.

C. MANAGEMENT STRUCTURE OF THE COMPANY

C.1. Board of directors

C.1.1 Maximum and minimum number of directors established in the Articles of association and the number set by the general meeting:

Maximum number of directors	13
Minimum number of directors	9
Number of directors set by the general meeting	12

C.1.2 Complete the following table regarding the board members:

Name of director	Representative	Category of director	Position on the board	Date of first appointment	Date of last appointment	Procedure for election
BEATRIZ CORREDOR SIERRA		Other non-executive	CHAIR	25/02/2020	14/05/2020	GENERAL MEETING RESOLUTION
CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE		Independent	INDEPENDENT LEAD DIRECTOR	19/04/2012	14/05/2020	GENERAL MEETING RESOLUTION
ROBERTO GARCÍA MERINO		Executive	CHIEF EXECUTIVE OFFICER	27/05/2019	14/05/2020	GENERAL MEETING RESOLUTION
MERCEDES REAL RODRIGÁLVAREZ		Proprietary	DIRECTOR	31/10/2017	22/03/2018	GENERAL MEETING RESOLUTION
RICARDO GARCÍA HERRERA		Proprietary	DIRECTOR	22/12/2020	29/06/2021	GENERAL MEETING RESOLUTION
ANTONIO GÓMEZ CIRIA		Independent	DIRECTOR	09/05/2014	22/03/2018	GENERAL MEETING RESOLUTION
SOCORRO FERNÁNDEZ LARREA		Independent	DIRECTOR	09/05/2014	22/03/2018	GENERAL MEETING RESOLUTION

Name of director	Representative	Category of director	Position on the board	Date of first appointment	Date of last appointment	Procedure for election
MARÍA TERESA COSTA CAMPÍ		Proprietary	DIRECTOR	25/09/2018	22/03/2019	GENERAL MEETING RESOLUTION
JOSÉ JUAN RUIZ GÓMEZ		Independent	DIRECTOR	22/03/2019	22/03/2019	GENERAL MEETING RESOLUTION
ELISENDA MALARET GARCÍA		Independent	DIRECTOR	29/06/2021	29/06/2021	GENERAL MEETING RESOLUTION
JOSÉ MARÍA ABAD HERNÁNDEZ		Independent	DIRECTOR	29/06/2021	29/06/2021	GENERAL MEETING RESOLUTION
MARCOS VAQUER CABALLERÍA		Independent	DIRECTOR	29/06/2021	29/06/2021	GENERAL MEETING RESOLUTION

Total number of directors	12
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Indicate if any directors, whether through resignation or by resolution of the general meeting, have left the board of directors during this reporting period:

Name of director	Category of director at the time of departure	Date of last appointment	Date of departure	Specialised committees of which they were a member	Indicate whether the director left before the end of the term
ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	Independent	31/03/2017	29/06/2021	Audit Committee	NO
MARÍA JOSÉ GARCÍA BEATO	Independent	31/03/2017	29/06/2021	Appointments and Remuneration Committee	NO
ALBERTO FRANCISCO CARBAJO JOSA	Independent	31/03/2017	29/06/2021	Sustainability Committee	NO

C.1.3 Complete the following tables on board members and their respective categories.

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

EXECUTIVE DIRECTORS		
Name of director	Position held in the company	Profile
ROBERTO GARCÍA MERINO	CHIEF EXECUTIVE OFFICER	Born on 20 March 1973. B.A. in Economics and Business Studies, Universidad de Valladolid. General Management Programme (PDG) from the IESE Business School (2016). Master's in Business Administration (MBA) from IE Business School (1999). Currently he is: CEO of Red Eléctrica Corporación, S.A. Member of the managing body of the following Red Eléctrica Group companies: • Hispasat, S.A. • Infraestructuras de Telecomunicación, S.A.U. (REINTEL) • Red Eléctrica Sistemas de Telecomunicaciones, S.A.U. (RETEL) • Red Eléctrica Internacional, S.A.U. (REI) Professional experience: Since joining the Red Eléctrica Group in 2004, he has performed various duties linked to strategic planning and business development, especially in the international sphere and in the field of telecommunications, notably in the following executive positions: • Executive Manager of Telecommunications and International Affairs of the Red Eléctrica Group (since March 2019). • Corporate Manager of Business Diversification (2015-2019). • Manager of Business Development and Strategy (2012-2015). • Head of Strategic Planning Department (2007-2012). Outside the Red Eléctrica Group: • Internal investment banking analyst at Banco Espírito Santo (2000-2004).

Total number of executive directors	1
% of the total board	8.33

PROPRIETARY NON-EXECUTIVE DIRECTORS		
Name of director	Name of significant shareholder represented or proposing appointment	Profile
MERCEDES REAL RODRIGÁLVAREZ	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Born on 6 January 1968. B.A. in Economics and Business and a B.A. in Law from Universidad Pontificia de Comillas (ICADE E-3), and completed the Executives Development Programme (PDD) at IESE Business School. Currently she is: • Head of Investees of Sociedad Estatal de Participaciones Industriales (SEPI). • Board member and chair of the Audit Committee of ENRESA, S.A, S.M.E. Professional experience: • Board member of ENUSA Industrias Avanzadas, S.A, S.M.E. • Chief Financial and Control Officer, Controller and Head of Human Resources at the INFOBOLSA Group (BME Group and Deutsche Börse, AG Group). • Board member, Chief Financial and Control Officer at OPEN FINANCE, S.L. • Head of the Audit Team of companies in the financial sector at ARTHUR ANDERSEN (currently DELOITTE & TOUCHE).
RICARDO GARCÍA HERRERA	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Born on 26 April 1958. PhD in Physical Sciences from Universidad Complutense de Madrid. B.Sc. in Physical Sciences (specialising in Physics of the Atmosphere) from Universidad Complutense de Madrid Degree in General Management from the IESE Business School of the University of Navarra. Currently he is: • Professor of Atmospheric Physics at Universidad Complutense de Madrid. • Researcher at IGEO, Institute of Geosciences (CSIC-UCM). • President of the Atmosphere and Ocean Specialised Group of the Spanish Royal Physics Society. • Evaluator of the Austrian Climate and Energy Fund (since 2007). • Member of the Editorial Board of the 'Advances in Global Change Research' series, Springer (since 2005). Professional experience: • President of the Spanish Meteorology Agency (2010-2012). • General Manager of Prevention and Health Promotion of the Community of Madrid (1991-1995). • General Manager for Public Health of the Basque Government (1987-1991). • Member of the Executive Committee of the World Meteorological Organization (2010-2012). • Board member of AENA (2010-2012). • Deputy chair of the Board of the European Centre for Medium-Range Weather Forecasts (2011-2012). • Representative of Spain on the Board of EUMETSAT (2010-2012). • Representative of Spain on the

PROPRIETARY NON-EXECUTIVE DIRECTORS		
Name of director	Name of significant shareholder represented or proposing appointment	Profile
		Steering Committee of the ESF-MedCLIVAR project (2006-2010). • He has held the following positions, among others, at Universidad Complutense de Madrid: • Head of the General Foundation of Universidad Complutense (2015-2019). • Head of the Department of Astrophysics and Atmospheric Sciences (2013-2015). • Co-coordinator of the Master’s programme in Geophysics and Meteorology (2006-2010). • Head Lecturer at Universidad Complutense for more than 20 years (1988-2010). Other information of interest: In the field of research, he has been lead researcher in numerous national and international projects. He has directed and developed studies and work on climate variability and change and has analysed the impact of climate on different socio-economic sectors. In the field of the energy sector, he has carried out studies on the modelling of wind and solar resource variability, both at meteorological and long-term scales; on the impact of extremes (heat waves and droughts) on energy demand, and on the relationship between meteorological extremes and wind energy production. In addition, his research projects include the impact of meteorology on air quality on a European scale, having been one of the pioneers in the analysis of the impact of climatic extremes on health. In addition, he is the author of more than 180 Articles in international journals included in the Science Citation Index (SCI), contributing author and reviewer of the fourth report of the Intergovernmental Panel on Climate Change (IPCC), co-convener of different sessions of the European Geophysical Union and the European Meteorological Society, guest editor of several special issues of prestigious journals included in the SCI, and has been guest lecturer at, among others, the Royal Meteorological Society, Oxford University, Durham University, Bermuda Biological Station, the National Oceanic and Atmospheric Administration (NOAA) and the Biennial Meeting of the Royal Spanish Physics Society.
MARÍA TERESA COSTA CAMPI	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Born on 31 July 1951. B.A. and PhD (Cum Laude) in Economics from the University of Barcelona. Currently she is: • Emeritus Professor of Economics at the University of Barcelona. • Head of the Sustainable Energy Chair at the University of Barcelona. • Coordinator of the Energy Economics Programme and Professional Seminars for the Master’s Degree in Renewable Energy at the University of Barcelona. • Lead Researcher in the Energy Sustainability and Environmental Research Group. • Member of the Royal Academy of Moral and Political Sciences. • Member in a personal capacity of the Energy and Environment Committee of the Elcano Royal Institute (since 2006). Professional experience: • President of the Spanish National Energy Commission (CNE) (2005-2011). • Chair of ARIAE (2005-2011). • Deputy chair of MEDREG (2010-2011) and chair of its Scientific Committee (2014-2016). • Member of CEER (2005-2009). • Chair of the Board of MIBEL (2006-2007). • Board member of EDP RENOVÁVEIS, S.A. (EDPR) and member of the Audit, Control and Related Parties Committee of this company (July-September 2018). • Board member of ABERTIS (2013-2018), having been a member of the Audit Committee and the Appointments and Remuneration Committee and Chair of the CSR Committee. • Member of the Advisory Board of the Spanish National Nuclear Security Council CSN (2016-2018). • Member of the Advisory Board of EDP Universidade (2014-2016). • Member of the Advisory Board of Abertis (2011-2013). • Secretary of Industry and Energy of the Regional Government of Catalonia (2004-2005). • Chair of EPLICSA (2004-2005). • Board member of INCASOL (2004-2005). • Deputy chair of CIDEM (2004-2005). • Board member of ICF (2004-2005). • Member of Spanish Parliament in the VII Legislature (2000-2004). Other information of interest: She has had a long academic career, with a very active presence in research and teaching, and at conferences and as a speaker at international congresses in the energy, industrial and business sectors. She has more than 170 publications in books and specialised Spanish and international academic journals in the fields of energy and economics. The research group she directs on energy economics has been recognised for research excellence by the corresponding official research quality assessment agency. She received the 2019 Victoriano Reinoso Energy and Society Award (Spanish Energy Club).

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Total number of proprietary directors	3
% of the total board	25.00

INDEPENDENT NON-EXECUTIVE DIRECTORS	
Name of director	Profile
CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	<p>Born on 20 May 1968. B.A. in Economics and Business from Universidad Pontificia de Comillas (ICADE). Master's Degree in Business Administration from IESE (Executive MBA) at the University of Navarra. Currently she is: • Board member of Hispasat, S.A. • Member of the Advisory Board to the Board of Grupo Antolin-Irausa, S.A. • Board member of Mutua Madrileña Automovilista, Sociedad de Seguros a Prima Fija and chair of its Audit and Compliance Committee. • Member of the Strategy Advisory Group of Sidenor Aceros Especiales. Professional experience: • General Manager of Corporación de Reservas Estratégicas de Productos Petrolíferos (CORES). • Manager of Institutional Relations and Communication at BP Oil España. • Deputy Manager of Oil Markets at the Spanish National Energy Commission (CNE). • Head of Services Development at Unión Fenosa. • Head of the International, Petrochemical and Marketing Departments at Repsol. • Head of the Cogeneration Department and Business Management at Enagás. • Representative of the Spanish delegation in the Standing Group on Emergency Questions and in the Standing Group on Markets of the International Energy Agency (IEA). • Representative in various international working groups on energy regulation and security of supply issues (ARIAE and CEER). • Board member of Grupo Ezentis, S.A. • Professor and/or lectures in various Master's programmes (University of Barcelona, ICAI, Cesma, Spanish Energy Club). • Speaker at the Sagardoy Business School's Course for Directors.</p>
ANTONIO GÓMEZ CIRIA	<p>Born on 25 March 1957. B.A. in Economics and Business from Universidad Complutense de Madrid. B.A. in Mathematics from Universidad Complutense de Madrid. Executive MBA from IESE Business School. Chartered Certified Accountant (AECA). Currently he is: • Member of the Advisory Board of Experts on Accounting and Financial Information (ECIF) of the General Council of the Association of Economists. • Board member of Mapfre, S.A. and member of its Risk Committee. • Board member of Mapfre España Compañía de Seguros y Reaseguros, S.A. • Board member of Mapfre Re Compañía de Reaseguros, S.A. and member of its Management Committee. • Board member of Mapfre Vida, S.A. de Seguros y Reaseguros sobre la Vida Humana. • Board member of Hispasat, S.A. and member of its Audit Committee and Appointments and Remuneration Committee. Professional experience: • Board member of Mapfre Global Risks Compañía Internacional de Seguros y Reaseguros, S.A. and member of its Management Committee. • General Manager of Administration and Information Technology and member of the Management Committee of the FCC Group. • Representative of the FCC Group at the Large Companies Forum of the Ministry of Finance and Public Administrations. • General Manager of Internal Audit and member of the Management Committee of the FCC Group. • Internal Audit Manger of the FCC Group. • Member of the Advisory Board of the Institute of Internal Auditors and member of the Management Committee. • General Technical Secretary of InverCaixa, an investment management company belonging to the La Caixa Group. • Chair of the Spanish Accounting and Audit Institute (ICAC) • Director of Empresa Nacional de Uranio, S.A. • Director of Empresa Nacional de Autopistas, S.A. • Director of Tabacalera, S.A. • Head of Market Inspection for the Madrid Stock Exchange (Sociedad Rectora de la Bolsa de Valores de Madrid). • Deputy Manager of Budget Planning and Research for Radio Televisión Española. • Head of the Auditing and Accounting Department of Banco de Crédito Agrícola. • Auditor/Inspector for the Spanish State Auditing Agency. • Member of the CNMV Work Group to prepare "Guidelines for preparing the directors' report for listed companies".</p>

INDEPENDENT NON-EXECUTIVE DIRECTORS	
Name of director	Profile
SOCORRO FERNÁNDEZ LARREA	<p>Born on 7 April 1965. Degree in Civil Engineering from Universidad Politécnica de Madrid and completion of the IESE Advanced Management Program (AMP). Currently she is: • Chair of OFG TELECOMUNICACIONES. • Independent director of GRUPO CEMENTOS MOLINS. • Independent director of the Spanish engineering firm SEG, S.A. • Independent director of BANCO CAMINOS. • Member of the IESE's Regional Board in Madrid. • Adviser to the Board of the Mexican engineering firm CAL Y MAYOR. Professional experience: • Executive director of the consultancy firm JUSTNOW, S.L. • Independent director of TEMPORE PROPERTIES Socimi, S.A. • Independent director of the ACR Group. • Board member of AMPER, S.A. as proprietary director, representing Emilanteos, S.L. • General Manager of COPISA Constructora Pirenaica, S.A. • Deputy chair of ANCI (Spanish Association of Independent Constructors). • Member of the governing board of the Spanish Association of Civil Engineers (<i>Colegio de Ingenieros de Caminos, Canales y Puertos</i>). • Regional Manager of the construction company SEOP, S.A. • National representative of FERROVIAL CONSERVACIÓN, S.A. • Representative in Castilla-La Mancha of FERROVIAL AGROMÁN, 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. • Chief Project Engineer for FERROVIAL, S.A. Other information of interest: Member of the advisory board of the newspaper EXPANSION. Member of WCD (Women Corporate Directors) and former co-chair of the Spanish chapter. Member of AED (Spanish Association of Executives) and former member of its Management Board. Member of CEAPI (Business Council Alliance for Latin America) and member of its Management Board. Member of YPO (Young Presidents' Organization), and former member of the Executive Committee of the Eurolatam and Madrid chapters. Member of IWF (International Women's Forum) and former member of its Management Board in Spain. Medal of Honour from the Spanish Association of Civil Engineers</p>
JOSÉ JUAN RUIZ GÓMEZ	<p>Born on 30 July 1957. B.A. in Economics from Universidad Autónoma de Madrid. Trade Expert of the State. Currently he is: • Independent consultant and advisor on macroeconomic issues and Latin American markets. • President of the Elcano Royal Institute and a member of its Executive Committee. Professional experience: • Chief Economist and Head of the Research Department of the Inter-American Development Bank (2012-2018). • Chief Economist for Latin America at Banco de Santander (1999-2012). • Representative of Banco Santander on the Board of the Elcano Royal Institute (until 2012). • Member of the Social Advisory Board of the University of Castilla-La Mancha (2005-2009) and Chair of the Board (2010-2012). • Member on the boards of both public entities (INI, Aviaco, Autopistas del Atlántico, Renfe and Tabacalera) and private companies, particularly in the banking sector, holding the positions of director of Banco de Santiago (Chile), Banco Santander Colombia, Banco Santander Puerto Rico, Banco Santander Peru and Banco Venezuela between 1999 and 2012. • Head of the Strategy and Planning Department of Banco Santander (1996-1999). • Chief Economist of Asesores Financieros Internacionales (1996). • Member of the Independent Committee of Experts of the Ministry of Economy and Finance responsible for developing macroeconomic scenarios for the Spanish economy (1994-1998). • Member of the Editorial Board of the Recoletos Group (1994-1999). • Chief Economist at Argentaria (1993). The most relevant positions held in the government (Ministry of Economy and Finance) are: • Undersecretary for International Economy and Competition of the Ministry of Economy and Finance (1991-1993). • Member of the Steering Committee of the Ministry of Economy and Finance (1991-1993). • Chief of Staff for the Secretary of State for Economy (1988-1990). • Executive Advisor to the Secretary of State for Economy (1985-1987). • Head of the Balance of Payments Service, Secretary of State for Trade (1984-1985). • Economic Advisor to the Secretary of State for Trade and the Secretary General for Trade (1983). • Technical support to the General Technical Secretariat during the negotiation of Spain's entry into the EU (1984-1985). • President of the Spanish Delegation to the OECD for the annual meetings on macroeconomic monitoring (1990-1993). • Chair of the Economic Policy Committee of the European Union (1992-1993). • Member of the Economic Policy Committee of the EU (1989-1992). • Responsible for Spanish relations with the IMF, the World Bank and the Development Banks (Africa, Asia, Latin America and Europe) (1986-1993). Other information of interest: In addition, he is active as a speaker at conferences with various institutions and collaborates as a lecturer in the International Master's programme at IE Business School.</p>

INDEPENDENT NON-EXECUTIVE DIRECTORS	
Name of director	Profile
MARCOS VAQUER CABALLERÍA	<p>Born on 15 September 1967. B.A. in Law from Universidad Pontificia de Comillas (ICADE). B.A. in Economics and Business from Universidad Pontificia de Comillas (ICADE). PhD in Law from Universidad Carlos III de Madrid (UC3M). Currently he is: • Professor of Administrative Law at Universidad Carlos III de Madrid ("UC3M") (since 2011). • Secretary General of UC3M (since 2015). • Head of the Master's programme in Advanced Studies in Public Law at UC3M (since 2016). • President (by delegation of the Rector) of the academic council of the Tirant-UC3M Chair of Ibero-American Legal Studies (since 2016). • Member of the Management Committee of the Inter-University Institute for Cultural Communication, UNED-UC3M (since 2002). Member of the Scientific Committee of the Andrés Bello Chair of Cultural Rights, created by the Andrés Bello Agreement and the National University of Distance Education (UNED) and UC3M (since 1998). • Member of the Pascual Madoz Institute of Territory, Urban Planning and Environment of UC3M. • Member of the Editorial Board of the <i>Yearbook of Good Governance and Regulatory Quality</i> published by Fundación Democracia y Gobierno Local (since 2020) • Member of the Scientific Board of <i>Revista de Derecho Urbanístico y Medio Ambiente</i> (since 2020). • Member of the Scientific Committee of the Editorial <i>La Cultivada</i>, promoted by Fundación Gabeiras (since 2020). • Member of the Scientific Committee of <i>Revista General de Derecho de los Sectores Regulados</i> of the Editorial <i>Iustel</i> (since 2018). • Member of the Scientific Board of <i>Revista de Estudios de la Administración Local y Autonómica</i> (since 2017). • Member of the editorial team of <i>Práctica Urbanística. Revista de urbanismo</i> of the Editorial <i>La Ley</i> (Wolters Kluwer group) (since 2015) • Manager of the digital collection <i>Cuadernos de Derecho de la Cultura</i> (since 2013). • Member of the editorial team of <i>Revista General de Derecho Administrativo</i> of the Editorial <i>Iustel</i> (since 2002). • Member of the Madrid Bar Association (since 1992). • Lawyer at Estudio Jurídico of UC3M (since 1997). • Member of the Spanish Association of Administrative Law Professors (since 2012). Professional experience (among other positions): The most relevant positions held in the academic field: • Head of the Inter-University Institute for Cultural Communication (UNED-UC3M-UIMP) (2012-2015). • Deputy Director to the Vice Rector for Coordination and General Secretary of Universidad Carlos III de Madrid (2004). • Head of Teaching and Research Staff, Assistant to the Vice Rector for Faculty and Departments (UC3M) (2003-2004). • Secretary of the Faculty of Social and Legal Sciences (UC3M) (2000-2003). • Head Lecturer in Administrative Law, Department of State Public Law (2001-2011). • Acting Head Lecturer in Administrative Law, Department of State Public Law (1999-2001). • University Assistant assigned to the area of Administrative Law, Department of Public Law and Philosophy of Law (1997-1999). • Associate Professor of Administrative Law, Department of Public Law and Philosophy of Law (1994-1997). • Visiting or guest professor at the Universities of Pavia and Sassari (Italy), Paris Ouest (France), Externado (Colombia) and Católica de Valparaíso (Chile); and having participated in various international technical assistance missions in European Union projects in Ecuador (2014) and Paraguay (1998, 1995). The most relevant positions held in the public sector: • Board member of Entidad Pública Empresarial de Suelo (SEPES), attached to the Ministry of Public Works (2010-2012). • Undersecretary for Housing, Ministry of Housing and Chair of Entidad Pública Empresarial de Suelo (SEPES) (2008-2010). • Board member of BILBAO Ría 2000, S.A. (2004-2010). • Member of the Committee on Housing and Land Management of the United Nations Economic Commission for Europe, UNECE (2006-2008). • Member of the Governing Council of the Defence Infrastructure and Equipment Management (GIED) and Member of the Higher Council of Real Estate Property (2006-2008). • General Manager of Urban Planning and Land Policy of the Ministry of Housing, Deputy chair of the Board of Entidad Pública Empresarial de Suelo (SEPES) (2004-2008) • Member of the Governing Council of Gestor de Infraestructuras y Equipamientos de la Seguridad del Estado (GIESE) (2004-2008). • Member of the Administrative Buildings Coordinating Board and alternate member of the Higher Council of Statistics (2004-2008). Free practice of law: • Altair Asesores, S.L, a law firm specialising in public law and international technical assistance (1991-1994). • Arthur Andersen, Asesores Legales y Tributarios, S.R.L, part-time, combined with university studies (1990-1991).</p>

INDEPENDENT NON-EXECUTIVE DIRECTORS	
Name of director	Profile
ELISENDA MALARET GARCÍA	<p>Born on 20 March 1958. B.A. in Law from the University of Barcelona. PhD in Law from the University of Barcelona. Postdoctoral researcher at Università degli Studi di Bologna, Project on the Promotion of Industrial Reorganisation. Currently she is:</p> <ul style="list-style-type: none"> • Professor of Administrative Law at the Faculty of Law of the University of Barcelona (since 1995). • Head of the Master's programme in Advanced Public Procurement at the University of Barcelona. • Joint Head of the Master's programme in Public Management at Escola d'Administració Pública de Catalunya (EAPC). • Chair of the Law Teaching Staff Accreditation Committee of the Spanish National Agency for Quality Assessment and Accreditation (ANECA) • Lecturer in Economic Regulation Law in the Master's programme in Advanced Legal Studies at the Faculty of Law and in the Master's programme in Regulation, Competition and Public Services of the Faculty of Economics at the University of Barcelona • Member of the Scientific Committee of the European Federation of Energy Law Associations. • First Vice President of the Spanish Association of Energy Law (AEDEN). • Member of the Scientific Committee of Associazione per gli Studi e le ricerche sulla Riforma delle Istituzioni Democratiche e sull'innovazione nelle amministrazioni pubbliche (ASTRID). • Member of the Inaugural Council of the International Society of Public Law. • Member of the Public Contracts in Legal Globalization (PCLG) European network. • Member of the Spanish Association of Administrative Law Professors (AEPD). • Member of the European Group of Public Law (EGPL) (since 1995). <p>Professional experience (among other positions):</p> <ul style="list-style-type: none"> • Director of the Catalan Audiovisual Council (2008-2014). • Member of the Advisory Board of the Spanish Data Protection Agency (AEPD) (2005-2008). • Guest lecturer at the following universities: Paris II Pantheon-Assas, Institut de Sciences Politiques, Paris, Paris I Panthéon-Sorbonne, Institut de Sciences Politiques, Grenoble, Roma Tre, Externado, Bogotá, Siena, Oviedo, Euskadi, Roma La Sapienza, Pisa, Florence, Cattolica de Milano, Pavia, Montpellier. • Head of various courses on telecommunications regulation at Consorci Universitat Internacional Menéndez Pelayo de Barcelona (CUIMPB) (1997-2001). • Head of the Department of Administrative Law and Procedural Law at the Faculty of Law of the University of Barcelona (2000-2004). • Professor of Administrative Law at the University of Barcelona since 1986. <p>Other professional responsibilities to highlight:</p> <ul style="list-style-type: none"> • Representative of the CAC on the European Platform of Regulatory Authorities (EPRA), on the contact committee provided for in the SCA Directive between national audiovisual regulators and the European Commission, on the Réseau des Institutions de Régulation Méditerranéennes (RIRM) and on the Platform of Latin American Audiovisual Regulators (PRAI). • Member of the Lower House of the Spanish Parliament in the 8th and 9th legislatures (2004-2008). Rapporteur for the Antitrust Act, the Basic Statute of Public Employees Act, the Public Sector Contracts Act, the Act on Transparency in Financial Relations between Public Authorities and Public Companies, the Act on State Agencies for the Improvement of Public Services, and the Act on the Special Regime for the Municipality of Barcelona, among others (2004-2008). <p>Other information of interest: Author of numerous books, book chapters, Articles and research projects on the main lines of research she has undertaken in her career, including: economic regulation law; energy law; infrastructure law; judicial control, administration and technology; telecommunications law; transparency, conflicts of interest and accountability — good governance and good administration; independent regulatory authorities, public procurement; public services; and liberalisation in the process of European integration; etc. In recent years, she has also participated in numerous presentations at conferences, and on the boards of scientific journals, committees and representations, and has received merit awards for research and teaching from the Spanish National Commission for the Evaluation of Research Activity (ANECA).</p>

