



Grupo Red Eléctrica

Appointments and Remuneration Committee

18 February 2022

**Activities Report of the Appointments and
Remuneration Committee for 2021**

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1. Introduction

The Action Plan of the Appointments and Remuneration Committee for 2022, in accordance with that contained in Article 18.6 a) of the Board Regulations, envisages the preparation of a report on the Committee's activities in 2021, which constitutes the subject matter of this document.

2. Legal background, structure, functions and composition

2.1. Legal background

At the meeting held on 19 February 2019, the Board approved an amendment to the Board Regulations in view of the strategic focus the Board wished to give to sustainability in the Red Eléctrica Group by restructuring the Board's committees, creating a new Sustainability Committee and updating the functions of the other two committees, the Audit Committee and the Appointments and Remuneration Committee. The responsibilities of the Appointments and Remuneration Committee were strengthened in relation to the Group companies, in accordance with international best practices regarding corporate governance, and in addition, the general oversight and risk control function to be carried out by the Audit Committee was reviewed, in conjunction with the specific functions assigned to each of the other committees within the scope of their respective responsibilities.

At the meeting held on 31 March 2020, the Board Regulations were amended to include the appropriate adaptations to Spanish 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.

Lastly, the Board, at its meeting held on 25 May 2021, approved the amendment to the Board Regulations to include the appropriate adaptations to Spanish Law 5/2021, of 12 April, which amends the consolidated text of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July (*Ley de Sociedades de Capital*), and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies, and to include certain technical and wording clarifications.

This revision therefore brought the Board Regulations into line with 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 Directors' Remuneration Report.

2.2. Structure and functions

Article 24 of the Articles of Association and Articles 17 and 18 of the Board Regulations govern the structure, composition and functions of the Appointments and Remuneration Committee.

The Committee's functions include, among others, those related to appointments, performance and removal of directors and executives who report directly to the chair of the Board or the Company's Chief Executive Officer, remuneration, compliance with the directors' duties, the rules and actions regarding corporate governance and sustainability—in coordination with the Sustainability Committee—and in relation to the Group's employees.

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

Article 17.5 of the Board Regulations stipulates that meetings may be called, with the related documentation, by electronic means that guarantee the due security and confidentiality of the call notice and of the relevant documentation.

This call notice, which will include the agenda, will be sent by the chair or secretary of the Committee to each of its members at least three days prior to the date scheduled for the meeting, except in cases of emergency where a meeting needs to be called in a shorter period of time.

Article 17.7 of the Board Regulations stipulates that Committee meetings may be held by conference call, video-conference or any other remote means of communication that allows the holding of such meetings, provided that all the Committee members agree to do so.

The Committee may be convened with the attendance of the majority of its members and may adopt decisions or recommendations by an absolute majority of votes of the directors attending the meeting in person or by proxy. To better carry out its functions, the Committee may engage advice from independent professionals and may also access any type of information or documents of the Company that it may require to carry out its functions.

2.3. Composition

The composition of the Appointments and Remuneration Committee is governed by Article 24.1 of the Articles of Association and Article 17 of the Board Regulations. In accordance with these Articles, the Committee will be comprised of three (3) members appointed from among the non-executive directors, and the majority of its members must be independent directors. The chair of the Committee will be an independent director chosen by the Committee from among its members, and the secretary is the secretary to the Board.

The appointment, re-election and removal of the Committee members is carried out by the Board at the proposal of the Chairwoman of the Board, following a report from the Appointments and Remuneration Committee itself, ensuring that they have the knowledge, skills and experience appropriate to the functions of the Committee. The Committee members will discharge their duties for a period of no more than four years, may be re-elected and will leave office when they cease to be directors or when so resolved by the Board, following a report from the Appointments and Remuneration Committee. The chair will be replaced every four years and may be re-elected.