INDEPENDENT NON-EXECUTIVE DIRECTORS	
Name of director	Profile
JOSÉ MARÍA ABAD HERNÁNDEZ	<p>Born on 28 May 1982. B.A. in Law from Universidad Pontificia de Comillas (ICADE). B.A. in Business Administration and Management, specialising in Finance, from Universidad Pontificia de Comillas (ICADE). Specialist in Quantitative Research Methods (Statistical Techniques) from Universidad Politécnica de Madrid. Advanced Studies Programme in International Economics from the Kiel Institute for the World Economy (Kiel, Germany). Currently he is: • Visiting Scholar in the Financial and Capital Markets Department of the International Monetary Fund (IMF) (Washington, DC) (since 2021). Visiting Professor at ESADE Business & Law School (Barcelona) (since 2018) where he teaches the 'Company Valuation' and 'Analysis and Valuation of Financial Institutions' courses as part of the Master in Finance. Professional experience (among other positions): • Financial Sector Expert in the Financial and Capital Markets Department of the International Monetary Fund (IMF) (Washington, DC) (2020-21). • Executive Manager of the European Financial Institutions Group of the Research Division and senior banking analyst responsible for coverage of listed banks in Southern Europe (Spain, Portugal, Greece) at Goldman Sachs (London) (2015-2020). • Vice President and senior analyst at the Sovereign and Supranational Risk Group and member of the Sovereign Ratings Committee at Moody's Investors Service (London) (2015). • Board member of AXIS Participaciones Empresariales S.G.E.I.C, S.A.S.M.E. (ICO Group) (Madrid) (2012-2015). • Chief Economist and Head — with the rank of Deputy Manager — of the Research Department and the International Relations Department of Instituto de Crédito Oficial (ICO) under the Ministry of Economy and Competitiveness (Madrid) (2012-2015). As such: • Responsible for shaping ICO's macro vision, defending the "Spanish position" on key economic policy issues with other national and European multilateral development banks, and for managing the CEO's international agenda. • Member of ICO's Procurement, Strategy and International Relations and Monitoring Committees of Fond-ICO Global. • Joint Secretary of the High Level Expert Group for SME Financing of the Ministry of Economy and Competitiveness (2013). • ICO Representative at the Financial Institutions Shareholder Group (FISG) of the European Investment Fund (EIF) in Luxembourg. • ICO Representative on the Board of the European Association of Long-Term Investors (ELTI) in Brussels. • ICO Sherpa in the Long-Term Investors Club (LTIC) and in the "Big Six Group", formed by the presidents and/or CEOs of the six major European development banks (Germany, France, Italy, Spain and Poland, and the EU through the EIB Group). • Co-responsible for the launch and monitoring of the "Cátedra Fundación ICO de Financiación a PYME", led by the University of Alcalá de Henares, which won the "Titanes de las Finanzas" award (granted by the ECOFIN Forum) in 2015. • Advisor (for Spain and Portugal) to the Chief Global Economist at Unicredit Group (London) (2011-2012). • Consultant (for Spain and Portugal) to the European Economic Analysis team at Goldman Sachs (Frankfurt) (2010-2011). • Senior Associate in the Sovereign and Supranational Risk Group, member of the Sovereign Ratings Committee and the Economic Analysis Committee at Moody's Investors Service (Frankfurt) (2009-2010). • Associate of the Strategy and Operations Group at KPMG (Madrid) (2006). In terms of his academic career, the following stands out: • Research and teaching assistant at the Institute for Economic Policy at the University of Leipzig, Germany (2011-2012). • Research and teaching assistant at the International Centre for Financial Research (CIIF) at IESE Business School (Madrid) (2007-2008). • Research and teaching assistant in the Department of Economics at ICADE - Universidad Pontificia Comillas (Madrid) (2005-2006). Other information of interest: Author of numerous monographs, Articles and research projects on various topics related to financial and capital markets and economic policy.</p>

Total number of independent directors	7
% of the total board	58.33

Indicate whether any independent director receives from the company or its group any amount or benefit other than directors' remuneration or maintains, or has maintained over the last financial year, a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior executive of a company that maintains or has maintained such a relationship.

If applicable, include a statement from the board detailing the reasons why the director in question may carry on their duties as an independent director.

Name of director	Description of the relationship	Reasons

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CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	The independent director Carmen Gómez de Barreda Tous de Monsalve earned EUR 22 thousand in 2021 as a result of her position as director at Hispasat, S.A.	Neither the nature nor the quantity of the remuneration earned as director of Hispasat, S.A, a Red Eléctrica Group company, affect her independence as a director of Red Eléctrica Corporación, S.A.
ANTONIO GÓMEZ CIRIA	The independent director Antonio Gómez Ciria earned a total of EUR 22 thousand in 2021 as a result of his position as a representative of Red Eléctrica Sistemas de Telecomunicaciones, S.A.U. (RETEL) on the Board of Hispasat, S.A. (held from 1 January to 24 March 2021) and his position as director of Hispasat, S.A. (held from 24 March to 31 December 2021).	Neither the nature nor the quantity of the remuneration earned as a representative of RETEL (legal entity) or as director of Hispasat, S.A, a Red Eléctrica Group company, affect his independence as a director of Red Eléctrica Corporación, S.A.

OTHER NON-EXECUTIVE DIRECTORS

Identify all other non-executive directors, explain why they cannot be considered proprietary or independent directors and give details of their relationships with the company, its executives or its shareholders:

Name of director	Reasons	Company, executive or shareholder with which the relationship is maintained	Profile
BEATRIZ CORREDOR SIERRA	Beatriz Corredor Sierra was appointed a non-executive director by the Board on 25 February 2020. The report on the proposed appointment of the director drawn up by the Appointments and Remuneration Committee, and the report prepared by the Board, which analyses the potential classification of the director, concluded that given her personal circumstances and her professional experience, Ms Corredor Sierra could have been appointed as an independent director. However, it did not seem appropriate to categorise her as such given that, going beyond the mere legal requirements, in compliance with the obligations assumed by the Company before its shareholders, with an important international representation at the Extraordinary General Meeting held in July 2015 — at which there was practically unanimous approval as regards separating the positions of the chair of the Board and the CEO —, the relevant responsibilities and strategic functions that Ms Corredor Sierra was to carry out as chair of the Board were not fully in line with the generally accepted profile for independent directors. It was therefore considered more appropriate to classify Ms Corredor Sierra in the category of "Other non-executive directors", as established in section 529 duodecies.2. of the Corporate Enterprises Act, in line with an orderly and reasonable succession to the position of the previous chair of the Board, whom she replaced, who was also classified in this category and who had been supported by almost all the Company's shareholders. The shareholders at the Company's Annual	RED ELÉCTRICA CORPORACIÓN, S.A.	Born on 1 July 1968. B.A. in Law from Universidad Autónoma de Madrid (1991). Admitted by competitive examination as a qualified Registrar in the Property and Commercial Registries of Spain, Class of 1993. Executive Education – Senior Business Management Programme. IESE-Business School (PADE-A-2013). Executive Education – Programme focused on "Women on Boards of Directors". IESE-Business School (2015). Currently she is: <ul style="list-style-type: none"> • Chair of the Red Eléctrica Group and of the Board of Red Eléctrica Corporación, S.A. • Property Registrar on leave of absence (more than 25 year's experience). • Adjunct Faculty, Civil Law. Master's Degree in Access to the Legal Profession. Universidad Nebrija. • Adjunct Faculty. Social & Affordable Housing. Master in Real Estate Development. School of Architecture & Design. IE University. • Adjunct Faculty. Policies for sustainability. Housing. Master's Degree in Management of Construction and Real Estate Companies. ETSAM. • Vice President of the Royal Board of Trustees of the Museo Nacional Centro de Arte Reina Sofia. • Mentor of the Endeavour Spain Foundation (supporting high-impact entrepreneurship) (2014-present). • Member of the Advisory Board of Alumni UAM. • Member of the Advisory Board of WAS-Women Action Sustainability. • Member of the Advisory Board of WLW-Women in a Legal World. • International speaker and lecturer. Professional

	<p>General Meeting held on 14 May 2020 approved the ratification and appointment of Ms Corredor Sierra in the category of "Other non-executive directors", with 98.48% voting in favour.</p>		<p>experience: • Member of Parliament for Madrid and Chair of the Justice Commission. Lower House of the Spanish Parliament. XIII Legislature (2019). • Secretary of Land Planning and Public Housing Policy Affairs. Federal Executive Committee. Partido Socialista Obrero Español (June 2017-February 2020). • President of the Pablo Iglesias Foundation (September 2018-February 2020). • Institutional Relations Manager of Spanish Property and Commercial Registrars' Association. Member of the Governing Board, responsible for Institutional Relations and the Press and Communications Office (October 2013-June 2017) • Secretary of State for Housing and Urban Development. Ministry of Public Works (October 2010-December 2011). • Chair of the Board of Entidad Pública Empresarial de Suelo (SEPES). • Minister of Housing of the Spanish Government (April 2008-October 2010). • Madrid City Councillor (September 2007-April 2008). Director of Empresa Municipal de Vivienda y Suelo (EMVS). Other information of interest: Throughout her professional career she has developed legal and technical knowledge in the fields of real estate, urban planning, civil law, commercial law, mortgages, tax law, procedural and administrative law, both in the private and public sectors. In addition, she has held various positions in the public sector, promoting regulatory measures and legislative processes, with leadership and management responsibilities in various ministerial departments and public companies. Her experience also extends to the negotiation and formation of collegiate bodies, to the management of institutional relations at the highest level with national public authorities (Ministries, Autonomous Communities, City Councils) and international authorities (EU, US, Latin America, Russia, Turkey, Singapore), with financial institutions and companies in the real estate sector and other industrial sectors, and with professional associations, associations and NGOs. She has also performed liaison responsibilities with the media and press offices. She has received, among other awards, the Medal of Honour from the Spanish Property and Commercial Registrars' Association (2018), the ALUMNI Award 2017, Faculty of Law of Universidad Autónoma de Madrid (UAM)</p>
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			and the Grand Cross of the Royal and Distinguished Spanish Order of Carlos III. H.M, King Juan Carlos I (2010).
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Total number of other non-executive directors	1
% of the total board	8.33

Indicate any changes in the category of each director during the period:

Name of director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with information on the number of female directors at the end of the last four years and the category to which they were assigned:

	Number of female directors				% of total directors of each category			
	2021	2020	2019	2018	2021	2020	2019	2018
Executive					0.00	0.00	0.00	0.00
Proprietary	2	2	2	2	66.67	66.67	66.67	66.67
Independent	3	3	3	3	42.86	42.86	42.86	42.86
Other non-executive	1	1			100.00	100.00	0.00	0.00
Total	6	6	5	5	50.00	50.00	41.67	41.67

C.1.5 Indicate whether the company has diversity policies in relation to its board of directors on matters such as age, gender, disability, or training and professional experience. Small and medium-sized enterprises, as defined in the Spanish Audit Act (*Ley de Auditoría de Cuentas*), must at least report the policy they have implemented in relation to gender diversity.

- Yes
 No
 Partial policies

If so, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results during the year. Also indicate the specific measures adopted by the board of directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why not.

Description of the policies, objectives, measures, how they have been applied, and the results obtained
The Company's diversity policy is set out in the Corporate Governance Policy, the criteria established by the Appointments and Remuneration Committee to define the ideal profile for holding the position of director, the skills matrix of the Board, the Board Regulations (sections 15, 18 and 22) and the Articles of Association (Article 24). The Corporate Governance Policy approved by the Board on 25 November 2014, and last reviewed on 24 November 2020, took into account the objective of improving gender diversity, recognising

and assuming the principle of consolidating the Company's commitment to diversity in a broad sense, not only in terms of gender, but also experience, knowledge, age, nationality or length of service in relation to the composition of the Board and its committees. Likewise, the practices contained in the Corporate Governance Policy include comprehensive diversity on the Board. The Company applies the principle of promoting diversity in knowledge, experience and gender in the composition of the Board and its committees as an essential factor to enable it to achieve its objectives from a plural and balanced perspective. In addition, for several years now the Appointments and Remuneration Committee has had criteria that define the ideal profile for holding the position of director, determining the qualities, competencies and experience that the ideal candidate for the position of director should have. In 2018 the Appointments and Remuneration Committee and the Board carried out a process of assessing the competencies and knowledge of the Board members, which culminated in the approval of the skills matrix of the Board, broken down by director. The application of this matrix, which reflects the competencies, experience, knowledge, professionalism, suitability, independence of judgement, qualities and capacities that Board members must have, makes it easier to supervise overall Board diversity and facilitates informed decision making. The matrix consists of three blocks (experience-knowledge in the sector of activities and strategic priorities of the Company, functions related to the responsibilities of the Board and diversity), which in turn comprise a total of twenty-three categories reflecting the experience and knowledge of the Board members in aspects such as: the energy and telecommunications sector, finance, capital markets, business strategy and development, infrastructure management, boards of directors of public and private entities, sustainability, risk management and compliance, digital transformation, and gender, age or length of service as a director, among others. The Board skills matrix is a good governance tool that makes it easier to monitor the overall and individual balance, diversity and quality of the Board at any given time and is in line with the most advanced international practices and recommendations in corporate governance matters. This skills matrix is reviewed on a continuous basis so that it is always up to date and in line with the strategy of the Red Eléctrica Group. In 2021 the skills matrix also underwent a review process with the support of an international external consultant. Article 22 of the Board Regulations stipulates that the Board, within the scope of its powers, will ensure that the candidates selected are persons of good standing, competence and experience, ensuring diversity of gender, experience and knowledge on the Board. In this context, the important role played by the Appointments and Remuneration Committee in fostering diversity on the Board should be noted. As provided in Article 24 of the Articles of Association and Article 18 of the Board Regulations, this Committee is in charge of setting a target number for the less well-represented gender on the Board, assessing the competencies, knowledge and experience needed on the Board, submitting to the Board proposals for the appointment of independent directors and reporting on the proposals for the appointment of other directors, among other responsibilities. Furthermore, Article 15 of the Board Regulations stipulates that members of the Audit Committee will be appointed taking into account their knowledge and experience in the field of accounting, auditing or risk management.

- C.1.6 Explain the measures taken, if applicable, by the appointments committee to ensure that the selection processes have no implicit bias that would make it difficult to select female directors, and that the company makes a conscious effort to search for female candidates who have the required profile to guarantee an even balance between men and women: Indicate as well whether these measures include the promotion of a significant number of female executives:

Explanation of the measures

The purpose of the action taken by the Company is to actively promote the selection of qualified women and include them on the Board. The Red Eléctrica Group's Corporate Governance Policy, which is published on the corporate website (www.ree.es), establishes "the principle of consolidating the Company's commitment to diversity in a broad sense, not only in terms of gender, but also experience, knowledge, age, nationality or length of service on the Board, in relation to the composition of the Board and its committees" and the practices contained in this Corporate Governance Policy include comprehensive diversity on the Board. The Company applies this principle and, therefore, the Board has adopted the recommended best practices in gender diversity, so that six (50%) of its members were women at year-end 2021. The Company thus continues to comply with the 40% target set for 2022 in Recommendation no. 15 of the Code of Good Governance for Listed Companies. It should be noted that a woman holds the position of chair of the Board. Furthermore, a woman has served as lead independent director since 25 May 2013 after her last re-election on 26 March 2019 for a term of three years. As regards the Board committees, it should also be noted that the Audit Committee has 1 woman out of a total of 4 members (25%), and the Appointments and Remuneration Committee also has 1 woman out of a total of 3 members (33.3%). The Sustainability Committee has 3 women out of a total of 3 members (100%), and is therefore also chaired by a woman.

In each director selection process, the Appointments and Remuneration Committee analyses the profile of the candidate and evaluates whether it is in line with the ideal profile for holding the position of director depending on the type the position that is vacant at that time. During the selection process, the Appointments and Remuneration Committee fulfils the basic responsibilities specified in paragraphs h), i) and k) of Article 18.1 of the Board Regulations. Candidates are assessed taking into account the competencies, training, experience, professionalism, suitability, gender, independence of judgement, knowledge, qualities, abilities and availability of the existing Board members, with the Appointments and Remuneration Committee playing an important role in this selection process. In addition, when considered appropriate the Appointments and Remuneration Committee, among other proposals and suggestions, seeks the opinion of head-hunters specialised in the recruiting process of directors, who put forward various candidates and issue reports on each one of them, in which they assess the candidate's competencies and experience. These reports are carefully analysed and assessed by the Appointments and Remuneration Committee before a report and/or appointment proposal is submitted to the Board.

The commitment of the Board to include female talent on the Board is indicated in Article 18.1 n) of the Board Regulations, which makes it one of the Appointments and Remuneration Committee's basic responsibilities to ensure that gender diversity is taken into account when filling new vacancies, setting a target for the representation of the less well-represented gender and preparing guidelines on how to achieve that target.

All of the foregoing was taken into account by the Appointments and Remuneration Committee and the Board when analysing the reports and proposals to fill the vacancies that arose on the Board in 2021, as may be verified on the corporate website (www.ree.es) in the documentation that the Company made available to shareholders for the Annual General Meeting held on 29 June 2021.

In addition, it should be noted that to make progress in achieving the objectives of the 2030 Agenda assumed by the Company and that involve a commitment to "Being a benchmark company in terms of diversity: parity in the management team (50% target) and inclusion of groups at risk of social and labour exclusion", and in line with the Company's Strategic Plan, the 2018-2022 Comprehensive Diversity Plan

was approved in March 2019, with a mission to inspire and be a benchmark through a commitment to diversity of talent, social and labour inclusion and non-discrimination, both in the Company and in the social environment. The importance of the role of women in the Company's bodies with greater responsibility, along with the progress made in their inclusion on the management team is therefore worth noting, where the presence of women in these bodies with greater responsibility is an essential value for the Red Eléctrica Group. Of note is the signing of the general protocol on balanced participation of women in pre-executive and executive positions and management committees, signed with the Ministry of the Presidency, Relations with the Congress and Equality in 2019 within the framework of the 'More women, Better businesses' initiative.

When, despite the measures taken, there are few or no female directors or female executives, explain the reasons.

Explanation of the reasons

Not applicable.

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance with the selection policy aimed at promoting an appropriate composition of the board of directors.

As already explained in sections C.1.5 and C.1.6 above (to which we refer to avoid repetition), the Appointments and Remuneration Committee has criteria that define the ideal profile for holding the position of director. In 2018 the Appointments and Remuneration Committee and the Board approved a skills matrix for the Board, broken down by director, which is a good governance tool that makes it easier to monitor the overall and individual balance, diversity and quality of the Board at any given time and is in line with the most advanced international practices and recommendations in corporate governance matters. This skills matrix is reviewed on a continuous basis so that it is always up to date and in line with the strategy of the Red Eléctrica Group. In 2021 the skills matrix also underwent a review process with the support of an international external consultant. When assessing candidates in the selection process to fill a vacancy on the Board, the Appointments and Remuneration Committee fulfils the basic responsibilities specified in paragraphs h), i) and k) of Article 18.1 of the Board Regulations and the Corporate Governance Policy regarding the selection of directors and analyses the competencies, training, experience, professionalism, suitability, gender, independence of judgement, knowledge, qualities, abilities and availability of the candidates. The proposals of directors and the associated reports that the Company has published on its website, which were submitted to the shareholders at the Annual General Meeting held on 29 June 2021, demonstrate in a transparent manner the commitment of both the Appointments and Remuneration Committee and the Board to diversity in a broad sense in relation to the composition of the Board. In accordance with Article 18.4 j) of the Board Regulations, for several years now the Company's Board of Directors has assumed the commitment to comply with the recommendations established regarding equality and diversity and, therefore, the Appointments and Remuneration Committee is required prepare an annual report on gender diversity and equality policy to be submitted to the Board for approval. This report reflects the Company's concern for diversity and equality and, therefore, for several years now measures have been analysed and adopted to achieve the right balance of competencies on the Board and throughout the entire organisation.

The most recent Annual Diversity Report was approved by the Board on 27 April 2021, following a favourable report issued by the Appointments and Remuneration Committee and after having been analysed by the Sustainability Committee. This report includes data on diversity in a broad sense, not only regarding gender but also considering the experience, knowledge, age or length of service of the directors on the Board, and in the organisation, including information on a larger number of Red Eléctrica Group companies. This report is published on the corporate website (www.ree.es). A new Annual Diversity Report is expected to be approved shortly in 2022 in line with the Sustainability Report that will be approved on the same date. As at 31 December 2021, the Company had six women directors (50%) and therefore meets the 40% target for 2022 set in Recommendation no. 15 of the Code of Good Governance.

Of note is the signing of the general protocol on balanced participation of women on the Board and the general protocol on balanced participation of women in pre-executive and executive positions and management committees, both signed with the Ministry of the Presidency, Relations with the Congress and Equality in 2019 within the framework of the 'More women, Better businesses' initiative. The two protocols demonstrate the Board's concern for and commitment to diversity, taking into account that although there are now 6 women on the Board, which represent 50% of the total Board (above the 40% stipulated in the Additional Provision One of Spanish Law 3/2007, of 22 March), the Board is committed to making further progress. The Company will therefore continue to allocate the necessary resources and means to develop mechanisms that promote the presence of qualified women both on the Board and its committees and in executive positions and positions of responsibility in the organisation, so as to put into effect and consolidate the Company's diversity management model.

C.1.8 Explain the reasons for the appointment of any proprietary directors at the request of shareholders controlling less than 3% of the share capital.

Name of shareholder	Reason
No data	

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Provide details of any rejections of formal requests for board representation from shareholders whose ownership interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If applicable, explain why these requests were rejected:

Yes
 No

C.1.9 Indicate whether any powers or authorities have been delegated by the board of directors, including those related to the possibility of issuing or buying back shares, to directors or board committees:

Name of the director or committee	Brief description
ROBERTO GARCÍA MERINO	At its meeting held on 27 May 2019, the Board unanimously resolved "to jointly, severally and indistinctly delegate to the CEO of Red Eléctrica Corporation, S.A, Roberto García Merino, in accordance with section 249 of the current Corporate Enterprises Act, section 149 of the Commercial Registry Regulations, Article 22 of the Articles of Association and Article 5 of the Board Regulations, all authority of the Board that may be delegated by law and pursuant to the Articles of Association".

C.1.10 Identify, as appropriate, the board members who hold office as directors, representatives of directors or executives at other companies forming part of the listed company's group:

Name of director	Name of group company	Position	Do they have executive duties?
CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	HISPASAT, S.A.	DIRECTOR	NO
ROBERTO GARCÍA MERINO	HISPASAT, S.A.	REPRESENTATIVE OF RED ELÉCTRICA SISTEMAS DE TELECOMUNICACIONES, S.A.U.	NO
ROBERTO GARCÍA MERINO	RED ELÉCTRICA INTERNACIONAL, S.A.U.	JOINT DIRECTOR	YES
ROBERTO GARCÍA MERINO	RED ELÉCTRICA DE ESPAÑA, S.A.U.	REPRESENTATIVE OF THE SOLE DIRECTOR	YES
ROBERTO GARCÍA MERINO	RED ELÉCTRICA INFRAESTRUCTURAS DE TELECOMUNICACIÓN, S.A.U.	JOINT DIRECTOR	YES
ROBERTO GARCÍA MERINO	RED ELÉCTRICA SISTEMAS DE TELECOMUNICACIONES, S.A.U.	JOINT DIRECTOR	YES
ANTONIO GÓMEZ CIRIA	HISPASAT, S.A.	DIRECTOR	NO

For the purpose of this section, a director is considered to have executive functions when they have been granted powers by the company in relation to the management of corporate activities.

In 2021 the independent director Antonio Gómez Ciria held the position of representative of Red Eléctrica Sistemas de Telecomunicaciones, S.A.U. (RESTEL) on the Board of Hispasat, S.A. from 1 January to 24 March 2021 and the position of director of Hispasat, S.A. from 24 March to 31 December 2021.

Accordingly, in 2021 Roberto García Merino held the position of director of Hispasat, S.A. from 1 January to 24 March 2021, and the position of representative of Red Eléctrica Sistemas de Telecomunicaciones, S.A.U. (RESTEL) on the Board of Hispasat, S.A. from 24 March to 31 December 2021.

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C.1.11 Give details of any Board members, directors or executives, or their representatives, who are members of the company's board of directors in other entities, whether or not they are listed companies:

Name of director or representative	Name of listed or unlisted company	Position
CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	MUTUA MADRILEÑA AUTOMOVILISTA, SOCIEDAD DE SEGUROS A PRIMA FIJA	DIRECTOR
ANTONIO GÓMEZ CIRIA	MAPFRE, S.A.	DIRECTOR
ANTONIO GÓMEZ CIRIA	MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR
ANTONIO GÓMEZ CIRIA	MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	DIRECTOR
ANTONIO GÓMEZ CIRIA	MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	DIRECTOR
SOCORRO FERNÁNDEZ LARREA	CEMENTOS MOLINS, S.A.	DIRECTOR
SOCORRO FERNÁNDEZ LARREA	BANCO CAMINOS, S.A.	DIRECTOR
SOCORRO FERNÁNDEZ LARREA	OFG TELECOMUNICACIONES, S.L.	CHAIR
SOCORRO FERNÁNDEZ LARREA	SEG, S.L.	DIRECTOR
ELISENDA MALARET GARCÍA	MIBGAS DERIVATIVES, S.A.	DIRECTOR
SOCORRO FERNÁNDEZ LARREA	CONSULTORA JUSTNOW, S.L.	DIRECTOR

Antonio Gómez Ciria receives remuneration as a director of MAPFRE, S.A, MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A, MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA and MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.

Socorro Fernández Larrea receives remuneration as an executive director of CONSULTORA JUSTNOW, S.L, and as an independent director of CEMENTOS MOLINS, S.A, SEG, S.L, and BANCO CAMINOS, S.A.

Elisenda Malaret García receives remuneration as a director of MIBGAS DERIVATIVES, S.A.

Carmen Gómez de Barreda Tous de Monsalve receives remuneration as a director of MUTUA MADRILEÑA AUTOMOVILISTA, SOCIEDAD DE SEGUROS A PRIMA FIJA.

Indicate, where applicable, any other paid activities carried out by the directors or their representatives, whatever their nature, other than those indicated in the above table.

Name of director or representative	Other paid activities
CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	Member of the Advisory Board to the Board of Grupo Antolin-Irausa, S.A. Member of the Strategy Advisory Group of Sidenor Aceros Especiales.
RICARDO GARCÍA HERRERA	Professor of Atmospheric Physics at Universidad Complutense de Madrid.
ANTONIO GÓMEZ CIRIA	Lecturer for the Master's programme in Auditing at IEB (Institute of Stock Market Studies).
ELISENDA MALARET GARCÍA	Professor of Administrative Law.

MARÍA TERESA COSTA CAMPI	Academic research and knowledge transfer projects within the university framework.
JOSÉ JUAN RUIZ GÓMEZ	President of the Elcano Royal Institute and a member of its Executive Committee. Independent consultant and advisor on macroeconomic issues and Latin American markets.
BEATRIZ CORREDOR SIERRA	Adjunct Faculty, Civil Law. Master's Degree in Access to the Legal Profession. Universidad Nebrija
MARCOS VAQUER CABALLERÍA	Professor, General Secretary, Head of the Master's programme in Advanced Studies in Public Law, and Member of Legal Studies at Universidad Carlos III de Madrid.
JOSÉ MARÍA ABAD HERNÁNDEZ	Visiting Scholar, International Monetary Fund (IMF), Washington DC. Visiting Professor, ESADE Business School, Barcelona.
MERCEDES REAL RODRIGÁLVAREZ	Head of Investees of Sociedad Estatal de Participaciones Industriales (SEPI).

C.1.12 Indicate and, where appropriate, explain whether the company has any rules on the maximum number of boards on which its directors may sit, identifying, if applicable, where this is regulated:

Yes
 No

Explanation of the rules and where are they stated
<p>Article 18.1 k) of the Board Regulations establishes that one of the basic responsibilities of the Appointments and Remuneration Committee in relation to appointments and removals is to assess the time and dedication necessary for directors to effectively perform their duties and, therefore, to assess compatibility with membership on the managing bodies of other companies, and ensure that they have sufficient availability to properly carry out their duties.</p> <p>The Appointments and Remuneration Committee has the power to analyse and submit proposals to the Board regarding whether the Board members of Red Eléctrica Corporación, S.A. should be granted authorisation to join the boards of directors of other companies. Article 7.3 of the Board Regulations indicates that an independent director of the Company may sit on a maximum of two (2) boards of other listed companies, unless an exception is expressly approved by the Board, at the proposal of the Appointments and Remuneration Committee. In addition, Article 7.2 b) of the Board Regulations stipulates that proprietary directors may not simultaneously serve as directors of more than five (5) listed companies. And Article 7.2 a) of the Board Regulations indicates that executive directors may only serve as directors on one (1) board of directors of another company, with the exception of positions on boards of directors of the Company's subsidiaries or investees.</p>

C.1.13 Indicate the amount of total remuneration received by the board of directors:

Remuneration earned during the year by the board of directors (thousands of euros)	3,245
Amount of funds accumulated by current directors through long-term savings schemes with vested dividend rights (thousands of euros)	
Amount of funds accumulated by current directors through long-term savings schemes without vested dividend rights (thousands of euros)	182
Amount of funds accumulated by former directors through long-term savings schemes (thousands of euros)	

C.1.14 Identify the senior executives who are not executive directors and indicate the total remuneration paid to them during the year:

Name	Position(s)
MIGUEL RAFAEL DUVISON GARCÍA	GENERAL MANAGER OF OPERATIONS
EVA PAGÁN DÍAZ	GENERAL MANAGER OF INTERNATIONAL BUSINESS
ÁNGEL LUIS MAHOU FERNÁNDEZ	GENERAL MANAGER OF TRANSMISSION
MARIANO APARICIO BUENO	GENERAL MANAGER OF TELECOMMUNICATIONS BUSINESS

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EMILIO CEREZO DÍEZ	CORPORATE CHIEF FINANCIAL OFFICER	
JOSÉ ANTONIO VERNIA PERIS	CORPORATE MANAGER OF TRANSFORMATION AND RESOURCES	
FÁTIMA ROJAS CIMADEVILA	CORPORATE MANAGER OF SUSTAINABILITY AND RESEARCH	
MIRYAM AGUILAR MUÑOZ	CORPORATE MANAGER OF INSTITUTIONAL RELATIONS, COMMUNICATION AND TERRITORY	
LAURA DE RIVERA GARCÍA DE LEÁNIZ	HEAD OF REGULATION AND LEGAL SERVICES	
SILVIA MARÍA BRUNO DE LA CRUZ	TECHNOLOGY AND INNOVATION MANAGER	
CARLOS PUENTE PÉREZ	HEAD OF CORPORATE DEVELOPMENT	
EVA RODICIO GONZÁLEZ	INTERNAL AUDIT AND RISK CONTROL MANAGER	
Number of women in senior executive positions		6
Percentage of the total number of senior executives		50.00
Total remuneration of senior executives (thousands of euros)		3,103

To address the challenges posed by the new 2021-2025 Strategic Plan, the Group has been carrying out a reorganisation process since the end of 2020 that has involved centralising corporate activities in the Group's parent company, and that culminated with the adaptation and approval in 2021 of the Group's new organisational structure with the aim of ensuring compliance with this Strategic Plan.

The reorganisation carried out has entailed, among other changes, the recognition of certain people who were already part of the Red Eléctrica Group as top executives.

The total remuneration earned by top executives in 2021 amounted to EUR 3,103 thousand and is recognised under "Staff costs" in the consolidated income statement. In 2020, the total remuneration earned by top executives, applying the criteria of this organisational change, amounted to EUR 2,939 thousand

C.1.15 Indicate whether any amendments were made to the board regulations during the year:

Yes
 No

Description of amendments

The amendment to the Board Regulations approved by the Board in 2021 was as follows:

At the meeting held on 25 May 2021, the Board Regulations were amended to bring them into line with the reform of the Corporate Enterprises Act by Law 5/2021, of 12 April, which amends the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies in matters mainly relating to the rules on related-party transactions, directors' remuneration, the directors' duty of diligence and the content of the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration.

C.1.16 Indicate the procedures for the selection, appointment, re-election and removal of directors. Give details of the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

1- Selection, appointment and re-election: Article 21 of the Board Regulations indicates that directors will be appointed by the shareholders at the General Meeting or, in the event of an early vacancy, by the Board by co-option. The appointments, including by co-option, or the re-election of directors will be proposed by the Appointments and Remuneration Committee, in the case of independent directors, and by the Board itself in the case of all other directors. The Board, within the scope of its powers, will ensure that the candidates selected are persons of good standing, competence and experience, ensuring diversity of gender, experience and knowledge on the Board, in accordance with the candidate appointment and assessment policy approved by the Board, and may even use external advisors when considered necessary, pursuant to Article 22 of the Board Regulations. In accordance with Article 23 of the Board Regulations, directors will serve for the term indicated in the Articles of Association. Article 20 of the Articles of Association sets a term of four years for the position of director. In accordance with Article 7 of the Board Regulations, independent directors may not continue discharging their duties as such for a continuous period of more than twelve years. In 2011 the Board approved a succession plan for the chair. However, in line with advances in the world of good corporate governance, the Company has undergone significant structural changes since 2011. Therefore, in 2017 the Appointments and Remuneration Committee and the lead independent director worked extensively on preparing the "Contingency plan for the succession of the chair of the Board" and the "Contingency plan for the succession of the chief executive officer" with the

support of an external international consultant. These plans were approved by the Board on 19 December 2017, at the proposal of the Appointments and Remuneration Committee, and include the profiles and functions of the positions of chair of the Board and CEO and lay down the actions to be taken immediately by the Company if unexpected or unforeseen events prevent the chair of the Board and the CEO from performing their duties during their term of office. These plans must be reviewed at least once a year. Both plans set out detailed objectives, the events that trigger their activation, the responsible bodies and the actions to be taken in each phase, from the first 24 hours through the first month, assigning specific roles and responsibilities and avoiding risks of an unforeseen and disorderly succession. The contingency plan for the succession of the chair of the Board was implemented for the first time, with satisfactory results, after the chair of the Board tendered his resignation at the Board meeting held on 28 January 2020. In 2021, work was carried out to update both plans and, at the proposal of the Appointments and Remuneration Committee, the updates of the "Contingency plan for the succession of the chair of the Board" and the "Contingency plan for the succession of the chief executive officer" were approved at the Board meeting held on 30 November 2021.

2- Removal: Article 24.1 of the Board Regulations stipulates that directors will cease to hold office when the term for which they were appointed expires, or when so resolved by the shareholders at the General Meeting in the exercise of the powers granted to them by law and by the Articles of Association. The Board of Directors will not propose the removal of independent directors before the end of the term stipulated in the Articles of Association for which they were appointed, unless the Board considers there is just cause to do so, subject to a report by the Appointments and Remuneration Committee. In particular, just cause will be presumed to exist when a director takes up a new post or assumes obligations that prevent them from allocating sufficient time to discharge the duties of director, is in breach of the duties inherent to their position or becomes subject to any of the situations described in Article 7.2 c) of the Board Regulations and, therefore, can no longer be classified as an independent director. The removal of independent directors may also be proposed as the result of takeover bids, mergers or similar corporate transactions that give rise to a change in the Company's share capital structure, when such changes in the structure of the Board are made to meet the criterion of proportionality referred to in Article 7.1.c) of the Board Regulations. Directors must also tender their resignation to the Board and, if the Board considers it appropriate, resign in the cases envisaged in Article 24.2 of the Board Regulations. Lastly, Articles 24.3 of the Board Regulations establishes that Committee members will be relieved of their duties once they cease to be directors.

C.1.17 Explain to what extent the annual assessment of the board has resulted in significant changes in its internal organisation and the procedures applicable to its activities:

Description of amendments

Red Eléctrica Corporación, S.A. was one of the first companies to carry out the voluntary annual assessment process of its Board of Directors, and for several years now has been receiving assistance from external advisors with the aim of giving its self-assessments a more objective and independent view, thus following the recommendations established by recent regulatory amendments and the best practices applicable to corporate governance.

Every year the Company carries out the assessment of the Board through a self-assessment process, the format and content of which are adapted each year to the needs and situation of the Company, the Group's activities and the best practices regarding good governance. The conclusions drawn from these Board assessment processes are taken into account by the Company to improve the internal functioning, deliberation and decision-making of both the Board as a whole and the Board committees.

The Action Plan approved by the Board at its meeting held on 23 February 2021, at the proposal of the Appointments and Remuneration Committee, was implemented in 2021, and is the result of the conclusions and recommendations of the Board Self-Assessment Report for 2020, previously approved by the Board at its meeting held on 22 December 2020, a process in which external advisory services were provided by Egon Zehnder. The Appointments and Remuneration Committee reported to the Board in January 2022 on the actions carried out in 2021 within the framework of this Action Plan, which includes improvements regarding organisation and procedures.

Describe the assessment process and the areas evaluated by the board of directors with the assistance, if any, of an external consultant, as regards the functioning and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of the assessment process and areas evaluated

Article 5 of the Board Regulations expressly reserves for the Board, among other functions that cannot be delegated, the responsibility for the annual assessment of the quality and efficiency of the functioning of the Board, the performance of their duties by the chair of the Board and the chief executive officer of the Company and the effective functioning of the Board committees, based on the report issued by the Appointments and Remuneration Committee, in coordination with the lead independent director or the chair. The assessment of the performance of the Board, its chair, the Company's chief executive officer and the Board committees will be conducted by an outside independent expert at least every two years.

The Board must periodically review the general aspects of the assessment methodology used, the overall results of the assessment and any corrective measures adopted, as the case may be.

For some years now, Red Eléctrica has been carrying out annual assessments of the functioning and performance of the Board, the chair of the Board, the Company's chief executive officer and the Board committees, with the support of external independent advisors. The process conducted in 2020 was once again carried out in collaboration with an international external consultant, Ackermann International, S.L, and was conducted under the direction of the Appointments and Remuneration Committee, in coordination with the lead independent director.

This self-assessment process was carried out through individual interviews with each Board member, focusing on the contribution of both the Board and each of the committees to which the directors belong. The methodology used assessed the functioning of the Board from four pillars (Functional, Effectiveness, Decision and Capabilities), and for each pillar a series of key issues were assessed (among others, organisation and planning, management and reliability of information, professionalism in preparation, degree of independence, degree of collaboration, management of expectations, responsibilities, contribution indicators, shareholder value, types of decisions and decision-making power, decision-making process, mechanisms for interacting with management teams, risk control, strategic vision, agility in ongoing learning, capacity to adapt to change, high-performance teams, leadership model, etc.).

Following completion of the process, the self-assessment report was approved by the Board at its meeting held on 25 January 2022. The assessment resulted in a number of aspects with higher or lower ratings. The Board highlighted the strengths indicated, which included the high level of technical qualification and professional experience of its members, the fact that there has been significant growth in the composition and diversity of the Board, incorporating strategic thinking, the contribution of value and agility in the decision-making process, and the independence of judgement, transparency and ease of communication within the Board. It also highlighted the good working atmosphere within the Board itself, the optimal contribution and support from the Board members.

The Board also made note of a number of opportunities, which include holding specific sessions (case studies) within the framework of the Strategic Plan; reviewing with the committee chairs the issues to be addressed to avoid overlapping, obtain greater knowledge and have a broader vision on certain specific risk issues, in particular integrated security; and promoting the protocol for connection between the Board and employees.

C.1.18 Explain, for those years in which an external consultant participated in the assessment, the business relationships that the consultant or any company in their group has with the company or any company in its group.

In relation to the assessment, the external consultant and the companies belonging to its group have not had any other business relationship with the Company or any Group companies.

C.1.19 Indicate the cases in which directors must resign.

Directors must tender their resignation to the Board and, if the Board considers it appropriate, resign in the following cases envisaged in Article 24.2 of the Board Regulations:

- a) When they reach the age of 70.
- b) When they become subject to any incompatibility or prohibition provided for by law.
- c) When they are convicted of a criminal offence or are subject to disciplinary proceedings for a serious or very serious infringement brought by the supervisory authorities of the securities, energy and telecommunications markets.
- d) When they have seriously breached their obligations as directors.
- e) When they cease to hold the executive position with which their appointment as director is associated.
- f) When situations affecting them arise, whether or not related to their performance in the Company itself, which may damage the credibility and reputation of the Company or its Group, and when so decided by the Board by a vote of two thirds of its members. The Board, having been informed or having otherwise become aware of any of these situations, will examine the case as soon as possible and, in view of the specific circumstances, will decide, following a report from the Appointments and Remuneration Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing their removal. This will be disclosed in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which should be recorded in the minutes. This is without prejudice to the information that the Company must disclose, if appropriate, when the corresponding measures are adopted.
- g) In the case of proprietary directors, when the shareholder that they represent on the Board transfers their entire shareholding in the Company or reduces it to a level that requires the reduction of the number of its proprietary directors.
- h) On request of the Board by a majority of two thirds of its members, when there are repeated absences from Board meetings.
- i) When any circumstance occurs that prevents or significantly limits their participation in and dedication to Board meetings and the exercise of their duties and responsibilities as directors.

C.1.20 Are qualified majorities, other than those prescribed by law, required for any type of decisions?

Yes
 No

If so, describe the differences.

Description of the differences

Any resolution.- Quorum: Half plus one of its members attending in person or by proxy (section 20 of the Board Regulations); Type of majority: Absolute majority of the directors attending the meeting in person or by proxy.

Amendment to the Board Regulations as provided for in Article 3.4 of the Board Regulations.- Quorum: Same as for any resolution; Type of majority: Two-thirds of the directors attending the meeting.

Removal of directors when their continued presence on the Board endangers the Company's interests, in particular as regards Article 38.4 of the Board Regulations, and when decided by the Board with the favourable vote of two thirds of its members, pursuant to Article 24.2 f) of the Board Regulations.- Quorum: Same as for any resolution; Type of majority: Two-thirds of the directors attending the meeting.

Removal of directors at the request of the Board, when there are repeated absences from Board meetings. Request by two thirds majority (section 24.2 h) of the Board Regulations). In accordance with section 529 septies of the Corporate Enterprises Act, the Board Regulations establish that if the position of chair is held by an executive director, their appointment will require the vote in favour of two-thirds of the Board members (section 9 of the Board Regulations).

There are no provisions for resolutions that require a qualified majority to be passed, apart from the specific resolutions indicated in the applicable law and the cases referred to above.

Except in cases where other quorums for attendance have been specifically established, the Board will be validly convened with the attendance of at least half plus one of its members attending in person or by proxy. If there is an odd number of directors, then a quorum will be present with the attendance of the whole number of directors immediately over half.

In accordance with Article 21 of the Articles of Association, any director may appoint another director as their proxy, in writing and specially for each meeting, to represent them and vote on their behalf at Board meetings. This proxy should be given to a director of the same category as the director granting the proxy (sections 30.2 c) and 20 of the Board Regulations). (Section 529 quater of the Corporate Enterprises Act only allows non-executive directors to grant proxies to another non-executive director, a provision that has been included in Article 21 of the Articles of Association and Article 30.2 c) of the Board Regulations).

The chair will organise the discussion, ensuring and encouraging the participation of all directors in the deliberations of the body, and will submit the matters to a vote once they are considered to have been sufficiently discussed. Each director attending in person or by proxy will have one vote.

Article 21 of the Articles of Association and Article 20 of the Board Regulations indicate that resolutions will be passed by an absolute majority of votes of the directors attending the meeting in person or by proxy, except in those cases in which the law requires that resolutions be passed by a greater majority, with the exceptions already mentioned that are included in the Board Regulations.

C.1.21 Indicate whether there are any specific requirements, apart from those relating to the directors, to be appointed chairman of the board:

Yes
 No

C.1.22 Indicate whether the Articles of association or the board regulations set any age limit for directors:

Yes
 No

	Age limit
Chair	N/A
Chief executive officer	N/A
Director	70

C.1.23 Indicate whether the Articles of association or the board regulations set a limit on the term of office or other more stringent requirements in addition to those provided by law for independent directors:

Yes
 No

C.1.24 Indicate whether the Articles of association or board regulations establish specific rules on appointing a proxy to the board in favour of other directors, the procedures for doing so and, in particular, the maximum number of proxy appointments a director may hold. Also indicate whether there are any restrictions as to what categories may be appointed as a proxy other than those stipulated by law. If so, briefly describe these rules.

Each director may appoint another director as their proxy, in writing and specifically for each meeting, to represent them and vote for their behalf at Board meetings, as indicated in Article 21 of the Articles of Association. Non-executive directors may only appoint another non-executive director as their proxy.

If a director is unable, for justified reasons, to attend a Board meeting that has been called, they must give instructions to the director appointed as their proxy, ensuring that they are represented by a director of the same category as provided in Article 30.2 c) and Article 20 of the Board Regulations.

In addition, section 529 quater of the Corporate Enterprises Act is applicable to non-executive directors, as already set forth in the Articles of Association and the Board Regulations.

C.1.25 Indicate the number of board meetings held during the year. Where applicable, indicate how many times the board has met without the chairman in attendance. The calculation of attendance will include proxies granted with specific instructions.

Number of board meetings	13
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Number of board meetings held without the chairman's attendance	0
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Indicate the number of meetings held by the lead director with the other directors, without the attendance or representation of any executive director:

Number of meetings	1
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Indicate the number of meetings the various board committees have held during the year:

Number of meetings of the AUDIT COMMITTEE	14
Number of meetings of the APPOINTMENTS AND REMUNERATION COMMITTEE	13
Number of meetings of the SUSTAINABILITY COMMITTEE	12

C.1.26 Indicate the number of board meetings held during the year and the attendance of its members:

Number of meetings with attendance in person of at least 80% of directors	13
Attendance in person as a % of the total votes cast during the year	99.36
Number of meetings with attendance in person, or by proxy with specific instructions, of all directors	13
Attendance in person and by proxy with specific instructions as a % of the total votes cast during the year	100.00

C.1.27 Indicate whether the separate and consolidated financial statements submitted for approval by the board are certified previously:

Yes
 No

Identify, where applicable, the person(s) who certified the company's separate and consolidated financial statements prior to their authorisation for issue by the board.

Name	Position
ROBERTO GARCÍA MERINO	CHIEF EXECUTIVE OFFICER
EMILIO CEREZO DÍEZ	CORPORATE CHIEF FINANCIAL OFFICER

C.1.28 Give details of any mechanisms the board of directors has established to ensure that the financial statements submitted by the board of directors at the annual general meeting are prepared in accordance with accounting regulations.

Article 5.5 d) of the Board Regulations establishes that, in particular, the Board will be responsible for the authorisation for issue of the financial statements and submitting them at the General Meeting, which will include monitoring the process of preparing and presenting the financial information, the directors' report and, where appropriate, of the non-financial information required by law. Article 16.1 a) and b) of the Board of Regulations states that the Audit Committee is responsible for approving the accounting principles and methods to be used in preparing the financial statements of the Company and the consolidated Group; for verifying that they are accurate, reliable and complete; for monitoring the preparation and presentation process, and the integrity of the financial information of the Company and the Group; and for submitting recommendations or proposals to the Board aimed at safeguarding this integrity, ensuring that regulatory requirements and international reference standards are taken into account, and that the accurate demarcation of the scope of consolidation and the correct application of the accounting principles and methods are applied.

As expressly indicated in Article 42 of the Board Regulations, the Board will definitively authorise for issue the financial statements, after they have been reviewed by the Audit Committee pursuant to its functions established in the Board Regulations, ensuring that there are no

qualifications by the auditor. However, when the directors consider that they should stand by their opinion, they will publicly explain the content and scope of the discrepancies.

Moreover, Article 41 of the Board Regulations establishes that the Board will take the necessary measures to ensure that the quarterly, half-yearly and annual financial information, and any other information that is made available to the markets, is drawn up in accordance to the same principles, criteria and professional practices and is as reliable as the annual financial statements. Therefore, this information will be reviewed by the Audit Committee.

The Audit Committee therefore plays an especially important role, as it continuously monitors the process of preparing the financial information that is sent to the market supervisory bodies, thus decreasing the possibility of qualifications in the annual auditor's reports.

Since it was incorporated in 1985, the Company has not had any qualifications in its auditor's reports on its financial statements, which attests to the accuracy, reliability and completeness of the financial statements of the Company and of its consolidated Group throughout its corporate history, ensuring at all times the highest transparency of information.

C.1.29 Is the secretary of the board also a director?