The composition of the Committee as at 1 January 2021 was as follows:

Director	Position	Director category	Date of appointment
Ms. Socorro Fernández Larrea	<i>Chair</i>	Independent non-executive	27/11/2018
Ms. M ^a José García Beato	<i>Member</i>	Independent non-executive	24/11/2020
Vacancy	-	-	-

The appointments, re-elections and removals of members of the Appointments and Remuneration Committee in 2021 were as follows:

- Red Eléctrica Corporación, S.A.'s Board, at its meeting held on 26 January 2021, appointed the proprietary director Mr. Ricardo García Herrera as member of the Red Eléctrica Corporación, S.A.'s Appointments and

Remuneration Committee, for the three-year period stipulated in the Board Regulations in force at that time, at the proposal of the Chairwoman 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 as a result of the resignation tendered by Mr. Antonio Gómez Expósito from the position of proprietary director of the Company on 22 December 2020.

- Red Eléctrica Corporación, S.A.'s Board, at its meeting held on 2 July 2021, appointed the independent director Mr. Marcos Vaquer Caballería as member of the Red Eléctrica Corporación, S.A.'s Appointments and Remuneration Committee, for the term of four years stipulated in the Board Regulations in force at that time, at the proposal of the Chairwoman 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 as a result of the expiry of the term of office of Ms. María José García Beato as Board member of the Company.
- On 30 November 2021, Red Eléctrica Corporación, S.A.'s Board resolved to re-elect the independent director Ms. Socorro Fernández Larrea as member of the Red Eléctrica Corporación, S.A.'s Appointments and Remuneration Committee, for the term of four years stipulated in the current Board Regulations, at the proposal of the Chairwoman 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.

The composition of the Committee as at 31 December 2021 was as follows:

Director	Position	Category of director	Date of initial appointment
Ms. Socorro Fernández Larrea	<i>Chair</i>	Independent non-executive	27/11/2018
Mr. Ricardo García Herrera	<i>Member</i>	Proprietary non-executive (SEPI)	26/01/2021
Mr. Marcos Vaquer Caballería	<i>Member</i>	Independent non-executive	2/07/2021

All Committee members have been appointed taking into account their proven capacity to discharge the functions entrusted to the Committee as a result of their broad experience, skills and knowledge.

Below is a brief summary of the professional careers of the Committee members at 31 December 2021:

- *Ms. Socorro Fernández Larrea*, born on 7 April 1965, has a Degree in Civil Engineering from Universidad Politécnica de Madrid and completed the IESE Advanced Management Program (AMP).

She is currently the Chair of OFG TELECOMUNICACIONES; Executive director of the Consulting firm JUST-NOW, S.L.; 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 Regional Board in Madrid; and Advisor to the Board of the Mexican engineering firm CAL Y MAYOR.

She has also held, among others, the position of independent director of TÉMPORE 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-AGROMAN, S.A.; Representative in Castilla-La Mancha of AGROMAN Empresa Constructora, S.A.; General Manager for Roads, Hydraulic Structures and Transport of the Department of Public Works of the Regional Government of Castilla-La Mancha; and Chief Project Engineer for FERROVIAL, S.A.

She is also a member of the advisory board of the newspaper EXPANSION, member of WCD (Women Corporate Directors) and 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; and member of IWF (International Women Forum) and former member of its Management Board in Spain; Medal of Honour from the Spanish Association of Civil Engineers.

- *Mr. Ricardo García Herrera*, born 26 April 1958, holds a PhD in Physical Sciences from Universidad Complutense de Madrid, a B.Sc. in Physical Sciences (specialising in Physics of the Atmosphere) from Universidad Complutense de Madrid, and a Degree in General Management from the IESE Business School of the University of Navarra.

He is currently Professor of Atmospheric Physics at Universidad Complutense de Madrid; Researcher at IGEO, Institute of Geosciences (CISC-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).

He was the 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). In addition, 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).

- *Mr. Marcos Vaquer Caballería*, born 15 September 1967, holds a B.A. in Law from Universidad Pontificia de Comillas (ICADE), a B.A. in Economics and Business Studies from Universidad Pontificia de Comillas (ICADE), and a PhD in Law from Universidad Carlos III de Madrid (UC3M).