[] Yes
[v] No

If the secretary is not a director, complete the following table:

Name of the secretary	Representative
CARLOS MÉNDEZ-TRELLES GARCÍA	

C.1.30 Indicate whether there are any specific mechanisms established by the company to preserve the independence of its external auditors, and any mechanisms to preserve the independence of the financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

Approval of the policy for engagement of non-audit services from the external auditor cannot be delegated and is reserved for the Board in Article 5.5 a) xiv) of the Board Regulations. The shareholders at the Annual General Meeting held on 15 April 2015 approved an amendment of the Articles of Association to bring them into line with the legislative reforms introduced by Law 31/2014, of 3 December, amending the Corporate Enterprises Act to improve corporate governance, which amended, among other sections, Article 23.2 of the Articles of Association related to the powers of the Audit Committee including minimum adjustments in relation to the external auditors. The Audit Committee is the body under the Board that is responsible for the relationship with the external auditors. The Audit Committee assists the Board in ensuring the independence of the Company's external auditor. Article 16.3 b) of the Board Regulations, in relation to the independence of external auditors, indicates that the functions of the Audit Committee include that of establishing direct relationships with the external auditors, gathering and receiving information from them on a regular basis regarding the audit plan, the process of developing the plan and its implementation, and regarding any matters that may represent a threat to their independence, including that related to the report from the external auditor on the fact that neither they nor any of their partners have been convicted by a final judgment in criminal proceedings related to the performance of their audit functions, for examination by the Committee, and any other matters related to the process of auditing the financial statements. The Committee may also authorise, when considered appropriate, services of the external auditors other than those that are prohibited, under the terms included in applicable regulations on auditing financial statements. In addition, Article 16.3 h) of the Board Regulations includes the Audit Committee's function of issuing an annual report, prior to the issuance of the auditor's report, expressing an opinion on whether the independence of the auditors or audit firms has been compromised. The Audit Committee must ensure that the Company (i) reports a change in auditor and, if applicable, disagreements with the outgoing auditor as a significant event to the CNMV, and (ii) complies with the current regulations on the provision of non-audit services, the limits on the concentration of the auditors' business and, in general, other requirements designed to safeguard auditors' independence. If the auditor resigns, the Audit Committee must investigate the issues giving rise to the resignation. Furthermore, Article 42 of the Board Regulations indicates that the Board will refrain from engaging audit firms whose fees, in all categories, would represent more than ten per cent of the audit firm's total income in the previous year. In addition, Article 42 of the Board Regulations requires the Board to report annually on the overall fees that have been paid by the Company to the external auditor for non-audit services, seeking to minimise the engagement of such services as much as possible. Without prejudice to the obligation established in this regulatory provision for reporting to the Audit Committee on the services provided to the Company and the Group by the external auditor, other than those related to the external audit (services that are regularly reported to the markets through subsection C.1.32 of this report), the approach followed by the Company is not to engage these types of services from the external auditor from the date they are appointed by the shareholders at the General Meeting, unless there are exceptional reasons justifying the engagement of such services from the auditor, which are to be appropriately explained in the Company's annual public information reported. In any case, the engagement of these services must be authorised by the Audit Committee. Since 2016, in compliance with Recommendation no. 6 of the Code of Good Governance, the Company publishes the Audit Committee Report on the independence of the external auditor on its corporate website, duly in advance of the date set for the Annual General Meeting. The Company gives frequent presentations to financial analysts and investment banks to report the key economic and financial figures of the Group, and to review its business performance. These presentations are regularly attended by the most important professionals and specialists in the sector. After giving these presentations, all participants are offered the opportunity to be included in a list of entities that periodically receive the most important information of interest to them regarding the Company. Presentations to analysts are sent in advance to the Spanish National Securities Market Commission (CNMV) so that they can be disclosed to the markets through its website. These presentations are then immediately posted on the Company's website.

The main purpose of the "Investor Relations" Department, under the Company's Corporate Economic and Financial Division, is to serve as a channel for communication with financial professionals and institutional investors and respond to their inquiries.

C.1.31 Indicate whether the company changed its external auditors during the year. If so, identify the incoming and outgoing auditor:

Yes
 No

In the event of any disagreement with the outgoing auditors, explain the reasons for the disagreement:

Yes
 No

C.1.32 Indicate whether the audit firm performs other non-audit work for the company and/or its group, and if so, state the amount of fees received for this work and the percentage that this amount represents of the fees billed for audit work to the company and/or its group:

Yes
 No

	Company	Group companies	Total
Fees for other non-audit work (thousands of euros)	99	85	184
Fees for other non-audit work / Fees for audit work (%)	85.00	15.00	26.00

"Fees for other non-audit work" amounts to EUR 184.4 thousand and is broken down as follows:

- "Other audit-related services" amounts to EUR 169.9 thousand and mainly includes the limited review of the Group's consolidated interim financial statements, the assurance services related to the issuance of comfort letters, the reasonable assurance auditor's report on the effectiveness of the Group's ICFR under ISAE 3000, covenant certificates for the financial statements and translations.
- "Other non-audit services" amounts to EUR 14.5 thousand and includes agreed upon procedures performed for certain Group companies.

"Audit work" includes the fees corresponding to the audit of the separate and consolidated financial statements of Red Eléctrica Corporación and the companies forming part of its Group.

C.1.33 Indicate whether the auditor's report for the previous year included any qualifications. If so, indicate the reasons given to the shareholders at the General Meeting by the chairman of the audit committee to explain the content and scope of those qualifications.

Yes
 No

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the company's separate and/or consolidated financial statements. Likewise, indicate how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Separate	Consolidated
Number of consecutive years	9	9

	Separate	Consolidated

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Number of years audited by current audit firm/Number of years the company or its group has been audited (as a %)	25.00	43.00
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C.1.35 Indicate whether there is a procedure for the directors to be able to receive the necessary information to prepare for meetings of the managing bodies sufficiently in advance, and if so, give details:

Yes
 No

Details of the procedure

Board meetings are called sufficiently in advance prior to the meeting and all relevant information is sent together with the call notice. The call notice always includes the agenda for the meeting and, as a general rule, will be accompanied by the relevant information duly prepared and summarised. Notwithstanding the foregoing, Article 19.5 of the Board Regulations establishes that the call notice of the Board meeting will be sent at least three (3) days prior to the date of the meeting. As an exception and for reasons of urgency, the Board may be convened by telephone and the period of prior notice will not apply when, in the chair's opinion, the circumstances so require. The reasons of urgency will be explained in the meeting minutes as indicated in Article 19.6 of the Board Regulations. Article 27.1 of the Board Regulations indicates that directors hold wide-ranging powers to obtain information on any aspect of the Company. Directors may examine the books, registers, documents and other background information relating to corporate transactions, and inspect all of its facilities. The right to information extends to both domestic and foreign subsidiaries. In accordance with the content of Article 27.3 of the Board Regulations and in order not to disrupt the normal operations of the Company, the exercise of the right to information is channelled through the chair of the Board and/or the CEO, who will handle the requests from directors, providing them with information directly, offering them the appropriate points of contact at the organisation or deciding on measures so they can carry out the desired examinations and inspections. Article 27.4 of the Board Regulations provides that the chair may restrict access to certain information on an exceptional and temporary basis, informing the Board of this decision at its next meeting. Also, both the Audit Committee and the Appointments and Remuneration Committee may access any type of Company information or documentation they need to effectively carry out their functions.

C.1.36 Indicate whether the company has established rules requiring directors to report and, if applicable, resign when situations affecting them arise, whether or not related to their performance in the company itself, which may damage its credibility and reputation and if so, give details:

Yes
 No

Explain the rules

Article 35.4 of the Board Regulations establishes that, as part of their duty of disclosure, directors must inform the Company of any court, administrative or other proceedings that, due to their importance, could damage the credibility and reputation of the Company or the Group and, in particular, of any criminal lawsuits in which they are involved as accused parties, and of any subsequent developments of such proceedings.

Likewise, in accordance with Article 24.2 f) of the Board Regulations, directors must place their office at the disposal of the Board and, if considered necessary, tender their resignation when situations affecting them arise, whether or not related to their performance in the Company itself, which may damage the credibility and reputation of the Company or its Group and when so decided by the Board by a vote of two thirds of its members.

The Board, having been informed or having otherwise become aware of any of these situations, will examine the case as soon as possible and, in view of the specific circumstances, will decide, following a report from the Appointments and Remuneration Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing their removal. This will be disclosed in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which should be recorded in the minutes. This is without prejudice to the information that the Company must disclose, if appropriate, when the corresponding measures are adopted.

Furthermore, Article 18.3 a) of the Board Regulations establishes that the Appointments and Remuneration Committee, in relation to compliance with the duties of directors, must ensure compliance by directors with the obligations established in these Regulations, report to the Board on their compliance, and issue the corresponding reports and proposals, where appropriate, on the measures to be adopted in the event of non-compliance.

C.1.37 Indicate, unless there have been special circumstances that have been recorded in the minutes, whether the board has been informed or has otherwise become aware of any situation affecting a director, whether or not related to their performance in the company itself, which could damage its credibility and reputation:

Yes
 No

C.1.38 Give details of the significant agreements entered into by the company that may come into force, be amended or terminate in the event of a change in control of the company resulting from a takeover bid, and their effects.

No agreements were entered into by the Company that may come into force, be amended or terminate in the event of a change in control of the Company resulting from a takeover bid.

C.1.39 Identify individually for directors, and in aggregate terms in all other cases, and provide detailed information on agreements between the company and its officers, executives and employees that provide termination benefits, or guarantee or golden parachute causes, in the event of resignation, unfair dismissal or termination as a result of a takeover bid or other kinds of transactions.

Number of beneficiaries	1
Type of beneficiary	Description of the agreement
Chief executive officer	At 31 December 2021, there was one beneficiary with this type of agreement. In accordance with the remuneration policy, and following market practices in these cases, the previously existing employment contract was suspended as a result of the appointment of the CEO. If this contract is terminated, the CEO would earn as compensation the remuneration applicable at the date of the suspension, taking into account, for the appropriate purposes, his length of service at Red Eléctrica de España, S.A.U. up to the date of his appointment as CEO (15 years), plus the period of service, if any, after his termination as CEO, all in accordance with current labour laws. Following the corporatisation process carried out in 2020, the Company that assumed this obligation is Red Eléctrica Corporación, S.A. Both the economic regime and the suspension of the employment relationship of the CEO are in line with that applicable to the previous CEO. There are no guarantee or golden parachute clauses for top executives currently providing their services within the Group. If the employment relationship is terminated, the compensation corresponding to these executives would be calculated in accordance with the applicable labour laws. In 2015, the Red Eléctrica Group implemented a Structural Management Plan that is applicable to some of the top executives. Participation in the plan is subject to the fulfilment of certain conditions and may be modified or revoked by the Group in certain cases. The basic terms and conditions of their contracts were approved by the Board.

Indicate whether, apart from the cases envisaged in regulations, these contracts have to be disclosed to and/or approved by the bodies of the company or of its group: If so, specify the procedures, circumstances and nature of the bodies responsible for their approval or disclosure:

	Board of directors	General meeting
Body authorising the clauses	√	

	Yes	No
Is the general meeting informed of the clauses?	√	

C.2. Committees of the board of directors

C.2.1 Give details of all the board committees, their members and the proportion of executive, proprietary, independent and other non-executive directors.

AUDIT COMMITTEE		
Name	Position	Category
ANTONIO GÓMEZ CIRIA	CHAIR	Independent
MERCEDES REAL RODRIGÁLVAREZ	MEMBER	Proprietary
JOSÉ JUAN RUIZ GÓMEZ	MEMBER	Independent
JOSÉ MARÍA ABAD HERNÁNDEZ	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	25.00
% of independent directors	75.00
% of other non-executive directors	0.00

Explain the functions attributed to this committee and any additional responsibilities provided for by law, and describe the rules and procedures it follows for its organisation and functioning. For each of these functions, briefly describe the most important actions taken during the year and how, in practice, the committee has performed each of the functions attributed to it by law, in the Articles of association or other corporate resolutions.

The functions, procedures and rules of organisation and functioning of the Audit Committee are set out in Article 23 of the Articles of Association and Article s 15 and 16 of the Board Regulations (for full details, see the corporate website, www.ree.es). However, it is worth noting the following additional functions attributed to this committee, other than those provided for by law:

1. In relation to financial and non-financial information: approve the accounting principles and methods to be used in preparing the financial statements of the Company and the consolidated Group, and verify that they are accurate, reliable and complete; ensure that regulatory requirements and international reference standards are taken into account, and that the accurate demarcation of the scope of consolidation and the correct application of the accounting principles and methods are applied; monitor the process of preparing and presenting the consolidated non-financial information statement that the Company must publish, once it has received a favourable report from the other Board committees within the scope of their respective competences; manage and be responsible for the process of selecting and contracting verification service providers that verify the non-financial information statement, establish relationships with them to gather information on how they work and on any other matter that could compromise their independence; ensure that the financial statements submitted by the Board at the Annual General Meeting are prepared in accordance with accounting regulations; monitor the investment plan, the annual budget and the schedule for the financial close on an annual basis to be submitted to the Board; submit a report to the Board on investments or transactions of the Company and the Group companies that, because of their amount or special characteristics, in accordance with the criteria established by the Board, are considered strategic or entail a particular tax risk; submit a report to the Board on significant transactions or operations that involve financing Group companies; and monitor on a regular basis the Company's transactions involving treasury shares.
2. In relation to internal control and risk management systems: monitor the Company's internal control procedures as regards expenditure and investment, making an appropriate changes if necessary; ensure the independence and effectiveness of the internal audit function; approve the decisions regarding the selection, appointment and removal of the head of the internal audit service, and the action plans of this service; approve and control the means and resources assigned to the internal audit service, including its budget; approve the guidelines and annual work plan of the internal audit service, submitting reports to the Board and ensuring that its activity mainly focuses on the material risks of the Company and its Group (including reputational risks); receive information on its activities on a regular basis; verify that senior executives of the Company and the Group companies take into account the conclusions and recommendations of its reports; in relation to monitoring and assessing on a regular basis the effectiveness of the internal control and risk management systems for financial and non-financial risks, to ensure that the various types of risks are properly identified, managed and disclosed, in particular, to assess and monitor both the financial and non-financial risks of the Company and its Group, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks and, if appropriate, in a joint meeting with the Sustainability Committee, risks related to sustainability, ethics and business conduct; monitor the internal control and risk management unit; periodically oversee the Corporate Insurance Programme of the Company and the Group; monitor compliance with and proposals for review, where appropriate, of the Code of Ethics and Conduct as regards those aspects relating to financial and non-financial information, internal control and risk management systems or the functioning of the Group's regulatory compliance system, reporting to the Sustainability Committee within the scope of its competences; and establish and monitor a mechanism that allows employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially significant irregularities, including financial and accounting irregularities, or any other type of irregularities related to the Company that they notice within the Company or its Group. This mechanism must guarantee confidentiality and, in any event, provide for cases in which communications can be made anonymously, thus respecting the rights of the whistleblower and the reported party. - continued in H.1-

Identify the directors who are members of the audit committee that have been appointed on the basis of their knowledge of and experience in accounting, auditing or both, and indicate the date on which the chairman of this committee was appointed.

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Names of directors with experience	ANTONIO GÓMEZ CIRIA / MERCEDES REAL RODRIGÁLVAREZ / JOSÉ JUAN RUIZ GÓMEZ / JOSÉ MARÍA ABAD HERNÁNDEZ
Date of appointment as chair	30/11/2021

APPOINTMENTS AND REMUNERATION COMMITTEE		
Name	Position	Category
SOCORRO FERNÁNDEZ LARREA	CHAIR	Independent
RICARDO GARCÍA HERRERA	MEMBER	Proprietary
MARCOS VAQUER CABALLERÍA	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other non-executive directors	0.00

Explain the functions attributed to this committee and any additional responsibilities provided for by law, and describe the rules and procedures it follows for its organisation and functioning. For each of these functions, briefly describe the most important actions taken during the year and how, in practice, the committee has performed each of the functions attributed to it by law, in the Articles of association or other corporate resolutions.

The functions, procedures and rules of organisation and functioning of the Appointments and Remuneration Committee are set out in Article 24 of the Articles of Association and Article s 17 and 18 of the Board Regulations (for full details, see the corporate website, www.ree.es). However, it is worth noting the following additional functions attributed to this committee, other than those provided for by law:

1. In relation to appointments, performance and removals: submit to the Board for approval and implement, where applicable, the diversity policy of the Board and appointment of directors; draw up an independence statement form, to be submitted to the Board, to be signed and delivered each year by the independent directors; verify the category of each director, so that the Board is able to give the relevant explanations to the shareholders at the General Meeting that must approve or ratify their appointment, and include a record of this in the Annual Corporate Governance Report; propose to the Board the appointment of the lead independent director; ensure that the candidates selected to fill a vacancy on the Board meet all the requirements stipulated by law and the Company's Board Regulations; verify on an annual basis compliance with the diversity policy of the Board and appointment of directors approved, where applicable, by the Board, including a record of this in the Annual Corporate Governance Report; in relation to the time and dedication necessary for directors to effectively perform their duties, assess, for these purposes, their compatibility with membership on the managing bodies of other companies, and ensure that they have sufficient availability to properly carry out their duties; ensure that gender diversity is taken into account when filling new vacancies on the Board; and report on the proposed appointment, re-election and removal of directors at Group companies, ensuring that gender diversity is taken into account, among other aspects, when filling new vacancies.
2. In relation to remuneration: ensure compliance with and, where appropriate, update the remuneration policies approved by the Board and by the shareholders at the Annual General Meeting, applicable to the Board members, executive directors, and top executives and, in particular, monitor on a regular basis compliance with the predetermined and quantifiable objectives, in line with the Strategic Plan and with the 2030 Sustainability Commitment, which must be assessed to determine the final amount of the annual and, where appropriate, multi-year variable remuneration applicable, requiring the approval of the Sustainability Committee, within the scope of its responsibilities, to establish and monitor compliance with specific sustainability targets; submit to the Board the proposed Annual Directors' Remuneration Report, as provided in Article 44 of the Board Regulations; ensure that the proposed directors' remuneration policy and the Annual Directors' Remuneration Report are in line with international standards; and verify the information on directors' remuneration contained in the various corporate documents, including the Annual Directors' Remuneration Report.
3. In relation to compliance with the duties of the directors: ensure compliance by the directors with the obligations established in the Company's Board Regulations, report to the Board on their compliance, issue the corresponding reports and proposals, where appropriate, on the measures to be adopted in the event of non-compliance; and report to the Board in those cases in which the Board must resolve on the authorisation or waiver of the obligations arising from the directors' duty of loyalty, in accordance with the current law.

(continued in H.1)

SUSTAINABILITY COMMITTEE

Name	Position	Category
CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	CHAIR	Independent
MARÍA TERESA COSTA CAMPI	MEMBER	Proprietary
ELISENDA MALARET GARCÍA	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other non-executive directors	0.00

Explain the functions delegated or assigned to this committee, other than those specified in subsection C.1.9, and describe the rules and procedures it follows for its organisation and functioning. For each of these functions, briefly describe the most important actions taken during the year and how, in practice, the committee has performed each of the functions attributed to it by law, in the Articles of association or other corporate resolutions.

The functions, procedures and rules of organisation and functioning of the Sustainability Committee are set out in the new Article 24 bis of the Articles of Association and Article s 18 bis and 16 ter of the Board Regulations (for full details, see the corporate website, www.ree.es). The functions of the Sustainability Committee include, among others, those related to ethical leadership, compliance with the Group's sustainability policy, sustainability actions and proposals, the 2030 Sustainability Commitment, sustainability policy and its relationship to the Strategic Plan, interaction with different stakeholders, the annual report on ethical management at the Group, sustainability disclosures in accordance with international benchmarks, the review and validation of reports on specific sustainability areas and oversight of compliance with the Code of Ethics.

Specifically, Article 18 ter of the Board Regulations states that the Sustainability Committee will have the following basic responsibilities, without prejudice to the other functions attributed to it by law, the Articles of Association or the Board Regulations:

- a) Monitor compliance with the 2030 Sustainability Commitment in relation to the Group's practices and policies, and its relationship to the Strategic Plan, periodically assess the progress and results obtained and submit to the Board, where appropriate, the proposed review of this Commitment.
- b) Monitor and periodically review the content of and compliance with the Group's sustainability policy, so that it fulfils its mission of promoting corporate interest and takes into account, as appropriate, the legitimate interests of stakeholders, and those aspects of other corporate policies with a significant impact on sustainability, ensuring that they are aimed at complying with the Sustainable Development Goals approved by the United Nations and, among them:
 - The objectives, principles and guidelines of its policies and the development of support mechanisms.
 - The main guidelines on issues of particular importance from the point of view of sustainability, especially in relation to economic sustainability, corporate excellence and responsibility, innovation, corporate governance and ethics, transparency, talent, diversity and equality, stakeholder partnerships, creation of shared value, care for the natural environment and respect for human rights.
 - Models for monitoring the results of implementing specific sustainability practices, stakeholder dialogue, associated risks and their management.
- c) Report, monitor and analyse the actions and proposals on sustainability matters proposed or agreed by the organisational units responsible for these matters and, if appropriate, submit the corresponding report or proposal to the Board, and monitor that the Company's practices in environmental and social matters are in line with the Group's strategy and policy on sustainability.
- d) Assess, monitor and control financial and non-financial risks related to sustainability, ethics and business conduct and, in particular, those associated with climate change, in collaboration with the Audit Committee, where appropriate, by holding joint meetings.
- e) Promote ethical leadership by proposing measures and actions that encourage compliance with the Code of Ethics and Conduct and the adoption of values, both in and outside the organisation, as the basis for the Group's strategies and activities and, among other actions:
 - Monitor compliance with the Code of Ethics and Conduct, ensuring that the corporate culture is in line with its purpose and values, and submit to the Board proposals for its revision, in collaboration with the other Board committees, by requesting, where appropriate, the corresponding report within the scope of their respective responsibilities.
 - Submit to the Board an annual report on ethical management at the Group.
- f) Monitor the actions of the Company and the Group as regards corporate reputation and report to the Board.
- g) Monitor and coordinate sustainability reporting in accordance with international benchmark standards, reporting to the Board.
- h) Review and validate sustainability reports or sections of any other Company report that have an impact on sustainability, whether mandatory or voluntary.
- i) Review and validate the non-financial information statement that the Company must publish, in coordination with the other Board committees within the scope of their respective competencies.
- j) Monitor and review the management model and the inventory of the Group's stakeholders, with respect to those on which it may have an impact due to its competencies in sustainability matters.

(continued in H.1)

C.2.2 Complete the following table with information on the number of female directors on the various board committees over the past four years.

	Number of female directors							
	2021		2020		2019		2018	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	1	25.00	2	50.00	2	40.00	1	20.00
APPOINTMENTS AND REMUNERATION COMMITTEE	1	33.33	1	33.33	2	40.00	3	75.00
SUSTAINABILITY COMMITTEE	3	100.00	2	66.66	0	0.00	0	0.00

C.2.3 Indicate, as appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any amendments have been made during the year. Also, indicate whether any annual report on the activities of each committee has been prepared voluntarily.

The Company's Board Regulations regulate the structure, composition and functioning of the Audit Committee, the Appointments and Remuneration Committee, and the Sustainability Committee in accordance with the principal international recommendations and practices regarding corporate governance, introducing improvements in organisation and functioning.

The Company opted for comprehensive regulation in the Board Regulations without establishing specific internal regulations for the committees. Since November 2018, the Company has had three Board committees following the creation of the Sustainability Committee, which involved the restructuring of the other two Board committees: the Audit Committee and the Appointments and Remuneration Committee. The three committees have been set up by the Board, with a highly technical profile, to support it in the performance of its responsibilities, designed to achieve greater efficiency and transparency.

The structure, composition, functions and responsibilities of the committees are established in Articles 22 to 24 bis of the Articles of Association and implemented through Articles 14 to 18 ter of the Board Regulations. Both sets of corporate rules are fully in line with the latest reforms of the Corporate Enterprises Act, the Code of Good Governance and the most recent international practices and recommendations in relation to the composition of the committees and to the independence and qualifications of their members.

At the end of 2018 the Board Regulations were reviewed to update the functions of the three Board committees, resulting in the approval of the revised version at the Board held on 19 February 2019. The amendments made to the Regulations were approved in order to:

- Restructure the Board committees by creating a new Sustainability Committee and update the functions of the other two Board committees — the Audit Committee and the Appointments and Remuneration Committee — based on the strategic focus the Board wants to give to sustainability in the Red Eléctrica Group.
- Increase the responsibilities of the Appointments and Remuneration Committee through the creation of a new framework governing the relationship between the Board and the Red Eléctrica Group companies regarding the labour environment, in accordance with international best practices regarding corporate governance.
- Review the general supervisory function of the Audit Committee, in coordination with the specific supervisory functions assigned to each of the other Board committees within the scope of their corresponding responsibilities.
- Make certain changes to key corporate governance practices, especially in the international sphere, and introduce other improvements in terms of form or style.

The current Board Regulations are available on the Company's website (www.ree.es), in the Corporate Governance section, and they are registered and therefore available to shareholders and any interested party at the CNMV and the Commercial Registry of Madrid.

At its meeting held on 30 April 2019, the Board approved a new amendment to the Board Regulations to further strengthen the independence of the system operator by including, among others, the new function of the Audit Committee in section 16.4 a).

The Board of Directors, at its meeting held on 31 March 2020, also approved the voluntary amendments to the Board Regulations to include the appropriate adaptations to Spanish Law 11/2018, of 28 December, on non-financial information and diversity, to update the functions of the Board and its committees as regards sustainability, some of them of a cross-cutting nature, with the formal and material scope agreed upon by the three committees, and to strengthen the mechanisms of coordination between the three Board committees.

Lastly, at its meeting held on 25 May 2021, the Board approved the amendment to the Board Regulations to bring them into line with the reform of the Corporate Enterprises Act by Law 5/2021, of 12 April, which amends the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies in matters mainly relating to the rules on related-party transactions, directors' remuneration, the directors' duty of diligence and the content of the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration.



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Each year, the Board committees prepare reports on their activities, which are included in the Annual Corporate Governance Report and are published on the Company's website. In 2021, in accordance with Recommendation no. 6 of the Code of Good Governance, the annual activities reports of the Board committees for 2020 were published separately on the corporate website. The annual activities reports of the Board committees for 2021 are also expected to be published on the corporate website (www.ree.es).

D. RELATED PARTY AND INTRA-GROUP TRANSACTIONS

- D.1.** Explain, if applicable, the procedure and competent bodies for approving related party and intra-group transactions, indicating the company's general internal criteria and rules governing the obligation of directors or shareholders affected to refrain from executing the transactions, and detailing the internal reporting and regular control procedures established by the company in relation to those related-party transactions where approval has been delegated by the board of directors.

In May 2010, at the proposal of the Audit Committee, the Board approved certain resolutions on identifying related-party transactions and set out objective parameters for controlling related-party transactions (whether significant or not), annual recurring related-party transactions and transactions that must be disclosed to the markets. In compliance with these resolutions, the Audit Committee annually monitors related-party transactions and reports in a timely manner to the Board.

However, as a result of the amendments to the Board Regulations on 20 December 2016 and to the Internal Code of Conduct in the Securities Market on 26 September 2017, the Board, based on the applicable laws and regulations governing related-party transactions and taking into consideration the Company's internal rules fully adapted to those laws and regulations, in January 2018 resolved to render those resolutions inapplicable and approved a new resolution whereby all related-party transactions that the Company or any Group company carry out with directors or with shareholders of the Company who individually or in concert own a significant holding, including shareholders represented on the Board of the Company or of a Group company, or with the persons related to them in accordance with applicable regulations, must be submitted for Board approval, following a report from the Audit Committee and before the transactions are carried out.

However, Law 5/2021, of 12 April, which transposes Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 into Spanish law, introduced important amendments to the Corporate Enterprises Act that, among other matters, have affected the rules applicable to transactions that listed companies enter into with their related parties, which are specifically regulated in sections 529 vices to 529 tercias of the Corporate Enterprises Act. The amendments refer to the definition of a related-party transaction, and to the approval and disclosure of these transactions, which are subject to the new rules. The new legal regime contained in section 529 vices of the Corporate Enterprises Act therefore includes the definition of related parties for the purpose of identifying related-party transactions, in accordance with Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017, and the International Accounting Standards (IAS) to which paragraph 1 of section 529 vices of the Corporate Enterprises Act itself refers, in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002. In turn, the new regime establishes which related-party transactions must be subject to approval by the shareholders at the General Meeting and those that fall within the competence of the Board, taking into consideration that the Board may delegate this approval for those transactions that meet certain legal requirements, with the Board itself adopting an internal procedure in which the Audit Committee must take part and through which the fairness and transparency of these transactions will be verified.

For these purposes, it should be noted that the Board, at its meeting held on 25 May 2021, approved the amendment to the Board Regulations to bring them into line with the reform of the Corporate Enterprises Act by Law 5/2021, of 12 April, which amends the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies, and in particular, among other matters, to the new rules for related-party transactions. Likewise, at the Annual General Meeting held on 29 June 2021, the shareholders approved the amendments to the Articles of Association and the General Meeting Regulations to bring them into line with the amendments to the Corporate Enterprises Act as regards the new rules of related-party transactions, among other matters. (continued in H.1)

- D.2.** Individually list those transactions that are significant due to their amount or importance carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the company's board of directors, indicating which body was responsible for approving them and whether any shareholder or director affected had to refrain from executing the transaction. In the event that competence fell to the shareholders at the general meeting, indicate whether the proposed resolution was approved by the board without the majority of independent directors voting against it:

Name of the shareholder or any of its subsidiaries	% of ownership	Name of the company or subsidiary	Amount (thousands of euros)	Approving body	Name of the significant shareholder or director that abstained from voting	The proposal to the board, if any, was approved by the board without the majority of independent directors voting against it
No data						

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Name of the shareholder or any of its subsidiaries	Nature of the relationship	Type of transaction and other information necessary for its assessment
No data		

- D.3. Individually list the transactions that are significant due to their amount or importance carried out by the company or its subsidiaries with the company's directors or executives, including those transactions carried out with entities that the director or executive controls or jointly controls, indicating which body was responsible for approving them and whether any shareholder or director affected had to refrain from executing the transaction. In the event that competence fell to the shareholders at the general meeting, indicate whether the proposed resolution was approved by the board without the majority of independent directors voting against it:

Name of the directors or executives or their controlled or jointly controlled entities	Name of the company or subsidiary	Relationship	Amount (thousands of euros)	Approving body	Name of the significant shareholder or director that abstained from voting	The proposal to the board, if any, was approved by the board without the majority of independent directors voting against it
No data						

Name of the directors or executives or their controlled or jointly controlled entities	Nature of the transaction and other information necessary for its assessment
No data	

- D.4. Individually list the intra-group transactions that are significant due to their amount or importance carried out by the company with its parent company or with other companies belonging to the parent's group, including the subsidiaries of the listed company, unless no other related party of the listed company has an interest in such subsidiaries or the subsidiaries are wholly owned, directly or indirectly, by the listed company.

In any case, list any intra-group transactions carried out with entities in countries or territories considered to be tax havens:

Name of the group company	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euros)
No data		

- D.5. Individually list any transactions that are significant due to their amount or importance carried out by the company or its subsidiaries with other related parties that are considered significant in accordance with International Accounting Standards as adopted by the EU and have not been reported under the previous headings.

Name of the group company	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euros)
No data		

- D.6. List the mechanisms in place for detecting, identifying and resolving any potential conflicts of interest between the company and/or its group and its directors, executives, significant shareholders or other related parties.

In accordance with Article 31.e) of the Board Regulations, directors must take the necessary measures to avoid situations in which their interests, either as independent professionals or as employees, may be in conflict with the Company's interests and their duties to the Company. Article 32 of the Board Regulations sets out the duty to avoid the conflicts of interest referred to in Article 31.e) and specifies those situations that directors must avoid. In any case, directors must notify the Board of any direct or indirect conflict of interest that they or persons related to them may have with the interests of the Company. Any conflicts of interest directors may have will be disclosed in the notes to the financial statements.

One of the fundamental principles established by the Red Eléctrica Group in the Code of Ethics and Conduct is that conflicts of interest must be properly managed. The Code specifies the basic guidelines for conduct that must govern the actions and decisions of the members of the Group to maintain impartiality and objectivity in exercising their functions.

In accordance with the Code of Ethics and Conduct, the Red Eléctrica Group is committed to the identification and exemplary management of any possible conflicts of interest, providing its members with the tools necessary to satisfactorily deal with any conflicts to preserve the reputation of the organisation.

The Red Eléctrica Group respects the participation of its members in other professional and/or business activities, as long as this does not adversely affect their efficiency in carrying out their functions and responsibilities, or alter the impartiality and objectivity in exercising their professional activity.

The Code of Ethics and Conduct considers the following conduct to be in accordance with proper management of conflicts of interest:

- Act at all times in a professional manner, with loyalty to the Red Eléctrica Group and its stakeholders, regardless of their own interests or those of third parties.
- Communicate any actual or apparent conflicts of interest, in which they may be involved or of which they may be aware, through the ethics and compliance channel, so that the situation can be assessed and the necessary measures can be taken.
- Inform the organisation of those commercial relationships involving personal or family interests that may alter the impartiality and objectivity of those involved.
- Refrain from becoming involved in making decisions that are affected by a potential conflict of interest until the potential conflict has been managed.
- When acting with officials, public authorities, customers, suppliers or other third parties, respect the impartiality and objectivity of those involved.

However, the Code of Ethics and Conduct considers the following conduct is not in accordance with proper management of conflicts of interest:

- Being a member of a managing or any other similar body, or exercising control over any company that has business relations with the Red Eléctrica Group, or any public body or agency, without the organisation having been informed or, where appropriate, given approval.
- Maintaining business relations with entities involving a professional, personal or family relationship, without informing the organisation.
- Taking advantage of any business opportunity for personal benefit, directly or indirectly, through their professional activities at the Red Eléctrica Group.
- Making use of the Red Eléctrica Group's assets, or any confidential and/or privileged information for personal gain.
- Carrying out external activities that entail a loss of efficiency or productivity or using the Red Eléctrica Group's resources, information, time or facilities for such purpose.
- Performing work or providing services for the benefit of companies in the Red Eléctrica Group's sectors or that carry out activities that may directly or indirectly compete with the organisation.

In 2018, the Red Eléctrica Group developed a guide for managing conflicts of interest with the aim of detecting and preventing potential conflicts of interest that may affect the Red Eléctrica Group's management team. The guide is the result of the Red Eléctrica Group's commitment to bring the interests of the management team into line with those of its shareholders and other stakeholders, so that no executive puts their own interests before those of the Red Eléctrica Group.

In addition to that established in the Code of Ethics and Conduct, through this guide the Red Eléctrica Group's management team expressly agrees to comply with the following guidelines:

- Duty to inform: the management team must notify the Advisory Body responsible for the application of the guide of any actual or apparent conflicts of interest in which they may be involved or of which they may be aware.
- Duty of transparency: the management team must at all times provide those responsible and/or the Red Eléctrica Group's Advisory Body with any information regarding potential conflicts of interest.
- Obligation to abstain: the management team must from becoming involved in making decisions that are affected by a potential conflict of interest.

- D.7. Indicate whether the company is controlled, as defined in section 42 of the Commercial Code, by another company, whether listed or not, and has, directly or through its subsidiaries, business relations with this company or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of these companies.

Yes
 No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the company's risk control and management system for financial and non-financial risks, including tax-related risks.

The Red Eléctrica Group has had an integrated risk management system in place since 2002 to facilitate compliance with the Group's strategies and objectives, ensuring that any risks that may affect them, including tax risks, are identified, analysed, assessed, managed and controlled in a systematic manner, with uniform criteria and within the acceptable level of risk approved by the Board.

The management system was developed in accordance with the ISO 31000:2018 standard on principles and guidelines in the management of risk, and is of a comprehensive and ongoing nature, with management being carried out by business unit, subsidiary and corporate level support area.

The Red Eléctrica Group has an integrated risk management policy, which was reviewed and updated in 2021, and a general procedure for integral risk management and control, based on the 2017 COSO Enterprise Risk Management - Integrated Framework.

The tax risk management and control policy has been included in this policy since 2015.

This policy is fully in line with the Group's strategic plan and is available in the Corporate Governance section of the corporate website through the following link, Integrated Risk Management Policy.

In 2015 the Red Eléctrica Group began a gradual review, with the support of international audit firms, of compliance with the five components of internal control, based on the COSO Integrated Framework.

The audit firm Ernst & Young ("EY") reviewed the first of these components ("Control environment") in 2015 and the second ("Risk assessment") in 2016. In both reviews they came to the conclusion that the components and activities relating to the control environment and risk assessment are formally established and in place in all areas/operations of the organisation and that, furthermore, best practices in these fields had been implemented across the board.

In 2017 the third component, "Control activities", was assessed by the audit firm Deloitte, the conclusion being that this component had been successfully implemented and was in line with best practices in the market.

In 2018, EY performed an assessment of the fourth component of the COSO Integrated Framework: "Information and communication", concluding that the Red Eléctrica Group has strong information and communication mechanisms that are in line with the most advanced practices.

In 2019, the audit firm PwC reviewed the components of the COSO Integrated Framework with an assessment of the fifth component, "Monitoring activities", concluding that Red Eléctrica has procedures and controls in place that ensure a high level of compliance with the principles of this component, in line with the best practices in internal control.

In 2020, an external assessment process of the Red Eléctrica Group's integrated risk management system was carried out with the aim of assessing whether the current model was in line with best practices according to the ISO 31000:2018 and COSO ERM 2017 standards. As a result of this assessment, it was concluded that the implementation of the system complies with the reference standards. In addition, a series of opportunities for improvement were identified that were taken into account when developing the activity plan for the integrated risk management system for 2021.

E.2. Identify the corporate bodies responsible for developing and implementing the risk control and management system for financial and non-financial risks, including tax risks.

The integrated nature of the risk management system ensures the participation of all units of the Red Eléctrica Group and ensures that the bodies in charge of controlling risk are adequately informed of the situation.

The integrated risk management and control policy and procedure define the different responsibilities of the governing bodies and each of the organisational units, and the information flows and activities to be carried out.

The Board Regulations expressly give the Board responsibility for approving the Group's integrated risk management policy, which includes the acceptable level of risk determined, and for receiving reports on and periodically monitoring the internal control, prevention and reporting systems.

Twice a year, the Board reviews the risk management system and material risks, including tax risks, without prejudice to the information it receives on a regular basis from the Audit Committee as part of the ongoing monitoring process carried out by the Committee.

The Audit Committee is responsible for periodically monitoring the effectiveness of the integrated risk management system, including tax risks, to ensure that material risks are identified, kept within the established acceptable level of risk and properly reported.

The Executive Committee, composed of the top executives from the Company's main areas, is assigned the functions of monitoring the material risk map and ensuring that those classified as high risk and other especially important risks, and the action plans that are essential for mitigating those risks, are properly controlled and monitored.

The Internal Audit and Risk Control Division, which reports to the chair from an organisational standpoint and to the Audit Committee from a functional standpoint, is responsible for coordinating and supporting the risk identification, analysis and assessment process and for monitoring these risks on a regular basis. This department submits the appropriate reports to the Executive Committee, Audit Committee and Board of Directors.

The organisational units participate on an ongoing basis, together with the Internal Audit and Risk Control Division, in the process of identifying, analysing and assessing the Group's risks and in the implementation of the action plans established to mitigate these risks.

E.3. List the main financial and non-financial risks, including tax risks and, to the extent that they are significant, those arising from corruption (understood within the scope of Royal Decree Law 18/2017), which may impact the achievement of the business objectives.

The Red Eléctrica Group's core business involves transmission activities and operation of the electricity system in Spain. These are classified as regulated activities, since carrying them out is essential for the security and continuity of the electricity supply in Spain, and as the

Company is exclusively responsible for these activities. This classification as a regulated activity affects both the setting of revenue and the environment and conditions in which the Company must carry out its core business activities and determines the risks to which it is exposed. The Group also carries out electricity transmission activities outside Spain (in Chile, Peru and Brazil) and provides telecommunications services to third parties, mainly through the lease of dark fibre backbone and the operation of satellite infrastructures.

The Company has established a risk taxonomy or classification to provide a more complete identification of these risks and to allow for a more detailed analysis. This structure allows the identified risks to be classified into three levels of aggregation:

The types of risks the Red Eléctrica Group faces in its efforts to achieve its strategies and objectives can be classified as follows:

Strategic:

Risks related to the regulatory framework in which the Group's activities are carried out.

- Business risks associated with the business environment itself or with strategic decisions.
- Risks related to sustainability and good governance.

Operational:

- Risks associated with assets planned and/or in progress.
- Risks associated with assets in service.
- Risks related to information systems.
- Risks related to people and their organisation.
- Compliance risks.

Financial:

- Market risks.
- Risks related to the Company's solvency.
- Counterparty risks.
- Insurance risks.

The tax matters, classified as strategic risks related to the regulatory framework, were included in the integrated risk management policy in 2015, which sets out specific guidelines for managing these risks.

In accordance with the risk analysis performed by the Red Eléctrica Group, the most recent risk map identified 95 risks.

E.4. Identify whether the company has risk tolerance levels, including tax risks.

The Group's Integrated Risk Management System sets out a methodology for determining the level of risk and, therefore, all risks identified are classified into three levels:

High level risks.

- Medium level risks.
- Low level risks.

The level of a risk is determined by combining two variables — the probability of occurrence and the impact its occurrence would have on the Company — as regards four key elements of the business (electricity supply, reputation, strategic plan and economic loss).

Depending on the probability of occurrence and the level of impact of each risk, it is placed in the probability/impact matrix, which automatically determines the level of risk.

The level of risk that the Red Eléctrica Group is willing to accept is established both for individual risks, and for aggregate risk for each of type of impact.

The overall acceptable level of risk that the Group is willing to assume for each of the four main types of impact envisaged in the integrated risk management system is approved by the Board. As a general rule, the overall level of risk must not exceed this approved acceptable level of risk.

In 2021, in accordance with the updated 2021-2025 Strategic Plan, the overall acceptable levels of risk for each of the four main types of impact (electricity supply, achievement of the strategic plan, reputation and economic loss) were reviewed and updated.

At an individual level, in accordance with that established in the integrated risk management policy, any risk that does not exceed the low risk level is considered acceptable. Actions must be taken on risks that exceed the low risk level until they reach an acceptable level. Risk management must aim for consistency between the importance of the risk and the cost and resources required to reduce it. However, for activities that affect the electricity system, the impact that the risks may have on the system must also be taken into account.

E.5. Indicate any financial and non-financial risks, including tax risks, that have arisen during the year.

As regards operational risks, it should be noted that the transmission grid facilities are constantly exposed to events that may affect the continuity and security of the electricity supply. These events are caused mainly by third parties and also meteorological phenomena. If these risks were to arise, the Group has the corresponding insurance policies to mitigate the potential impact that these events could have on its income statement.

In January 2021, the cold weather and snow unleashed by the Filomena storm threatened many parts of the Spanish peninsula. Due to the intensity of the snowfall and the freezing temperatures, 50 incidents — all of them minor — were registered in the transmission grid, which were detected and appropriately isolated by the protection systems without causing power cuts. During this same month, the Hortensia storm once again put a large part of the peninsula on alert due to strong winds, affecting the Cerrato-San Sebastián de los Reyes high voltage line in the province of Valladolid. This incident did not cause a power cut in the area. In both cases, Red Eléctrica activated from the outset all the human and technical resources necessary to restore the damaged assets in the shortest possible time.

On 24 July 2021, a malfunction in the French electricity system, as reported by the French system operator (RTE), coinciding with a fire over which seaplanes had to fly, led to the disconnection of the two circuits of the electricity interconnection between Spain and France, causing the disconnection of the peninsular electricity system from the rest of Europe. The isolation of the peninsular system led to a frequency drop in the system due to the loss of energy that was being imported at that time (2,500 MW), which caused the activation of automatic protection measures to disconnect consumption (or load shedding) to guarantee the security of the system and avoid a greater impact, ensuring that essential services were not affected. Some 2,350 MW were lost in the Spanish electricity system throughout the peninsula. Red Eléctrica activated all the necessary resources envisaged for a situation of this nature, and after the disruption, the system was stabilised, the

interconnection with France was reconnected, consumption recovered, and supply to the entire system was restored within one hour and three minutes after the incident occurred.

E.6. Explain the plans for responding to and monitoring the company's main risks, including tax risks, and the procedures followed by the company to ensure that the board of directors responds to any new challenges that may arise.

The actions required to reduce the degree of risk to the acceptable level are established in the process of identification, analysis, assessment and control of risks.

To monitor risks, the current risk management system involves monitoring more than 500 actions plans aimed at reducing the level of risk, with more than 300 indicators to review their performance.

The Risk Control area, together with the risk management units, reviews the performance and mitigating effect of the action plans established. This review is carried out on an annual basis and covers all risks in the corporate risk map. The review is carried out every six months for high level risks and others that require special monitoring. In this last case, the additional review is carried out because a change in their situation could convert them into high level risks in the mid to long term.

Furthermore, the Red Eléctrica Group also has a system for Internal Control of Financial Reporting (ICFR), with the basic aim of improving the efficiency and security of processes for preparing economic and financial information on the organisation, with the proactive adoption of international best practices. ICFR specifically includes the information related to the Red Eléctrica Group's tax processes, and their related controls.

The Red Eléctrica Group also has contingency plans that regulate the various crisis situations that may arise in the event of an electricity incident (so as to ensure security of supply), or a non-electricity incident that may affect the environment, people, the Company's operations, the availability of its systems, its business results or any other aspect that may have an impact on the Company and its reputation.

The Company has a Business Continuity Plan aimed at preparing the necessary actions and planning a set of procedures to be able to respond appropriately to a disaster, crisis or emergency, from the moment it occurs until the situation returns to normal. The Business Continuity Plan allows the impact on the Company's business to be reduced to a minimum and allows decision making in disaster, crisis or emergency situations to be streamlined and automated. In addition, the Risk Control area carries out actions with other Group companies to develop risk management in line with the Integrated Risk Management System. In 2021, we collaborated with the subsidiary ARGO in defining the criteria and methodology to identify and assess its own risks. Significant progress has also been made with the subsidiary HISPASAT to bring its risk management methodology into line with that of the Red Eléctrica Group.

F. SYSTEMS OF INTERNAL RISK MANAGEMENT AND INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms comprising the risk control and management systems in relation to the entity's internal control over financial reporting (ICFR).

F.1. The entity's control environment

Specify at least the following components with a description of their main characteristics:

F.1.1 The bodies and/or functions responsible for: (i) the existence and maintenance of a suitable and effective ICFR system; (ii) its implementation; and (iii) its oversight.

The model of responsibilities of the System of Internal Control of Financial Reporting ("ICFR system") is structured by way of the following special bodies, offices and organisational units, which implement, maintain and monitor the process of preparing financial information:

- The Board of Directors, which is ultimately responsible for the existence and maintenance of a suitable and effective ICFR system. For these purposes, Article 5 a) ix) of the Company's Board Regulations indicates that one of the Board's responsibilities that cannot be delegated is "approving the policy for control and management of the main risks of the Company and the Group, and receiving reports on and periodically monitoring the internal control, prevention and reporting systems".
- The Corporate Economic and Financial Division, as the level implementing the guidelines issued by the Board, has given responsibility for the design, implementation, functioning and coherence of the ICFR system to the Economic Division, since its responsibilities, as indicated in the ICFR system manual, include "establishing an appropriate control structure to ensure the effectiveness of the internal control system".
- The Audit Committee is responsible for overseeing the ICFR system. In accordance with Article 16 of the Board Regulations, the Audit Committee will exercise the functions of "monitoring the process of preparing and the integrity of the financial information of the Company and, if applicable, the Group, ensuring that regulatory requirements are taken into account, and that the accurate demarcation of the scope of consolidation and the correct application of the accounting principles and methods are applied" and "overseeing the Internal Audit services, which will ensure proper functioning of the information and internal control systems". To carry out these functions of overseeing the ICFR system, the Audit Committee has the support of the Internal Audit and Risk Control Division, and the external auditors. (For details, see section F.5).
- The Group's organisational units are jointly responsible for the controls defined in their areas of responsibility and must ensure they are properly designed and operating correctly.

In addition to that indicated above, various reviews of the system have been carried out in previous years.

In 2018, EY performed an assessment of the fourth component of the COSO Integrated Framework: "Information and communication", concluding that the Red Eléctrica Group has strong information and communication mechanisms that are in line with the most advanced practices as regards the COSO framework.

In 2019, the audit firm PwC reviewed the fifth component of the COSO Integrated Framework "Monitoring activities", concluding that Red Eléctrica has procedures and controls in place that ensure a high level of compliance with the principles of this component, in line with the best practices in internal control.

F.1.2 The existence or otherwise of the following components, especially in connection with the financial reporting process:

- The departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) ensuring procedures are in place to communicate this structure effectively throughout the entity:

The Corporate Transformation Division, as the level implementing the guidelines issued by the Board, through the Group's People and Culture Division, is responsible for determining the basic structure of the organisation, determining the various levels of authority and the resulting levels of responsibility. All of this is intended to maintain an organisational structure design that is implemented, reviewed and updated on an ongoing basis.

The internal mechanisms used by this division to ensure that the lines of responsibility are clearly defined and to determine the general framework of the organisational structure are documented as follows:

Consolidated text of the Articles of Association.

- Internal Code of Conduct in the Securities Market.
- Corporate Responsibility Manual.
- Code of Ethics and Conduct.

The particular characteristics of lines of responsibility and authority of the ICFR system are regulated through the ICFR system guidelines, which detail the functions of maintaining, updating and monitoring the ICFR system at each of the various levels of responsibility that are described, with the Corporate Economic and Financial Division having delegated some of the tasks to the Economic Division, which in turn delegated these tasks to the Accounting Information and Administration Department. This ICFR system guidelines are part of the Group's regulations and are available to employees on the Intranet.

The organisational structure is disseminated through the Intranet, with an updated organisational chart available to employees.

- Code of conduct, approving body, degree of dissemination and instruction, principles and values covered (stating whether specific reference is made to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

The Group has an appropriate framework for conduct, which states the values and specific guidelines for action, and strengthens the bases for achieving the objectives of reliable and transparent financial information. At this level, the following documents in line with the Group's corporate policies are made available:

Code of Ethics and Conduct:

The Red Eléctrica Group's Code of Ethics and Conduct is intended to provide ethical guidelines for everyone who is part of the Red Eléctrica Group to make them aware of and facilitate their commitment to the ethical values, principles and guidelines of conduct that should govern their professional activity within the organisation.

The Red Eléctrica Group's current Code of Ethics and Conduct was approved on 26 May 2020 by the Board of the Group's parent company, Red Eléctrica Corporación, S.A.

The Code of Ethics and Conduct is applicable to all those who are part of the Red Eléctrica Group. This includes employees and members of the managing bodies of the companies that form part of the Red Eléctrica Group, in exercising their functions and responsibilities.

The Code of Ethics and Conduct is structured through three ethical values (respect, integrity and sustainability) and fifteen principles, which have been established taking into account the criminal risks associated with the activities of the Red Eléctrica Group. For each of these principles, a catalogue of conduct consistent with or contrary to the Code of Ethics and Conduct is established to prevent situations from arising that may favour the commission of crimes.

One of the fifteen principles of the Code of Ethics and Conduct refers specifically to the disclosure of financial and non-financial information.

This principle reflects the commitment of the Red Eléctrica Group:

- The principles of transparency and information of maximum quality so that the organisation's public information is presented in a clear, complete, simple, orderly and understandable manner, to ensure confidence in its accuracy and facilitate decision making by its stakeholders.
- The information provided by the Red Eléctrica Group to its stakeholders is uniform and systematised, reflecting both financial and business objectives, and the environmental, social and good governance objectives that form part of the organisation's corporate interest.
- The financial and non-financial information of the Red Eléctrica Group faithfully reflects the reality of the organisation. Specifically, the accounting information must be in accordance with generally accepted accounting principles and international financial reporting standards. The principle on the disclosure of financial and non-financial information is implemented through 11 guidelines for conduct. The guidelines most notably refer to the obligation of the organisation and all its members to provide the information and collaboration necessary so that the controls contained in the ICFR system are constantly updated to ensure the integrity of the organisation's accounting records and financial information.