He is currently Professor of Administrative Law at Universidad Carlos III de Madrid ("UC3M") (since 2011); General Secretary 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).

He has held, among others, the following positions in the academic field: Professor of the Master's programme in Sustainable Urban Planning and Urban Policies of the Pascual Madoz Institute of Territory, Urban Planning and Environment of UC3M; Head of the Inter-University Institute for Cultural Communication (UC3M-UNED) and Professor of its Research Master's programme in Cultural Law; 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). In the public sector, he has been 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).

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

He is also the 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 the Kingdom 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.

Detailed information on the Committee members and their professional background is available to shareholders, investors and other stakeholders on the Company's website.

The secretary of the Committee is Carlos Méndez-Trelles García, the current secretary to the Company's Board of Directors, by virtue of his appointment as such, approved by Red Eléctrica Corporación, S.A.'s Board, at the proposal of the Appointments and Remuneration Committee, on 26 May 2020.

Throughout 2021, at the request of the Committee itself and following an invitation by the Chair, the persons who during the financial year have held the position of Corporate Chief Financial Officer, Management Control Manager and Corporate Manager of Transformation and Resources attended the Committee meetings during the year, along with the Internal Audit and Risk Control Manager, the Corporate Manager of Sustainability and Research, the Corporate Manager of Institutional Relations, Communication and Territory, the Head of the Organisation, Compensation and Labour Relations Department, and the Head of the Corporate Governance Department, all of them solely to report on matters related to the areas of their competence, safeguarding at all times the independence of this Committee.

3. Activities carried out in 2021

At its meeting held on 15 December 2020, the Appointments and Remuneration Committee approved its Annual Action Plan for 2021, taking into consideration the responsibilities attributed to it by the Articles of Association and the Board Regulations.

The chair of the Appointments and Remuneration Committee has informed the Board of its activities at the Board meetings held immediately after each Committee meeting and made any documents corresponding to the meetings and copies of the meeting minutes available to all directors through the "directors' portal" intranet.

The main tasks carried out by the Committee in 2021 included the following:

3.1. 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-optation 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.

3.2. 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.

3.3. 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 Chairwoman of the Board and Company's Chief Executive Officer.
- Analysis of the Annual People Management Report.

3.4. 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.

3.5. 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.

4. Directors' attendance at meetings

In 2021 the Appointments and Remuneration Committee held thirteen (13) meetings, –of which ten (10) were ordinary meetings and three (3) were special meetings–, and submitted thirteen reports on the Committee's activities to the Board. The Committee meetings were held well in advance of the Board meetings.

All members attended its meetings in person. There were no absences or attendance by proxy, and therefore there were a total of 39 attendances in person, for an attendance rate of 100%.

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

On 20 February 2019 the Spanish National Securities Market Commission (CNMV) approved the Technical Guide for Appointments and Remuneration Committees (Technical Guide 1/2019), in accordance with section 21.3 of the consolidated text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October (*Ley del Mercado de Valores*).

The purpose of Technical Guide 1/2019 is to provide guidance on the functioning of appointments and remuneration committees and include recommendations for the companies concerned that the CNMV will take into account when carrying out its oversight function.

The Company's ongoing commitment to the application of international best practices regarding corporate governance has allowed it to comply with the recommendations established in Technical Guide 1/2019 that are applicable to the Company.

In accordance with the recommendations of Technical Guide 1/2019, the following points are worth mentioning as regards the Company's Appointments and Remuneration Committee:

a) The structure, composition and functions of the Appointments and Remuneration Committee are governed by Article 24 of the Articles of Association and are further implemented through Articles 17 and 18 of the Board Regulations, which include, among others, the composition, the requirements for the appointment of members, the rules of its functioning, the responsibilities and functions assigned, the resources at its disposal, the rules regarding appointments, performance and removal of directors and senior executives, in relation to remuneration, compliance with directors' duties, corporate governance rules and actions, and to employees of Group companies. For reasons of legal certainty, it is considered to be more appropriate that the regulations governing the functioning of the Appointments and Remuneration Committee be set out in the Board Regulations, published on the Company's corporate website, on the website of the CNMV and filed with the Commercial Registry.

b) The Committee's independence is encouraged by the following:

- i. It is comprised exclusively of non-executive directors and both the chair and the majority of its members are independent directors.
- ii. The remuneration of the Committee members is in accordance with the principle of moderation and is linked to their responsibility so as to avoid compromising their independence and objectivity.
- iii. Furthermore, neither the Chairwoman of the Board nor the Chief Executive Officer participate in the Committee's meetings.
- iv. Executives attending Committee meetings do so at the request of the Committee and only attend in relation to items on the agenda that fall within their competence.

c) 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.
- Because, given the issues addressed, a separate Appointments Committee and a Remuneration Committee would not have sufficient matters to deal with during the year to justify the separation, and it is considered that a single committee can fully comply with all the functions attributed to each committee by Law and the Recommendations of the Code of Good Governance for Listed Companies.
- All non-executive directors are currently members of one of the three committees of the Company's Board of Directors, and the separation the current Appointments and Remuneration Committee into two committees would mean that it would be composed of directors belonging to several committees simultaneously, which would make it difficult to maintain the current criteria of the committees being composed of non-overlapping members, in accordance with best practices regarding good governance.

d) Ongoing dialogue is maintained with the various stakeholders related to the Committee's own functions. In addition, diversity of opinion is encouraged within the Committee so that each member may act in accordance with their personal criteria.

e) The Committee members have the proven capacity to discharge the functions entrusted to the Committee as a result of their broad experience, skills and knowledge, including that related to corporate governance, analysis and strategic assessment, assessment of suitability requirements that may be necessary by virtue of regulations applicable to the Company when performing senior management duties and in designing remuneration policies and plans for directors and the executive team, among others.

f) A diverse composition is sought in terms of gender, professional experience, competencies and industry knowledge.

g) The Committee has an Annual Action Plan and meets on a monthly basis and periodically reviews and analyses matters related to appointments, performance and removal of directors and senior executives, remuneration, compliance with directors' duties, corporate governance rules and actions, and to employees of Group companies, among other matters.

h) The functioning of the Committee is subject to an annual self-assessment process, with external support, as part of the annual self-assessment of the Board.

i) There is a "Welcome Programme" for new Committee members, which is part of the Annual Welcome Plan for new directors, known as the Orientation Programme, which was updated in May 2021.

j) There is an “Annual Activities and Information Programme” for directors, which is updated on an annual basis and implemented throughout the year.

k) The Appointments and Remuneration Committee has performed and continues to perform an essential role in the design, planning and implementation of the self-assessment of the Board and the preparation and update of the contingency plans for the succession of the Chairwoman of the Board and the Chief Executive Officer, in coordination with the lead independent director, as is explained in further detail in the Company’s Annual Corporate Governance Report.

6. Assessment and conclusions

On the basis of the above, the Appointments and Remuneration Committee assessed its composition and functioning during 2021, and considers that:

- The composition of the Committee was in line with the legal and corporate provisions established for this purpose, being made up of members that have the relevant expertise in relation to the Committee’s functions, with the majority of Committee members being independent directors.
- The Committee met more frequently than that established in Article 17 of the Board Regulations and whenever it was necessary in view of the issues to be handled.
- All Committee meetings were attended in person by all its members, who had the necessary information in relation to the different items on the Agenda available to them, prior to the meetings, to be able to discuss and take informed decisions.
- Finally, the Committee fulfilled all its functions in accordance with regulations and that included in the Company’s Articles of Association and the Board Regulations, and in accordance with the Recommendations of the Code of Good Governance for Listed Companies and Technical Guide 1/2019.

In accordance with the above, it can be concluded that the Appointments and Remuneration Committee has complied with the rules set out by Law and in the Company’s corporate texts in terms of composition, frequency of meetings, attendance and informed participation of its members, the Committee having dealt with the matters within its competence in 2021.