For the Red Eléctrica Group, raising awareness and training are key factors for developing a corporate culture based on ethics and compliance. All its members must be familiar with and understand the ethical values, principles and guidelines for conduct in the Code and identify with them.

The Red Eléctrica Group is committed to ongoing training and raising awareness and, therefore, each year implements a plan to disseminate the culture of ethics and compliance for members of the organisation and its stakeholders. Its actions are adapted to the responsibilities and needs of the functional areas, to the activities carried out by the organisation, and to the cultural diversity of the countries where the Red Eléctrica Group is present. The Red Eléctrica Group has an ethics manager and ombudsman for stakeholders to ensure knowledge, application and compliance with the Code, which carries out the following functions with the collaboration of the Compliance area:

- Resolve queries in connection with the Code.
- Investigate complaints submitted in relation to the application of the Code.
- Draw up action plans for resolving the complaints made and submit them for approval by the chair of the Red Eléctrica Group. If the complaint is related to any member of the Executive Committee or the Board, it will be submitted to the chair of the Audit Committee or, as the case may be, to the chair of the Sustainability Committee, depending on the nature of the complaint.
- Draw up a periodic report reviewing the ethics management system and propose actions for improving the system.

The Code of Ethics is reviewed on a regular basis to bring its requirements into line with the reality of the Red Eléctrica Group and its relationship with stakeholders. The Code may be modified with the express approval of the Board of the parent company of the Red Eléctrica Group.

Internal Code of Conduct in the Securities Market:

The Internal Code of Conduct in the Securities Market was initially approved by the Board on 25 June 2009. The Code was subsequently reviewed and updated on a regular basis to bring its requirements into line with the Company's needs and its relationship with the environment and its stakeholders; it was most recently reviewed in September 2019 to bring it into line with the market abuse regulations. This Code establishes the rules for operations in the securities markets and the obligatory registrations, in relation to the following:

- Inside and material information.
- Conflicts of interest.

Related parties.

- Rules on the free formation of prices.
- Treasury shares.

This Code applies to those subject to its provisions as specified in sections 2 and 3, which includes the Company's directors, the secretary and the deputy secretary to the Board, and those persons whose customary functions are related to the securities markets and are expressly specified by the Oversight Body. The persons subject to its provisions must sign a declaration through the platform, established for this purpose, confirming they understand and accept the obligations to which they are subject as stated in point 2.2 of section 2.

As specified in section 16 of this Code, the Oversight Body comprises the Head of Legal Affairs, the Secretary to the Board and the Corporate Chief Financial Officer of the Company. In addition to its specific responsibilities established in this Code, the Oversight Body is also responsible for confirming, recording, reporting and monitoring compliance with the obligations and duties established in the Code.

• Corporate Responsibility Policy:

The purpose of this policy is to establish general principles and guidelines so that all companies that form part of the Red Eléctrica Group undertake sustainable, ethical and responsible business management in the performance of their functions.

- Whistleblowing channel, for reporting to the audit committee any irregularities of a financial or accounting nature, and breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are

confidential and whether communications can be sent anonymously, thus respecting the rights of the whistleblower and the reported party.

In accordance with that established in its Code of Ethics and Conduct, the Red Eléctrica Group has made available to the members of the organisation and its stakeholders an ethical and compliance channel through which they can:

Submit queries regarding the interpretation of ethical values, principles and guidelines for conduct in the Code, or propose improvements.

- Report any violations of the Code, laws, internal regulations and commitments assumed by the organisation.
- Report any possible irregularities or non-compliance related to financial, accounting or commercial malpractices.

The ethics and compliance channel is managed by the Ethics Manager in coordination with the Compliance area, the operation of which is regulated in the procedure for managing queries and complaints relating to the Red Eléctrica Group's Code of Ethics and Conduct.

Those complaints that identify aspects that could have criminal relevance will be referred to the Criminal Compliance Committee of the Red Eléctrica Group.

Complaints that do not include the identity of the whistleblower are assessed, processed and resolved, if the evidence provided and the subsequent investigations demonstrate actual non-compliance.

Queries and complaints submitted through the ethics and compliance channel are processed and resolved by applying the following principles:

- Guarantee the confidentiality, anonymity and indemnity of the whistleblower acting in good faith through the ethics and compliance channel.
- Guarantee the confidentiality, anonymity and indemnity of any persons who have collaborated in resolving a complaint and have acted in good faith.
- Ensure that no retaliation is taken, directly or indirectly, against those persons who, in good faith, have made a report relating to the Code through the ethics and compliance channel, or have cooperated in resolving the matter.
- Maintain the confidentiality of the actions carried out, unless this information is required by an administrative or judicial authority.
- Provide an early and effective response to put an end to any irregularities or prevent them from occurring.
- Take the necessary precautions to avoid the violation of fundamental rights, and to ensure proper custody of the information obtained.
- Guarantee the protection of personal data, in accordance with the applicable law.

- Training programmes and periodic refresher courses for personnel involved in preparing and reviewing financial information and evaluating the ICFR system, which at least cover accounting standards, auditing, internal control and risk management.

The People and Culture Division, based on the training plan drawn up by the divisions involved in the preparation and review of financial information, manages and plans the educational programmes related to specific training in this area. The Corporate Economic and Financial Division, as the level implementing and responsible for the design, implementation, functioning and consistency of the ICFR system, proposes training programmes to the People and Culture Division to ensure that the training is kept up to date for all personnel involved in the preparation and review of the financial information, and the assessment of the ICFR system.

In addition, since 2019 the Group and other major companies have been involved in a collaboration concerning the ICFR system to share experiences, knowledge and best practices in this area.

F.2. Risk assessment in financial reporting

Report at least the following:

F.2.1 The main characteristics of the risk identification process, including risks of error or fraud, with respect to:

- Whether the process exists and is documented:

The Company bases its process for identifying risks of error or fraud in financial reporting on the Enterprise Risk Management - Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), implementing practices aimed at designing and maintaining an internal control system that provides reasonable assurance regarding the reliability of regulated financial reporting.

The process of assessing the risks of financial reporting is documented in the Group's Manual on the System for Internal Control over Financial Reporting. This procedure is available in the Company's ICFR system management tool, to which the managers involved have access.

- Whether the process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.

The key processes and sub-processes related to significant accounts and breakdowns have been defined, and the risks that may give rise to errors and/or fraud in financial reporting have been identified, covering all the financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), updated at least on an annual basis.

- Whether a specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.

The Audit Committee is responsible for monitoring the scope of consolidation. The procedure for reviewing and authorising financial information is formalised on a monthly basis through internal reviews at the level of the Corporate Economic and Financial Division, and is concluded when submitted to the Audit Committee and subsequently to the Board. The scope of consolidation, and any other complex corporate structure, special purpose vehicle or holding company, are subject to approval, among other matters, in these reviews.

- Whether the process addresses other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) insofar as they may affect the financial statements.

The process of identifying financial reporting risks takes into account the effect of other types of risk identified in the integrated risk management system if these risks affect the financial statements. However, these risks are assessed and managed by other areas in the company.

- Which of the company's governing bodies is responsible for overseeing the process.

The Audit Committee supervises the effectiveness of the internal control and risk management systems, so that the main risks are properly identified, managed and disclosed. This supervision is carried out with the support of the Internal Audit and Risk Control Division, which reports to the Audit Committee from a functional standpoint.

F.3. Control activities

Specify at least the following components with a description of their main characteristics:

- F.3.1 Procedures for reviewing and authorising financial information and the description of the ICFR system to be disclosed to the securities markets, indicating those responsible, and documentation describing the flows of activities and controls (including those related to the risk of fraud) for the various types of transactions that may have a material effect on the financial statements, including the accounting close procedure and the specific review of the relevant judgements, estimates, evaluations and projections.

The Accounting Information and Administration Department, which reports from an organisational standpoint to the Group's Economic Division, reviews on a monthly basis and formally validates the financial information prepared and reported to the Corporate Chief Financial Officer to ensure its reliability. This procedure of review and authorisation is concluded when the information is submitted to the Audit Committee and subsequently to the Board. In these reviews, the scope of consolidation, the accounting policies, tax policies, judgements, and the relevant estimates and projections used in preparing the consolidated financial statements are subject to approval by the Audit Committee.

Also, prior to the authorisation for issue of the consolidated annual accounts and the directors' report, as an additional mechanism guaranteeing the financial information, the Group has a process of certifying the financial statements through which the companies comprising the consolidated Group and the divisions/departments that participate in the preparation of the financial information, are expressly asked to certify that they have effective control mechanisms and that no event has taken place that may significantly affect the financial statements that has not been appropriately communicated.

In addition, the Economic Division, which reports to the Corporate Economic and Financial Division, has been delegated the functions of monitoring the process for the design, implementation, functioning and consistency of the ICFR system, and keeping the Audit Committee informed of this process in a timely manner.

Furthermore, the Internal Audit and Risk Control Division is responsible for supporting the Audit Committee in its duties of monitoring and assessing the ICFR system by conducting the audits included in its annual plan, and reporting the results.

The ICFR system implemented at the Company involves the entire organisation by way of implementation and regular monitoring of the functioning of the various controls as regards preparing the financial information. The ICFR system was created in 2008, as a part of a voluntary project, and since then has been adapted to all regulatory requirements and subject to annual verification by an independent third party.

The processes, sub-processes and key controls that cover the various types of transactions that may materially affect the financial statements, and all those affected by relevant judgements, estimates, valuations and projections, have been documented by way of flowcharts.

The managers of each cycle/sub-cycle are familiar with all documentation, which is updated annually to bring its content into line with the current reality of the Company, and any possible changes in the processes, controls, risks, systems, etc.

The units that participate in preparing the financial information must ensure compliance with and updating and maintenance of the ICFR system within their areas of responsibility, and must provide the Economic Division with their annual approval of the procedures included in the ICFR system. This includes ensuring that:

- all controls, objectives and supplementary information are properly documented;
- the design and implementation of the controls provide reasonable security and cover the established control objectives;
- there is no new system or procedure that is not included within the scope of the flowcharts, and that may significantly affect the established control objectives;
- improvement actions have been implemented if ineffective controls were identified in a previous review.

The documentation describing the flows of activities and controls (including those related to the risk of fraud) include:

- Details of the internal rules and procedures that govern everything from general controls to sub-processes.
- Details of the organisational structures.
- Details of the significant cycles.

- Flowcharts of each of the sub-processes.
- A description of the process, the specific risk covered, incoming information prior to application of the control and outgoing information after application of the control, frequency, objective pursued, potential errors mitigated, coverage and type of fraud, and the department responsible for implementation.
- Details of the information systems affecting automatic and/or semi-automatic controls.
- Assessment of the level of risk of failure of the ICFR system controls, as a result of an assessment of the probability and impact of the risk if they do not function effectively.

The main transactions seeking to ensure the reliability and transparency of the process of preparing the financial information most notably include the following:

- Review of the processes of estimates and provisions (at the level of revenue and expenses).
- Review of impairment associated with the assets recognised (mainly referring to assets).
- Review of the commissioning of assets and the processes for setting associated values (capitalisable items, monitoring of administrative approvals, technical commissioning conditions, etc.).
- Review using specific mandatory procedures and/or instructions of:
 - Accounting records and/or entries.
 - One-off transactions (assessment at the senior management level of the economic and financial, corporate and legal implications that these transactions may have).
 - Closing of financial statements, and preparation of the individual and consolidated annual accounts. The internal reference rules governing these matters are set out in the following:
 - i. "Manual of Accounting Policies and Chart of Accounts of the Group", which includes the accounting policies that are to govern the Group when making of accounting entries in the information systems, and in preparing the financial statements and the annual accounts, to ensure a true and fair view of the assets and liabilities, financial position, results of operations, changes in equity and cash flows.
 - ii. "Procedure for Preparation and Close of the Individual and Consolidated Financial Statements and Annual Accounts", which establishes that "the process of closing the annual accounts is a process that occurs twice each financial year (at the close of the financial year and at the midpoint of the year with preparation of the half-yearly interim information), the purpose of which is to draw up annual accounts that reflect the Company's financial position. This process affects all Group companies that must prepare their own annual accounts in accordance with local regulations in their countries".
 - Preparation and publication of financial information (including matters related to the preparation and approval of the Annual Corporate Governance Report, Annual Accounts, Corporate Responsibility Report, communications to the Spanish National Securities Market Commission, official communications, etc.). The main internal rules governing these matters are set out in the following:
 - i. "Internal Code of Conduct in the Securities Market".
 - ii. "Procedure for Preparation and Close of the Separate and Consolidated Financial Statements and Annual Accounts". At this specific level of reporting and, if applicable, subsequent publication, the Corporate Economic and Financial Division, the General Secretariat, the Board and the office of the Chair play a fundamental role.

- F.3.2 Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

The Group has established a protocol for conduct and use of computer and communications systems, the preparation of which is the responsibility of the Corporate Information Technologies Division. This document establishes the main rules to govern the use of computer and telecommunications resources that the Group makes available to its employees (equipment, applications, Internet access and electronic messaging services).

Furthermore, the Group has a procedure that regulates the activities for managing computer security in the environment of the corporate information systems, which is the responsibility of the Corporate Information Technologies Division.

The following controls and measures are in place to provide the Group with reasonable assurance regarding the internal control of the information systems:

An annual analysis is carried out of the information security risks of the Corporate Information Systems ("CIS"), which generates a list of the most significant risks, with an assessment of these risks, and establishes the actions and measures necessary to reduce or maintain the level of risk for those considered to be most important.

- The security rules are reviewed annually, or whenever there are significant changes, to assure that they continue to be suitability, appropriate and effective.
- An inventory is maintained of all assets (equipment, software, applications and information) that are a part of the CIS. Each asset must have an assigned responsible organisational unit.
- General measures are established to protect the information, depending on the category in which it is classified. In addition, the responsible unit may define specific measures supplementing the general measures.
- Security documentation aimed at employees and external collaborators is prepared and published.
- The heads of the units must verify that new employees and external collaborators are aware of the published information security documentation. They must also ensure that these persons comply with the content of the documentation.
- The People and Culture Division will report to the Information Systems Department on all changes in internal and external personnel (hires, departures, transfers and changes of position) in order for it to apply the corresponding changes in rights of access to the information systems.
- All employees and collaborators must return the computer equipment in their possession at the end of their employment, contract or relationship with the Company, and may not appropriate information.
- A risk assessment will be conducted to determine the security implications arising from the participation of external collaborators in business processes, and appropriate controls will be defined and implemented.

- The Corporate Transformation Division will define and implement the physical security measures to protect the facilities in which the information systems are housed against damage caused by fire, flood and other forms of natural or man-made disasters. In addition, it will establish appropriate controls for entering restricted access areas to ensure that only authorised personnel are allowed access.
- The Information Technologies and Systems Department will ensure proper and secure operation of the information systems for which it is responsible, by preparing and implementing the appropriate operating procedures. These procedures will take into consideration the separation of duties to reduce the risk of negligence or deliberate misuse of the system. In the case of computer services provided by third parties, the Information Technologies and Systems Department must verify that the agreed security controls and service levels have been implemented and are maintained by the third parties.
- The Information Technologies and Systems Department is responsible for defining rules and procedures for the management of access (authentication and authorisation) by users to the information systems.
- Formal communications procedures are established to ensure that information security incidents and weaknesses associated with the information systems are communicated in a manner allowing timely corrective action.
- An IT Contingency Plan for the information systems is prepared so that, in the event of a disaster that destroys the systems or makes them unavailable, service may be resumed within a certain period of time consistent with their level of criticality.

F.3.3 Internal control policies and procedures for overseeing the management of activities outsourced to third parties and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The Group pay special attention to operations carried out by third parties (to ensure maximum guarantee of control in key processes that may be outsourced and that the standards required by the Group are met). In all cases, outsourcing of these activities is based on a services agreement, which clearly indicates the services to be rendered and the resources the third party is to provide to perform these services. There is exhaustive control of these subcontracted activities, and evidence that this control has been carried out. The Group also has a code of conduct for suppliers, the purpose of which is to make its suppliers aware of the general principles for their working and professional conduct within their different areas of activity. The Group oversees the ongoing application of these principles by the suppliers.

F.4. Information and communication

Specify at least the following components with a description of their main characteristics:

F.4.1 A specific function in charge of defining and updating accounting policies (accounting policies area or department) and resolving any doubts or disputes that may arise over their interpretation, which is in regular communication with the team in charge of operations; and a manual of accounting policies regularly updated and communicated to all the company's operating units.

The Group has a "Manual of Accounting Policies and Chart of Accounts of the Group" that serves as a reference to set the guidelines and actions as regards accounting records, and is appropriately communicated to the employees to which it is applicable (any action must be taken in accordance with the provisions of this manual). This manual is updated on a regular basis, the most recent update being in November 2021; the updating process verifies that the accounting policies are within the regulatory framework applicable to the Company, as established in the Commercial Code, the Spanish National Chart of Accounts and other commercial law, and the International Financial Reporting Standards adopted by the European Union. In addition, the Accounting Information and Administration Department, which is part of the Economic Division, is responsible for defining and resolving any matter related to the interpretation of accounting policies, covering any area of the various companies. The Economic Division reports from an organisational standpoint to the Corporate Economic and Financial Division, which in turn reports to the CEO.

F.4.2 Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the company or group, and support its main financial statements and accompanying notes and disclosures concerning ICFR.

The Group has formal processes for closing and preparing the information related to the financial statements and the annual accounts. In both cases, the procedures for closing the financial statements and preparing the annual accounts contain guidelines for action and overseeing the process that are implemented when obtaining, analysing and subsequently preparing the information for final approval. The system supporting the operations of the Group is mainly SAP. The companies that do not use SAP are required to apply the criteria set by the Group to ensure uniformity in those processes by way of a reporting package prepared for that purpose, which must include all breakdowns needed for preparing the financial statements and notes. In the process of preparing the consolidated financial information and the breakdowns, computer software is used that ensures the uniformity, standardisation and validity of the information. Furthermore, the ICFR system is supported by a corporate tool that is managed centrally, from which the information specified in the ICFR system is drawn. In addition, the Group has implemented a specific mechanism for the entire process of authorising the annual accounts for issue, in which the role of Audit Committee is particularly important. The Committee reports to the Board from a functional standpoint and is responsible for ensuring maximum guarantee of the entire process of preparation (both at the level of the supervisory tasks carried out by Internal Audit and by the external auditor, among other matters), as a step prior to authorisation for issue by the Board. In addition, in application of Directive 2013/50/EU, the transition to the publication of the consolidated financial statements using the European Single Electronic Format (ESEF) was carried out in 2020, with the obligation to present them in this format postponed until 2021. The primary financial statements have been prepared this year in XHTML format, and all figures (using ESEF taxonomy and iXBRL markup

language) of the statement of financial position, statement of income and other comprehensive income, statement of changes in equity and statement of cash flows have been tagged in the consolidated financial statements in accordance with IFRSs.

The directors will be responsible for preparing and publishing the separate and consolidated financial statements and directors' report, which together make up the annual financial report that will be prepared using the ESEF.

Finally, the Internal Code of Conduct in the Securities Market has been drawn up to provide external agents with reliable and truthful financial information on its assets and liabilities, financial position and the results of its operations; this Code regulates these aspects, both as regards notices to supervisory bodies and/or regulators and in terms of communication with the media.

F.5. Monitoring

Specify at least the following components with a description of their main characteristics:

- F.5.1 The ICFR monitoring activities undertaken by the audit committee and whether the entity has an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

The Audit Committee is responsible for monitoring the financial information. Its responsibilities, among others, include (i) approval of the accounting principles to be used in preparing the annual accounts of the Company and its consolidated Group; (ii) monitoring of the process of preparation and presentation, and the integrity of the financial information of the Company and, if applicable, the Group, ensuring that the regulatory requirements are observed; (iii) accurate demarcation of the scope of consolidation; and (iv) correct application of accounting principles and policies.

In addition, the Audit Committee regularly monitors the effectiveness of the internal control and risk management systems, so that the main risks are identified, managed and appropriately disclosed, in particular the systems related to the process of issuing financial information, which includes the ICFR system, aimed at providing reasonable assurance of the reliability of the financial information.

To carry out these functions, the Audit Committee has the support of the Internal Audit and Risk Control Division, which reports to the chair of the Company from an organisational standpoint and to the Audit Committee from a functional standpoint. The Audit Committee monitors the independence and efficacy of the Internal Audit function; supervises and controls the process of selection, appointment, re-election and removal of the head of the internal audit service; controls the means and resources assigned to the internal audit service and, among others, its budget; receives regular reports on its activities; and verifies that the senior executives of the Company and the Group act on the findings and recommendations in its reports.

The head of Internal Audit must present an annual work programme to the Audit Committee, report directly to the Committee on any issues arising during its implementation and submit an activities report at the end of each year. As regards the ICFR system, the Internal Audit work plan is intended to cover the entire ICFR system in periods of 3 years. Internal Audit designs and implements a test plan on the control environment, general controls, area level controls and established procedures, and on a selective basis verifies compliance with the flowcharts designed. Once the fieldwork is completed, Internal Audit prepares and issues the audit reports on the ICFR system based on that included in the annual work plan approved by the Audit Committee, and verifies proper implementation of the ICFR system corrective actions.

In addition to the audit work performed by Internal Audit in relation to the ICFR system, an audit of the ICFR system is carried out on an annual basis to confirm reasonable assurance of the design and effective application of the system. This audit of the ICFR system has been performed by external auditors since 2008.

The Audit Committee is informed of the reviews performed by Internal Audit and the external auditor, and other ICFR system tasks performed and the development of the action plan regarding recommendations for improvement identified in the audits. These recommendations for improvement are classified by priority with a breakdown of those associated with the risk of fraud.

The Group considers that it has an effective ICFR system. In 2021 no significant deficiencies were detected in the Group's ICFR system and the external auditor concluded that the Group has an effective ICFR system.

- F.5.2 A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior executives and its audit committee or board of directors. State also whether the entity has an action plan to correct or mitigate the weaknesses identified.

In relation to the external auditors, the Board Regulations indicate that an assessment of the quality of the Group's internal control procedures should be requested from the auditors on a regular basis (at least once each year).

One of the objectives of the Company's Audit Committee, as regards supervision of the functioning of the internal control system, is to ensure that the external auditor, the Internal Audit function and other experts are able to notify management and the Board of any significant weaknesses in internal control identified during the processes of reviewing the annual accounts or any others that may have been entrusted to them. The notices are to be sent for each review when it is completed, always prior to the authorisation for issue of the financial statements by the Board.

F.6. Other relevant information

F.7. External auditor's report



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Report on:

- F.7.1 Whether the ICFR information supplied to the markets has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

The Group has voluntarily submitted its ICFR system for review since 2008. These reviews were performed by Deloitte, S.L. up until 31 December 2012; by PriceWaterhouseCoopers from 1 January 2013 until 31 December 2014; and by KPMG, S.L. as of 1 January 2015.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's degree of compliance with the recommendations of the code of good governance for listed companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

- The Articles of association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Compliant []

Explain [X]

The shareholder limits on holding the Company's share capital are established in additional provision twenty-three of Spanish Law 54/1997, of 27 November, and remain in force, as expressly provided by the single repealing provision of the Electricity Sector Act 2013. These shareholder limits are as follows:

- Any natural person or legal entity may hold shares in the Company, provided the sum of their direct and indirect holdings of the Company's shares does not exceed 5% of the share capital and they do not hold more than 3% of the voting rights. These shares may not be pooled together under any circumstances.
- Parties that engage in activities in the electricity sector, and any natural persons or legal entities that directly or indirectly hold more than 5% of the share capital of such parties, may not exercise more than 1% of the voting rights in the parent company.
- The special regime for SEPI is maintained, whereby SEPI must always hold at least ten per cent (10%) of the Company's share capital.

In addition, additional provision twenty-three of Law 54/1997, of 27 November, establishes that "the Spanish National Energy Commission will be entitled to take legal action to enforce the limitations imposed in this provision.

For the purposes of calculating the interest in that shareholding structure, in addition to the shares or other securities held or acquired by entities belonging to its same group, as defined by section 4 Spanish Securities Market Act (*Ley 24/1988 del Mercado de Valores*), interest will be attributed to a single natural person or legal entity when they are owned by:

- Those parties who act in their own name but on behalf of that natural person or legal entity in a concerted manner or forming a decision-making unit with them. Unless proven otherwise, the members of its managing body will be presumed to act on account of or in a concerted manner with that legal entity.
- Partners where one of them exercises control over a dominant company in accordance with section 4 of Securities Market Act. In any event, the proprietary ownership of the shares and other securities and the voting rights attached to each of them will be taken into account.

4. Failure to comply with the limit on interests in the share capital referred to in this section will be considered a very serious breach in accordance with section 60 of this Act, responsibility will lie with the natural persons or legal entities found to be the owners of the securities or whoever the excess interest in the share capital or in the voting rights can be attributed to, in accordance with the previous paragraphs. In any event, the regime of penalties laid down in this Act will be applied.

5. Red Eléctrica Corporación, S.A. may not transfer the shares of the subsidiaries that carry out regulated activities to third parties.

6. Red Eléctrica Corporación, S.A. will be prohibited from carrying out activities other than the operation of the system, and the transmission and management of the transmission grid through regulated subsidiaries, which includes acquiring interests in companies that carry out other activities.

7. The voting rights corresponding to shares or other securities held by persons who hold an interest in the share capital of the parent company Red Eléctrica Corporación, S.A. that exceed the maximum limits indicated in this provision will be suspended as from the entry into force of the Royal Decree Law transposing the directives on the internal electricity and natural gas markets and on electronic communications, until such time as they are brought into line with these limits."

Accordingly, the legal provisions concerning the general and special shareholding regime are included in Articles 5 and 14 and the sole additional provision of the Company's Articles of Association and also in Article 6.3 of the General Meeting Regulations.

(continued in H.1)

2. When the listed company is controlled, as defined in section 42 of the Commercial Code, by another company, whether listed or not, and has, directly or through its subsidiaries, business relations with this company or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of these companies, it should publicly disclose the following in a precise manner:

- a) The type of activity they engage in and any business dealings between the listed company and its subsidiaries and also by the parent company and its subsidiaries.
- b) The mechanisms in place to resolve possible conflicts of interest.

Compliant [] Partially compliant [] Explain [] Not applicable [X]

3. During the annual general meeting, the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

- a) Changes taking place since the previous annual general meeting.
- b) The specific reasons why the company does not follow certain recommendations of the Corporate Governance Code and the alternative rules applied in this connection, should any exist.

Compliant [X] Partially compliant [] Explain []

4. The company should draw up and implement a policy of communication and contact with shareholders and institutional investors in the context of their involvement in the company, and with proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. This policy should be published on the company's website, complete with details of how it has been put into practice and the identities of the relevant contacts or those charged with its implementation.

Without prejudice to the legal obligations regarding the dissemination of inside information and other types of regulated information, the Company should also have a general policy regarding the communication of financial, non-financial and corporate information through the channels it considers appropriate (media, social networks or other channels) that contributes to maximising the dissemination and quality of the information available to the market, investors and other stakeholders.

Compliant [X] Partially compliant [] Explain []

5. The board of directors should not put forward a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emption rights for an amount exceeding 20% of the share capital at the time of the delegation.

And when a board approves the issuance of shares or convertible securities without pre-emption rights, the company should immediately post a report on its website explaining the exclusion as envisaged in commercial law.

Compliant [X] Partially compliant [] Explain []

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

- a) Report on auditor independence.
- b) Reports on the functioning of the audit committee and the appointments and remuneration committee.
- c) Audit committee report on related-party transactions.

Compliant [X] Partially compliant [] Explain []

7. The company should broadcast its general meetings live on the corporate website.

And the company should have mechanisms that allow the delegation and exercise of votes by remote means and even, in the case of large cap companies and to the extent proportionate, attendance and active participation in the general meeting.

Compliant [X] Partially compliant [] Explain []

8. The audit committee should ensure that the financial statements submitted by the board of directors at the annual general meeting are prepared in accordance with accounting regulations. And in those cases where the auditor has included a qualification in their auditor's report, the chair of the audit committee should clearly explain the audit committee's opinion on its content and scope at the general meeting, making a summary of this opinion, along with any other proposals and reports of the board, available to shareholders when the call notice for the meeting is published.

Compliant [X] Partially compliant [] Explain []

9. The company should disclose its requirements and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

These requirements and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant Partially compliant Explain

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.
- d) After the general meeting, disclose the breakdown of votes on these supplementary items or alternative proposals.

Compliant Partially compliant Explain Not applicable

11. If the company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy.

Compliant Partially compliant Explain Not applicable

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, customers and other stakeholders that may be affected, and with the impact of its activities on the broader community and the natural environment.

Compliant Partially compliant Explain

13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Compliant Explain

14. The board of directors should approve a director selection policy aimed at promoting an appropriate composition of the board and that:

- a) Is specific and verifiable.
- b) Ensures that appointment or re-election proposals are based on prior analysis of the board's required competencies.
- c) Favours diversity of knowledge, experience, age and gender. For this purpose, measures that encourage the company to have a significant number of female senior executives are considered to favour gender diversity.

The results of the prior analysis of the board's required competencies should be written up in the appointments committee's explanatory report that is published when the general meeting is convened that will ratify the appointment and re-election of each director.

The appointments committee should annually verify compliance with this policy and set out its findings in the annual corporate governance report.

Compliant Partially compliant Explain

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum necessary, bearing in mind the complexity of the corporate group and the ownership interests they control.

And the number of female directors should account for at least 40% of the board members by the end of 2022 and subsequent years, and not be less than 30% prior to that date.

Compliant Partially compliant Explain

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion of the capital represented on the board by these directors to the remainder of the company's capital.

This criterion may be relaxed:

- a) In large cap companies where few shareholdings attain the legal threshold to be considered significant.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Compliant [X] Explain []

17. The number of independent directors should represent at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has a shareholder or multiple shareholders acting in concert controlling over 30% of the share capital, independent directors should represent at least one third of the total number of directors.

Compliant [X] Explain []

18. Companies should post the following director particulars on their websites, and keep them permanently updated:

- a) Professional experience and background.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) An indication of the director category to which they belong, in the case of proprietary directors indicating the shareholder they represent or with which the director has ties.
- d) The date of their first appointments as a company director, and subsequent re-elections.
- e) Shares held in the company and any options on these shares.

Compliant [X] Partially compliant [] Explain []

19. Following verification by the appointments committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3% of capital and explain any rejection of a formal request for a board place from shareholders whose ownership interest is equal to or greater than that of others applying successfully for a proprietary directorship.

Compliant [] Partially compliant [] Explain [] Not applicable [X]

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If the shareholders reduce their ownership interest, and therefore lose some of their entitlement to proprietary directors, the number of proprietary directors should be reduced accordingly.

Compliant []

Partially compliant []

Explain []

Not applicable []

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Articles of association, except where they find just cause, based on a proposal from the appointments committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them from allocating sufficient time to discharge the duties of director, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent, in accordance with that established in applicable law.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Compliant []

Explain []

22. Companies should establish rules obliging directors to inform the board and, where appropriate, resign when situations affecting them arise, whether or not related to their performance in the company itself, which could damage the credibility and reputation of the company. In particular, they should be obliged to inform the board of directors of any criminal charges brought against them and the progress of any proceedings.

And, having been informed or having otherwise become aware of any of the situations mentioned in the previous paragraph, the board should examine the case as soon as possible and, in view of the specific circumstances, decide, following a report from the appointments and remuneration committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing their removal. And this should be disclosed in the annual corporate governance, unless there are special circumstances that justify it, which should be recorded in the minutes. This is without prejudice to the information that the company must disclose, if appropriate, when the corresponding measures are adopted.

Compliant []

Partially compliant []

Explain []

23. All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independent and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then they must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary to the board, even if they are not a director.

Compliant [] Partially compliant [] Explain [] Not applicable []

24. When, either by resignation or by resolution of the general meeting, a director leaves office before the end of their term, they should give sufficient explanation of the reasons for their resignation or, in the case of non-executive directors, their opinion on the reasons for the removal by the shareholders at the meeting, in a letter to be sent to all board members.

And, without prejudice to the disclosure of all of the above in the annual corporate governance report, to the extent that it is relevant to investors, the company should publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Compliant [] Partially compliant [] Explain [] Not applicable []

25. The appointments committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

And the board of directors regulations should establish the maximum number of company boards on which directors may serve.

Compliant [] Partially compliant [] Explain []

26. The board should meet with the frequency necessary to properly perform its functions, at least eight times a year, in accordance with a schedule of dates and agendas set at the beginning of the year, to which each director may propose the addition of initially unscheduled items to the agenda.

Compliant [] Partially compliant [] Explain []

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Compliant [] Partially compliant [] Explain []

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Compliant [] Partially compliant [] Explain [] Not applicable []

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Compliant [] Partially compliant [] Explain []

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Compliant [] Explain [] Not applicable []

31. The agendas of board meetings should clearly indicate the items on which the board of directors must adopt a decision or pass a resolution, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent of the majority of directors present, which will be duly recorded in the minutes.

Compliant [] Partially compliant [] Explain []

32. Directors should be regularly informed of changes in the shareholder structure and the views of significant shareholders, investors and credit rating agencies on the company and its group.

Compliant [] Partially compliant [] Explain []

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's Articles of association, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular assessments of the board and, where appropriate, the company's chief executive; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Compliant [] Partially compliant [] Explain []

34. When a lead independent director has been appointed, the Articles of association or board of directors regulations should grant them the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman or deputy chairmen; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Compliant [X] Partially compliant [] Explain [] Not applicable []

35. The board secretary should strive to ensure specifically that the board's actions and decisions are informed by the governance recommendations of the code of good governance as may be applicable to the company.

Compliant [X] Explain []

36. The board in plenary session should conduct an annual assessment, adopting, where necessary, an action plan to correct weakness detected in:

- a) The quality and efficiency of the functioning of the board of directors.
- b) The functioning and composition of its committees.
- c) The diversity of board membership and competences.
- d) The performance of the chairman of the board of directors and the company's chief executive.
- e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the appointments committee.

Every three years, the board of directors should engage an external consultant to aid in the evaluation process. This consultant's independence should be verified by the appointments committee.

Any business dealings that the consultant or any company of its group has with the company or any company of its group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Compliant [X] Partially compliant [] Explain []

37. When there is an executive committee, at least two non-executive directors should sit on this committee, at least one of whom should be independent; and its secretary should be the secretary to the board.

Compliant [] Partially compliant [] Explain [] Not applicable [X]



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38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Compliant [] Partially compliant [] Explain [] Not applicable [X]

39. The members of the audit committee as a whole, and particularly its chair, should be appointed taking into account their knowledge and experience in accounting, auditing and risk management, for financial and non-financial risks.

Compliant [X] Partially compliant [] Explain []

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Compliant [X] Partially compliant [] Explain []

41. The head of the unit in charge of the internal audit function should present the annual work plan to the audit committee for approval by the committee or the board, report directly to it on its execution, including any incidents and limitations in terms of its scope that may arise during its implementation, the results and follow-up of its recommendations, and submit an activities report at the end of each year.

Compliant [X] Partially compliant [] Explain [] Not applicable []

42. In addition to those provided for by law, the audit committee should have the following functions:

1. As regards internal control and reporting systems:
 - a) Monitor and assess the process of preparation and integrity of financial and non-financial information, and the risk control and management systems for financial and non-financial risks relating to the company and, if applicable, to the group — including operational, technological, legal, social, environmental, political, reputational and corruption-related risks — reviewing compliance with regulatory requirements, the accurate demarcation of the scope of consolidation and the correct application of accounting policies.
 - b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or propose to the board approval of the guidelines and annual work plan of the internal audit service, ensuring that it focuses primarily on the main risks (including reputational risk); receive regular report-backs on its activities; and verify that senior executives are acting on the findings and recommendations of its reports.
 - c) Establish and oversee a mechanism to enable employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report potentially significant irregularities, including financial and accounting or any other type of irregularities, related to the company that they notice within the company or its group. This mechanism must guarantee confidentiality and, in any event, provide for cases in which communications can be made anonymously, thus respecting the rights of the whistleblower and the reported party.
 - d) Ensure in general that the policies and systems established as regards internal control are effectively applied in practice.
2. As regards the external auditor:
 - a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
 - b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
 - c) Ensure that the company reports any change in the external auditor to the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons behind them.
 - d) Ensure that the external auditor has a yearly meeting with the board in plenary session to inform it of the work undertaken and developments in the company's risk and accounting positions.
 - e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant [X]

Partially compliant []

Explain []

43. The audit committee may call on any company employee or manager to be present at its meeting, even ordering their presence without another senior executive.

Compliant Partially compliant Explain

44. The audit committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Compliant Partially compliant Explain Not applicable

45. The risk control and management policy should identify at least:

- a) The different types of financial and non-financial risk (including operational, technological, financial, legal, social, environmental, political and reputational and corruption-related risks) to which the company is exposed, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- b) A risk control and management model based on different levels, including a specialised risk committee when the sector regulations so provide, or when the company considers it appropriate.
- c) The level of risk that the company considers acceptable.
- d) The measures in place to mitigate the impact of the identified risks, should they occur.
- e) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Compliant Partially compliant Explain

46. Companies should establish an internal risk control and management function, performed by one of the company's internal units or departments, and under the direct supervision of the audit committee or, where applicable, some other dedicated board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks to which the company is exposed are correctly identified, managed and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks effectively within the framework of the policy defined by the board of directors.

Compliant Partially compliant Explain

47. Appointees of the appointments and remuneration committee — or of the appointments committee and the remuneration committee, if they are separate — should have the right balance of knowledge, skills and experience for the functions they are called on to discharge and the majority of their members should be independent directors.

Compliant [] Partially compliant [] Explain []

48. Large cap companies should have a separate appointments committee and remuneration committee.

Compliant [] Explain [] Not applicable []

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

- Because of the small size of the Board (composed of 12 members, one of which is an executive director) compared to other large cap companies.
- Also, it is considered that a single committee can fully comply with all the functions that the law and the recommendations attribute to two separate committees.

49. The appointments committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the appointments committee to propose candidates that it might consider suitable.

Compliant [] Partially compliant [] Explain []

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

- a) Propose to the board the standard conditions for senior executive contracts.
- b) Monitor compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy for directors and senior executives, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior executives in the company.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- e) Verify the information on the remuneration of the directors and senior executives contained in the various corporate documents, including the annual directors' remuneration report.

Compliant [] Partially compliant [] Explain []

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior executives.

Compliant Partially compliant Explain

52. The rules governing the composition and functioning of supervision and control committees should be set out in the board of directors regulations and should be consistent with those governing legally mandatory board committees as specified in the previous recommendations. They should include at least the following terms:

- a) Committees should be formed exclusively by non-executive directors, with a majority of independent directors.
- b) Committees should be chaired by an independent director.
- c) The board should appoint the members of such committees having regard to the knowledge, skills and experience of its directors and remit of each committee and discuss their proposals and reports; and the committees should report the business transacted and account for the work performed at the first plenary session of the board following each committee meeting.
- d) Committees may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Meetings should be recorded in minutes and a copy made available to all board members.

Compliant Partially compliant Explain Not applicable

53. The task of supervising compliance with the company's environmental, social and corporate governance policies and rules, and internal codes of conduct, should be assigned to one or more board committees, which may be the audit committee, the appointments committee, a committee specialising in sustainability or corporate social responsibility or any other specialised committee that the board of directors has decided to create in exercising its powers of self-organisation. And this committee should be composed solely of non-executive directors, the majority of whom should be independent, and should be specifically assigned the minimum functions indicated in the following recommendation.

Compliant Partially compliant Explain

54. The minimum functions referred to in the above recommendation are as follows:

- a) Monitor compliance with corporate governance rules and the company's internal codes of conduct, ensuring that the corporate culture is in line with its purpose and values.
- b) Supervise the application of the general policy regarding the communication of economic-financial, non-financial and corporate information, and communication with shareholders and investors, proxy advisors and other stakeholders. It will also oversee the way in which the Company communicates and relates to small- and medium-sized shareholders.
- c) Regularly evaluate and review the Company's corporate governance system and its policy on environmental and social matters to ensure that it fulfils its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of other stakeholders.
- d) Oversee that the Company's environmental and social practices are in line with the strategy and policy established.
- e) Monitor and evaluate the company's interaction with its stakeholders.

Compliant

Partially compliant

Explain

55. The sustainability policies regarding environmental and social matters should identify and include at least:

- a) The principles, commitments, objectives and strategy as regards shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other unlawful conduct.
- b) The methods or systems for monitoring compliance with the policies, the associated risks and their management.
- c) The mechanisms for supervising non-financial risk, including those matters related to ethics and business conduct.
- d) The channels for stakeholder communication, participation and dialogue.
- e) Responsible communication practices that prevent the manipulation of information and protect the company's integrity and honour.

Compliant

Partially compliant

Explain

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Compliant

Explain

57. Variable remuneration linked to the company's profit and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Compliant Partially compliant Explain

58. In the case of variable remuneration, remuneration policies should include limits and technical safeguards to ensure such remuneration reflects the professional performance of the beneficiaries and not simply the general performance of the markets or the company's sector or other similar circumstances.

In particular, variable components of remuneration should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant Partially compliant Explain Not applicable

59. The payment of the variable components of remuneration should be subject to sufficient verification that the performance or other conditions previously established have been effectively fulfilled. Companies must include in the annual directors' remuneration report the criteria as to the time required and methods for such verification depending on the nature and characteristics of each variable component.

In addition, companies should consider establishing a malus clause based on the deferral for a sufficient period of time of the payment of a portion of the variable components, entailing their total or partial loss in the event that some event occurs prior to the time of payment that makes it advisable to do so.

Compliant Partially compliant Explain Not applicable

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Compliant Partially compliant Explain Not applicable

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Compliant Partially compliant Explain Not applicable

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been assigned, executive directors should not be able to transfer their ownership or exercise these options until a period of at least three years has elapsed.

An exception is made in the case where the director has, at the time of the transfer or exercise, a net economic exposure to the change in the share price for a market value equivalent to an amount of at least twice their annual fixed remuneration through the ownership of shares, options or other financial instruments.

This will not apply to shares that the director needs to dispose of to meet the costs related to their acquisition or, subject to the favourable opinion of the appointments and remuneration committee, to meet extraordinary situations that require it.

Compliant Partially compliant Explain Not applicable

The CEO is obliged to retain ownership of the shares received as annual variable remuneration for each financial year for at least five years. This is included in the 2022-2024 Directors' Remuneration Policy, the contract of the CEO, and the Annual Directors' Remuneration Report for 2021, approved by the Board at its meeting on 22 February 2022; the Company is therefore compliant with this recommendation as regards the minimum three-year period set out in the recommendation for annual variable remuneration. However, as regards the multi-year variable remuneration plan, which is applicable for a total of 6 years, given the long duration of the plan, no additional obligation to maintain ownership of the shares beyond this period has been established.

63. Contractual arrangements should include a clause that allows the company to reclaim variable components of remuneration when payment is not in accordance with the director's actual performance or based on data subsequently found to be inaccurate.

Compliant Partially compliant Explain Not applicable



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64. Payments due to termination of the contract should not exceed an amount equivalent to two years of the total annual remuneration and should not be paid until the company has been able to verify that the director has complied with the criteria or conditions established to receive payment.

Regarding this recommendation, payments due to contractual termination will include any payments that are accrued or where the payment obligation arises as a result of, or in connection with, the termination of the contractual relationship between the director and the company, including amounts not previously consolidated from long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Compliant [X]

Partially compliant []

Explain []

Not applicable []

H. OTHER INFORMATION OF INTEREST

1. If there is any material aspect of corporate governance at the company or the group companies that has not been dealt with in the other sections of this report, and that it is necessary to include to provide the most complete and reasoned information on corporate governance structure and practices at the company or its group, provide a brief description.
2. This section may also include any other information, clarification or qualification relating to the previous sections of the report, provided this additional information is relevant and not repetitive.

In particular, indicate whether the company is subject to any legislation other than the Spanish legislation on corporate governance, and if so, include the information that it is required to provide, where such information differs from that required in this report.

3. Also state whether the company voluntarily adheres to other international, industry-specific or other ethical principles or good practices. If applicable, identify the code and date of adoption. In particular, indicate whether the company adheres to the Code of Best Tax Practices of 20 July 2010:

1. For several years now the Company has voluntarily prepared an Annual Corporate Governance Report, available on the corporate website, following its own model, structure and content, whereby the format and content are in accordance with the most recognised international practices. The intent is to respond appropriately to the demands and recommendations of its shareholders, to which we refer for any third party that may consider it to be of interest. This report has been included in the Company's Annual Corporate Governance Report as an Official Annex.

2. The Company is subject to Spanish law as regards corporate governance.

Set forth below is additional information regarding the following sections:

A.5: The Company's significant shareholder, Sociedad Estatal de Participaciones Industriales (SEPI), does not have any commercial, contractual or corporate relationship with the Company and/or its Group that is material or arises outside the ordinary course of business.

C.1.3 (continuation of the profile of independent director Marcos Vaquer Caballería) Other information of interest:

Author of 7 monographs and more than 80 Articles and book chapters, and director or coordinator of 9 collective works on various public law topics, his main areas of specialisation being land and urban planning law, housing law, social services and services of general economic interest, better regulation and general administrative law. He has also participated in more than a hundred opinions, reports and advising for public and private entities, and in drawing up preliminary drafts for town planning legislation for various Autonomous Communities. He has been an expert witness for the State Attorney's Office of Spain in more than a dozen international investment arbitrations (ICSID and SCC), has appeared as an expert before the Constitutional Commission of the Lower House of the Spanish Parliament and has carried out several international technical assistance missions in Latin America for the European Commission. In 2011 he received the Grand Cross of the Order of Civil Merit.

C.2.1 (continued information on the Audit Committee) 3. In relation to the External Auditors: regularly gather and receive information from the external auditors, including that related to the report from the external auditor on the fact that neither they nor any of their partners have been convicted by a final judgment in criminal proceedings related to the performance of their audit functions, for examination by the Committee; ensure that the Company formally notifies the CNMV of any change of auditor, accompanied by a statement as to whether or not there were any disagreements with the outgoing auditor and, if so, the reasons for these disagreements; ensure that the Company and the external auditors, within the scope of their responsibilities, comply with current regulations and endeavour to adopt the most widely recognised international standards on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, the other requirements designed to safeguard auditors' independence; ensure that the remuneration of the external auditors does not compromise their quality or independence; if the auditor resigns, examine the circumstances that may have led to such resignation; act as a channel of communication between the Board and the external auditors, evaluate the results of each audit and verify that the senior management of the Company and of the Group companies takes its recommendations into account, mediating in the event of discrepancies between them in relation to the principles and standards applicable in the preparation of the financial statements; ensure that the external auditors hold at least one meeting a year with the board in plenary session to inform it of the work performed and developments in the risk and accounting positions of the Company and its Group; supervise fulfilment of the audit contract, ensuring that the main content of the auditor's report are worded clearly and precisely; be aware of any relevant situations detected by the external auditors, in the same way as they receive information on the internal control systems, which could adversely affect the equity, results or reputation of the Company or the Group, and in this last case the Committee will notify and act in collaboration with the Sustainability Committee; request that the external auditors carry out an assessment of the quality of the Group's internal control procedures on a regular basis and at least once a year; and request that the judge revoke the external auditors appointed by the shareholders at the General Meeting or by the Commercial Registry and the appointment of another or other auditors, when there is just cause.

4. In relation to compliance with legal provisions and internal regulations: monitor compliance with the internal codes of conduct of the Company and the Group, ensuring that the corporate culture is in line with its purpose and values, acting in collaboration.

The most important actions of the Audit Committee in 2021 are included in the Annual Activities Report of this Committee, which is available on the corporate website, in the section on "Reports and other documents" referred to in Recommendation no 6 of the Code of Good Governance.

However, the main tasks carried out by the Committee included the following:

Regarding financial and non-financial information: Review of and favourable report on the financial statements for 2019 of the Company and its Consolidated Group and on the external auditor's report. Review of the non-financial information statement. Analysis of the draft version of KPMG's report for the Audit Committee in compliance with Article 11 of (EU) Regulation No 537/2014 of the European Parliament and section 36 Spanish Account Auditing Act (*Ley 22/2015 de Auditoría de Cuentas*), which includes the most significant aspects of the audit process and the response to each of them. Analysis of the external legal report on tax criteria for the payment of corporation tax for 2020. Analysis of the quarterly results reports for the year. Analysis and approval of the accounting policies and tax criteria adopted to carry out the end of year close. Analysis of the Annual Tax Transparency Report for 2020. Analysis of the proposed distribution of profit and payment of dividends of Red Eléctrica Corporación, S.A. for 2020 and a favourable report submitted to the Board. Analysis of half-yearly and annual financial information for market oversight bodies and issue of a favourable report. Analysis of and favourable report submitted to the Board on the monthly economic-financial reports. Review and approval of the sections of the Annual Corporate Governance Report for 2020 within the scope of the competencies of the Audit Committee. Favourable report submitted to the Board on the proposed renewal of the Annual European Commercial Paper (ECP) Programme and on the update to the ECP Prospectus. Analysis of the proposed renewal of the annual EMTNs programme and a favourable report submitted to the Board. Review of and updates to the EMTN Prospectus. Analysis of the consolidated financial statements for the first half of 2021 and the external auditor's report on these financial statements. Analysis and approval of the schedule for the 2021 financial close. Analysis of the proposed distribution of an interim dividend for 2021 and favourable report submitted to the Board. Approval of the country-by-country report that has to be submitted to the Spanish tax authorities for 2020. Analysis of reports monitoring the main investment projects. Analysis of the report on the returns on international and telecommunications investments. Analysis of the financial strategy report. Analysis and approval of the report on passing resolutions for tax consolidation and distribution of the tax burden of the Red Eléctrica Group. Favourable report submitted to the Board on the consolidated budget of the Red Eléctrica Group for 2022. Analysis of the performance of the Green Framework and sustainable financing of the Red Eléctrica Group. Analysis of the green bond issue carried out by the Red Eléctrica Group on 10 May 2021. Analysis, favourable report and submission to the Board for approval of authorisations for arranging guarantees and counter-guarantees. Analysis of the process for transferring the registered office of a Red Eléctrica Group company. Favourable report to authorise the submission of binding offers to acquire shares in two Brazilian companies. Favourable report and submission to the Board for approval of the REINTEL financing proposal.

Regarding internal control and risk management systems: Analysis of the follow-up report on the Activities Plan for the Integrated Risk Management System for 2020, and the Annual Plan for 2021. Analysis of the follow-up report on the Annual Activities Plan for the Compliance System for 2020 and the Annual Plan for 2021. Analysis of the planning of the annual external audit work and of the review of ICFR by the external auditor. Analysis of the Internal Auditor's Report on the Internal Control over Financial Reporting (ICFR) for 2020. Analysis of the review of the Risk Map at 31/12/2020, and the current status of and outlook for the main risks. Analysis of and favourable report on the Annual Report of the Control and Oversight Body on the Criminal Risk Prevention Programme for 2020. Analysis of the report on the review of the current status of high level risks of the Integrated Risk Management System. Analysis of Key Risk Indicators (KRIs). Information regarding the integrated security system of the Red Eléctrica Group. Analysis of the update to the hedging policy and exchange rate risk management guidelines for cash flows in dollars in Red Eléctrica Group companies. Analysis of and favourable report on the proposed updates to the acceptable level of risk of the Red Eléctrica Group. Analysis of the follow-up report on the Criminal and Anti-Bribery Compliance System for 2021.

Regarding internal audit services: Analysis of the quarterly reports on the internal audits carried out in 2021 and the results of each of these audits, and on compliance with Internal Audit recommendations. Analysis of the Annual Report on Internal Audit Activities for 2020. Analysis of the Internal Auditor's Report on the Internal Control over Financial Reporting (ICFR) for 2020. Analysis of the quarterly reports on compliance with Internal Audit recommendations. Approval of the budget, means and resources of the Internal Audit service for 2022. Approval of the Annual Internal Audit Plan for 2022. Analysis of the external quality assessment report on the Internal Audit function of the Red Eléctrica Group.

Regarding the external auditors: Analysis of the external auditor's reports on the financial statements for 2020 and the preliminary external auditor's report for 2021. Analysis and approval of the report on the independence of the external auditor issued by KPMG Auditores, S.L, in accordance with Recommendation no. 6 of the Code of Good Governance for Listed Companies. Analysis and approval of the fees of KPMG Auditores for 2021 for audit-related services, and for other services envisaged in 2021, and favourable report on the proposed renewal of KPMG as auditors of the Red Eléctrica Group for a period of one year. Analysis of the external auditor's report on the Group's certified management systems. Selection process for the new external auditor of the Red Eléctrica Group as of 2023.

Regarding compliance with legal provisions and internal regulations: Analysis of the follow-up report on internal regulations. Analysis of the report on the annual assessment of compliance with the Internal Code of Conduct in the Securities Market. Review of monthly occupational health and safety reports. Analysis of the Annual Management Report on the Code of Ethics for 2020. Analysis of the proposed amendments to the Board Regulations of Red Eléctrica Corporación, S.A. Analysis of the proposed amendments to the General Meeting Regulations of Red Eléctrica Corporación, S.A. Analysis of the proposed amendments to the Articles of Association of Red Eléctrica Corporación, S.A. Favourable report submitted to the Board for approval of the proposed updates to the Compliance Policy and the Integrated Risk Management Policy; and acceptance of the proposed updates to the Sustainability Policy and the Corporate Reputation Policy. Favourable report and submission to the Board for approval of the Protocol for Related Party Transactions of Red Eléctrica Corporación, S.A, and the proposed resolution for delegation to the CEO of Red Eléctrica Corporación, S.A.

Regarding the Company's shareholders: Analysis of the resolutions proposed by the Board at the Annual General Meeting on matters within its competence. Follow-up on possible initiatives, suggestions and complaints raised by shareholders during the year. In 2021 no initiatives, suggestions or complaints were received from the Company's shareholders. Information on the external audit of the management procedures of the Annual General Meeting.

Other activities: Approval of the Activities Report of the Audit Committee for 2020. Analysis of the report on the Group's Corporate Insurance Programme in 2021. Analysis and favourable report on the proposals for new tax lease transactions to be entered into in 2021. Analysis and approval of the Annual Healthy Workplace Report for 2020. Approval of the Committee's Action Plan for 2022. Approval of the schedule of Committee meetings for 2022. Appointment of the external auditor for the annual review for 2020 of the accounting separation of the transmission activities of Red Eléctrica de España, S.A.U, the operation of the mainland system and the operation of the non-mainland systems. Analysis of the annual report on the measures adopted to ensure adequate independence of the Organic Unit that exercises the function of the Transmission Network Manager and System Operator for 2020.

(continued information on the Appointments and Remuneration Committee) 4. In relation to corporate governance rules and actions: monitor compliance with corporate governance rules, ensuring that the corporate culture is in line with its purpose and values, and submit proposals for improvement to the Board, receive information, request reports from the other Board committees when it affects their respective responsibilities

and, where appropriate, issue and submit an annual report to the Board on the measures to be applied. Promote the implementation of the principles and values of the Corporate Governance Policy at the Group companies; submit to the Board the proposals of the Audit Committee within the scope of its powers, and any other proposed amendments considered appropriate, in relation to the amendment to the Internal Code of Conduct in the Securities Market and the Board Regulations; submit to the Board the proposals of the Sustainability Committee within the scope of its powers in relation to the Board Regulations; submit the proposed Annual Corporate Governance Report to the Board; submit to the Board the proposed resolutions and reports within the scope of its powers, or those submitted by the Audit Committee or the Sustainability Committee within the scope of their powers, for submission at the General Meeting; submit to the Board the action plans or measures considered appropriate in relation to the proposals submitted at the General Meeting that have been formally rejected or have received a significant formal abstention, for the purpose of regaining the majority support of the shareholders as soon as possible; lead the process of evaluating the Board; regularly evaluate and review the corporate governance system and its suitability to ensure that it fulfils its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of other stakeholders; regularly review the Group's Criminal Compliance System and propose to the Board the changes and updates that contribute to its implementation and continuous improvement, taking into account, where appropriate, the suggestions and proposals made by the Audit Committee and the Criminal Compliance Committee, in coordination with the powers attributed to them; submit to the Board a proposal for a knowledge and information programme for directors; monitor the application of the criteria for communicating financial, non-financial and corporate information, and the policy relating to communication with shareholders and investors, proxy advisers and other stakeholders, also overseeing the way in which the Company communicates with and relates to small and medium-sized shareholders.

The most important actions of the Appointments and Remuneration Committee in 2021 are included in the Annual Activities Report of this Committee, which is available on the corporate website, in the section on "Reports and other documents" referred to in Recommendation no 6 of the Code of Good Governance. However, the main tasks carried out by the Committee included the following: Regarding appointments, performance and removals Favourable report on and submission to the Board of the proposal of the chair of the Board to fill a vacancy on the Appointments and Remuneration Committee. Favourable report on and submission to the Board, for subsequent submission at the Annual General Meeting, of the appointment of three independent directors and ratification of the appointment by co-option agreed by the Board of a proprietary director representing the state holding company Sociedad Estatal de Participaciones Industriales (SEPI). Favourable report on and submission to the Board for approval of the proposed appointment of an independent director as member of the Appointments and Remuneration Committee to fill the vacancy on this Committee. Favourable report on and submission to the Board for approval of the proposed appointment of an independent director as member of the Sustainability Committee to fill the vacancy on this Committee. Favourable report on and submission to the Board for approval of the proposed appointment of an independent director as member of the Audit Committee fill the vacancy on this Committee. Favourable report on and submission to the Board for approval of the proposed re-election of a proprietary director as member of the Audit Committee. Favourable report on and submission to the Board for approval of the proposed re-election of an independent director as member of the Appointments and Remuneration Committee. Favourable report on and submission to the Board for approval of the proposed re-election of a proprietary director as member of the Sustainability Committee. Favourable report on and submission to the Board for approval of the proposed appointment of an independent director as member of the Sustainability Committee and her removal as a member of the Audit Committee. Favourable report on and submission to the Board for approval of the proposed appointment of an independent director as member of the Audit Committee and his removal as a member of the Sustainability Committee. Analysis of and favourable report on the proposals for authorisation for the appointments and re-elections of directors at Red Eléctrica Group companies. Analysis and approval of the compatibility of two independent directors in view of possible appointments at companies that are not part of the Red Eléctrica Group.

Regarding remuneration: Favourable report submitted to the Board on the proposed remuneration of the Board for 2021, and a favourable report on and submission to the Board of the Annual Directors' Remuneration Report for 2020, to be submitted at the Annual General Meeting. Favourable report on and submission to the Board, for subsequent submission at the Annual General Meeting, of the 2022-2024 Directors' Remuneration Policy. Approval of the proposed assessment of the fulfilment of the Business and Management Objectives of the Executive Committee and the Operations Department for 2020. Analysis of and follow-up on the proposed definition of the Objectives of the Executive Committee and the Operations Department for 2021. Analysis of the correlation matrix of objectives with the Strategic Plan. Analysis of the follow-up on the Business and Management Objectives of the Executive Committee and the Operations Department for 2021. Analysis of the report regarding the Remuneration Policy for the executive team of Red Eléctrica in 2021. Information on the performance of the Group's Incentivised Exit Plan. Favourable report on and submission to the Board, for subsequent submission at the Annual General Meeting, of the proposed remuneration through the delivery of Company shares to the executive director and members of management of the Company and the Red Eléctrica Group companies, as stipulated in the new long-term incentive plan to drive the energy transition, reduce the digital divide and promote diversification. Favourable report submitted to the Board on the proposed annual share delivery plan for employees, members of management and executive directors of the Red Eléctrica Group.

Regarding corporate governance rules and actions: Favourable report on the proposed Annual Corporate Governance Report for 2020 and submission to the Board. Analysis of, favourable report on and submission to the Board of the proposed call notice, agenda, resolutions and reports relating to the Annual General Meeting for 2020, and the Electronic Voting Procedure and the Rules for the Shareholder E-Forum. Analysis of and follow-up on the Action Plan of the Board's self-assessment process for 2020. Analysis of the report on the award of the proposed external advisory services for the self-assessment process of the Board of Red Eléctrica Corporación, S.A. for 2021, and management of the process. Analysis, favourable report on and submission to the Board of the report and proposed amendments to the Articles of Association and the General Meeting Regulations to bring them into line with the reform of the Corporate Enterprises Act. Analysis, favourable report on and submission to the Board of the explanatory report and the proposed amendment to the Board Regulations to bring them into line with the reform of the Corporate Enterprises Act. Analysis and submission to the Board of the proposed procedure for holding the General Meeting for 2020 solely by remote means. Analysis of the Annual Report on the Criminal and Anti-Bribery Compliance System for 2020. Information on the external audit of the management procedures of the Annual General Meeting for 2020. Favourable report on and submission to the Board for approval of the proposed update to the skills matrix of the Company's Board of Directors. Favourable report on and submission to the Board of the proposed update to the Induction Plan, which is now called the Orientation Programme for new directors and Board committee members. Follow-up on the implementation of the Board's protocol for engagement with employees. Analysis of the report on compliance with the Internal Code of Conduct in the Securities Market. Analysis of the proposed update to the Sustainability Policy, the Corporate Reputation Policy, the Compliance Policy and the Integrated Risk Management Policy, within the scope of the competencies of the Appointments and Remuneration Committee. Favourable report on and submission to the Board for approval of the update to the contingency plans for the succession of the chair of the Board and Company's CEO. Analysis of the Annual People Management Report.

Regarding sustainability: Favourable report submitted to the Board on the Diversity Report for 2020, within the scope of the competencies of the Appointments and Remuneration Committee. Follow-up and reporting on the 2018-2022 Comprehensive Diversity Plan of the Red Eléctrica Group. Favourable report on the process of reporting non-financial information within the scope of the competencies of the Appointments and

Remuneration Committee. Analysis of the 2020 Healthy Company Report.

Other activities: Approval of the Committee's Annual Activities Report for 2020. Approval of the Committee's Action Plan for 2022. Approval of the schedule of Committee meetings for 2022. Analysis and submission to the Board for approval of the activities and information programme for directors for 2022.

(continued information of the Sustainability Committee) k) Other functions:

- Monitor those aspects relating to sustainability contained in the corporate governance rules, collaborating with the Appointments and Remuneration Committee, where appropriate, by submitting reports when necessary within the scope of its responsibilities.
- Monitor those aspects relating to sustainability contained in the people management policies, in collaboration with the Appointments and Remuneration Committee, where appropriate, by holding joint meetings.
- Monitor compliance with the predetermined and quantifiable sustainability objectives linked to the variable remuneration of executive directors and senior executives, collaborating with the Appointments and Remuneration Committee, where appropriate, by submitting reports when necessary within the scope of its responsibilities.
- Keep the Board informed of its activities and prepare an annual activities report, which must be included in the Annual Corporate Governance Report, and approve an Action Plan and a tentative schedule of meetings for each year.
- Propose and report on any other matter related to the above that may be requested by the chair or by the Board or that, due to its nature, falls within the scope of its competencies.
- Any other powers attributed to the Committee by the Board in accordance with the best corporate governance practices applicable at any given time. The most important actions of the Appointments and Remuneration Committee in 2021 are included in the Annual Activities Report of this Committee, which is available on the corporate website, in the section on "Reports and other documents" referred to in Recommendation no 6 of the Code of Good Governance. However, the main tasks carried out by the Committee included the following: Analysis and follow-up, on a quarterly and half-yearly basis, of the Management Sustainability Objective. Analysis of participation in the Bloomberg GHG index and adherence to the UN Global Compact initiative, Women's Empowerment Principles (WEP). Analysis of the report on the monetisation project of the Circular Economy Roadmap to 2030 of the Red Eléctrica Group. Analysis and submission to the Board of the Annual Management Report on the Group's Code of Ethics for 2020. Analysis of the main trends in sustainable financing. Analysis of the green bond issue carried out by the Red Eléctrica Group on 10 May 2021. Analysis of the 2021 Environmental Plan of the Red Eléctrica Group. Analysis of the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Analysis of the process and methodology for obtaining Sustainable Board Certification. Analysis of the proposed amendments to the Articles of Association and the General Meeting Regulations to bring them into line with the reform of the Corporate Enterprises Act. Analysis of the proposed amendment to the Board Regulations to bring them into line with the reform of the Corporate Enterprises Act. Analysis and approval of the Non-Financial Information Statement of Red Eléctrica Corporación, S.A. for 2020 and the external verification report. Analysis of the resolutions proposed by the Board at the Annual General Meeting within the scope of the competencies of the Sustainability Committee. Analysis and approval of the 2020 Sustainability Report. Analysis of and follow-up on the 2020-2022 Sustainability Plan. Analysis and approval of the Committee's Activities Report for 2020. Review of and favourable report on the sections of the Annual Corporate Governance Report for 2020 within the scope of the competencies of the Sustainability Committee. Analysis and approval of the 2020 Diversity Report. Analysis of main aspects of the Dow Jones Sustainability Index assessment process. Analysis of the report on the results obtained and the comparative study. Analysis of the update of the internal regulations relating to ethical principles in relation to people. Analysis of the sustainability overview report for the Red Eléctrica Group. Analysis of the draft update of the stakeholder management model. Analysis of the review of risks and opportunities arising from climate change. Analysis of ongoing sustainability assessment processes. Follow-up and reporting on the 2018-2022 Comprehensive Diversity Plan of the Red Eléctrica Group and the 2021 Annual Programme. Follow-up on the sustainability objectives of the Red Eléctrica Group. Follow-up on the Circular Economy Roadmap of the Red Eléctrica Group. Favourable report on and submission to the Board for approval of the proposed updates to the Sustainability Policy and the Corporate Reputation Policy; and the proposed updates to the Compliance Policy and the Integrated Risk Management Policy. Analysis of the launch of the process regarding the 2021 Sustainability Report and Non-Financial Information Statement. Follow-up and reporting on the Green Framework for the issuance of green bonds to finance green projects. Analysis of the monitoring of the Red Eléctrica Group's contribution to the Sustainable Development Goals and structure of the report. Analysis of the ESG Analyst Ecosystem Project. Analysis of the Annual Tax Transparency Report of the Red Eléctrica Group for 2020. Analysis of the proposal for a Corporate Sustainability Reporting Directive. Analysis of the focus of the new Research Department of the Red Eléctrica Group. Analysis of the 2021 Sustainability Conference of the Red Eléctrica Group. Report on and submission to the Board for approval of the proposed updates to the 2030 emission reduction target of the Red Eléctrica Group. Analysis of the update to the Materiality Study of the Red Eléctrica Group. Analysis of the results of the Vigeo Eiris assessment process, relating to the ESG profile. Approval of the Committee's Action Plan for 2022. Approval of the schedule of Committee meetings for 2022.

D.1. (Continued) The Board of Directors, at its meeting held on 30 November 2021, also approved a protocol for related-party transactions (superseding the resolution on related-party transactions adopted by the Board on 30 January 2018) based on the regulatory framework applicable to related-party transactions, taking into account the unique characteristics of the Company and its Group, and that is intended to develop —based on that established in the Corporate Enterprises Act and in the Articles of Association, the General Meeting Regulations and the Board Regulations of Red Eléctrica— the criteria for applying the rules for approving related-party transactions affecting the Company and for publishing the related information on these transactions, while also establishing the internal procedure for identifying, analysing, approving, monitoring, reporting and controlling related-party transactions.

This protocol for related-party transactions therefore sets out in full the internal procedure for identifying, analysing, approving, monitoring, reporting and controlling these transactions, without prejudice to the fact that the Audit Committee exercises the corresponding supervisory functions in relation to the related-party transactions delegated by the Board.

Similarly, to provide the greatest possible flexibility in applying the new legal regime, the protocol considers the possibility of the Board delegating to the CEO both the approval of (i) related-party transactions between companies that form part of the Red Eléctrica Group that are carried out in the ordinary course of business and on an arm's length basis, (ii) related-party transactions entered into under contracts with standard terms and conditions that are applied in general to a large number of customers, that are performed at prices or rates generally set by the party acting as the supplier of the goods or services in question, and where their amount does not exceed 0.5% of the Company's revenue, since it is understood that this will improve the functioning of the Company and simplify the operations regarding related-party transactions, without prejudice to the fact that, in relation to related-party transactions delegated by the Board, there will in any case be subsequent control by the Audit Committee, which will receive a report every six months from the Secretary of the Operating Group summarising the related-party transactions where their approval had to be delegated by the Board and that were approved during the period corresponding to the half-yearly financial information of the Company. It should

be noted that prior to their approval the related-party transactions will be analysed by the Operational Group, which has been created by the Company for this purpose and is composed of the Corporate Chief Financial Officer, the Head of Legal Services, the Internal Audit and Risk Control Manager and the General Secretary and the Secretary to the Board, who acts as Secretary.

D.6: In addition, the Red Eléctrica Group has an Advisory Body that is responsible for the development and proper application of this Guide for the identification, management and resolution of conflicts of interest. The Advisory Body acts, in all cases, in an independent manner to be able to carry out its functions effectively and without undue influence.

The members of the Advisory Body are:

- Ethics Officer and Stakeholder Ombudsman.
- Internal Audit and Risk Control Manager.
- Head of Legal Services.
- Human Resources Manager.
- Chief Financial Officer.

The Advisory Body also advises and proposes measures to ensure better use of confidential information related to the management of conflicts of interest.

The Red Eléctrica Group has an ethical and compliance channel to report possible conflicts of interest that may affect its members, and the necessary measures are adopted by the organisation to preserve the values and principles of the Code of Ethics and Conduct.

G.1: (Continued) Article 5.2 of the Articles of Association states that "2. In accordance with that established in the Electricity Sector Act:

1) The sum of the direct or indirect interest in the share capital of the Company held by any individual or legal entity may not under any circumstances exceed five per cent of the share capital of the Company unless otherwise authorised by law. These shares may not be pooled together under any circumstances. No shareholder may exercise more than three per cent of the voting rights. Parties that engage in activities in the electricity sector, and any natural persons or legal entities that directly or indirectly hold more than five per cent of their share capital, may not exercise more than one per cent of the voting rights.

2) For the purposes of calculating the interest of each shareholder, in addition to the shares or other securities held or acquired by entities belonging to its same group, as defined by section 5 of the consolidated text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, interest will be attributed to a single natural person or legal entity when they are owned by:

a) Those parties who act in their own name but on behalf of that natural person or legal entity in a concerted manner or forming a decision-making unit with them, it being understood, in the absence of evidence to the contrary, that its Board members are acting on behalf of or in concert with a legal entity. b) Partners where one of them exercises control over a dominant company.

In any event, the proprietary ownership of the shares and other securities and the voting rights attached to each of them will be taken into account.

3. Without prejudice to that established in Article 6.2 of these Articles of Association, failure to comply with the limits indicated in Article 5.2 or those established at any time by current regulations will entail the legal consequences determined in these regulations, which includes, where applicable, imposing the appropriate penalties and that envisaged in these Articles of Association.

The voting rights corresponding to shares or other securities that, pursuant to current law at any given time, exceed the limit established in this Article, will be suspended until they are brought into line with this limit.

4. As an exception to the general rule and due to the special regime that the Electricity Sector Act attributes to Sociedad Estatal de Participaciones Industriales, the shareholding and voting rights of this company will be governed by that envisaged in these Articles of Association, except as provided for in the Sole Additional Provision of the Articles of Association.

Finally, the Sole Additional Provision of the Articles of Association provides for the special regime of Sociedad Estatal de Participaciones Industriales and indicates that "1. Pursuant to the Electricity Sector Act, the limits established in the Electricity Sector Act and the limits established in these Articles of Association on shareholdings in the Company and on voting rights will not apply to Sociedad Estatal de Participaciones Industriales. Sociedad Estatal de Participaciones Industriales will maintain, in any case, a shareholding of no less than 10%.

2. In accordance with the Electricity Sector Act, when a natural person holds the office of director on behalf of this shareholder, their remuneration must be in line with that established in the applicable rules on incompatibilities in the public sector, without prejudice to the remuneration that may be earned by this public shareholder, either for being directly appointed as a Board member or for the services rendered to the Board or its delegated committees by the natural persons representing this public shareholder in the share capital of the Company, and that exceed the remuneration to which they may be entitled in a personal capacity, pursuant to the Electricity Sector Act, as long as this situation of ownership is maintained in accordance with applicable law."

3. At its meeting held on 29 September 2015, Red Eléctrica Corporación, S.A.'s Board approved the Red Eléctrica Group's adherence to the Code of Best Tax Practices, which had been approved by the Large Companies Forum, in accordance with the wording proposed by the Spanish State Tax Agency (AEAT), and complied with this Code in 2012.

This annual corporate governance report was approved by the Board at its meeting held on:

[22/02/2022]

Indicate whether any directors voted against or abstained from voting on the approval of this Report.



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

- Yes
- No



Red Eléctrica Corporación, S.A. and Subsidiaries

**Independent Reasonable Assurance Report on the
System of Internal Control over Financial Reporting
(ICOFR) of Red Eléctrica Corporación, S.A. and
subsidiaries for 2021**

*(Translation from the original in Spanish. In the event of
discrepancy, the Spanish-language version prevails.)*



KPMG Auditores, S.L.
Pº. de la Castellana,
259 C
28046 Madrid

Independent Reasonable Assurance Report on the System of Internal Control over Financial Reporting

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Red Eléctrica Corporación, S.A.

Further to your request, and in accordance with our engagement letter dated 12 November 2021, we have examined the Internal Control over Financial Reporting (hereinafter "ICOFR") information of Red Eléctrica Corporación, S.A. (the Parent) and subsidiaries (the Red Eléctrica consolidated Group or the Group) described in note F of the accompanying Annual Corporate Governance Report at 31 December 2021. This system is based on the criteria established in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

An entity's internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and assets of the Group; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Group's consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposal of the Group's assets that could have a material effect on the consolidated annual accounts. In this respect it should be borne in mind that, irrespective of the quality of the design and operation of the internal control system adopted in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

Directors' and Management's Responsibility

The Board of Directors of the Parent and Senior Management of the Group are responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control over financial reporting, evaluating its effectiveness and developing improvements to that system, and preparing and defining the content of the ICOFR information attached hereto.



Our Responsibility

Our responsibility is to express an opinion on the effectiveness of the Group's Internal Control over Financial Reporting based on our examination.

We conducted our examination in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the issue of reasonable assurance reports. This standard requires that we plan and perform our work to obtain reasonable assurance about whether the Group maintains, in all material respects, effective internal control over financial reporting. Our work included obtaining an understanding of the Group's Internal Control over Financial Reporting, testing and evaluating the design and operating effectiveness of that system, and performing such other procedures as were considered necessary in the circumstances. We consider that our examination provides a reasonable basis for our opinion.

Our firm applies International Standard on Quality Control (ISQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international standards on independence) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Inherent Limitations

Due to the limitations inherent in any internal control system, there is always a possibility that ICOFR may not prevent or detect misstatements or irregularities that may arise as a result of errors of judgement, human error, fraud or misconduct. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Conclusion

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting at 31 December 2021, in accordance with the criteria established in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Furthermore, the disclosures contained in the ICOFR information included in note F of the Group's Annual Corporate Governance Report at 31 December 2021 have been prepared, in all material respects, in accordance with the requirements set forth in article 540 of the Revised Spanish Companies Act and in Spanish National Securities Market Commission (CNMV) Circular 5/2013 of 12 June 2013, and subsequent amendments thereto, the most recent being CNMV Circular 1/2020 of 6 October 2020, with respect to the description of Internal Control over Financial Reporting in Annual Corporate Governance Reports.

Other Matters

Our examination did not constitute an audit of accounts and is not subject to the legislation regulating the audit of accounts in Spain. As such, in this report we do not express an audit opinion on the accounts under the terms provided in the above-mentioned legislation. However, on 22 February 2022 we issued our unqualified auditor's report on the consolidated annual accounts of the Group for 2021, in accordance with the legislation regulating the audit of accounts in Spain.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Ana Fernández Poderós

On the Spanish Official Register of Auditors ("ROAC") No. 15547

22 February 2022