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APPOINTMENTS AND
REMUNERATION COMMITTEE
20 February 2023

**Appointments and
Remuneration
Committee Activities
Report for 2022**

For approval

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1 Introduction

Under section 18.6 a) of the Board Regulations of Red Eléctrica Corporación, S.A. (the "**Company**"), the Appointments and Remuneration Committee's Action Plan for 2023 includes the preparation of a report on the activities of the Committee performed in 2022, which is the object of this document.

2 Legal background, structure, functions and composition

2.1 Legal background

At a meeting held on 19 February 2019, the Board approved amendments to the Board Regulations in view of the strategic approach that the Board wanted to attribute to sustainability in the Company and its subsidiaries ("**Redeia**") by restructuring of the Board 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 performed 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 incorporate the appropriate adaptations in accordance with Spanish Law 11/2018, of 28 December, on non-financial information and diversity [*Ley 11/2018, de 28 de diciembre, en materia de información no financiera y diversidad*], update the functions of the Board and its Committees on sustainability, some of them cross-cutting, with the formal and material scope agreed by the three committees, and strengthen the coordination mechanisms between the three Board Committees.

Finally, at a meeting held on 25 May 2021, the Board approved amendments to the Board Regulations to incorporate the appropriate adaptations to Spanish Law 5/2021, of 12 April, amending the consolidated text of the Corporate Enterprises Act [*Ley 5/2021, de 12 de abril, por la que se modifica el texto refundido de la Ley de Sociedades de Capital*], enacted by Royal Legislative Decree 1/2010, of 2 July (Corporate Enterprises Act), and other financial regulations, as regards promoting the long-term involvement of shareholders in listed companies, and to introduce certain technical and drafting clarifications.

That review adapted the Board Regulations in matters relating mainly to the rules for related-party transactions, directors' remuneration, directors' duty of care and the Annual Corporate Governance Report and the Annual Director Remuneration Report.

2.2 Structure and functions

Article 24 of [Articles of Association](#) and sections 17 and 18 of [Board Regulations](#) regulate 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 managing director, 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 case, it must meet at least on a quarterly basis, when called by its chair or at the request of two of its members, and whenever the Board or its chair requests the issuance of a report or the submission of proposals.

Section 17.5 of the Board Regulations stipulates that the meetings can be called, with the associated documentation, by electronic means that ensure the due security and confidentiality of the notice of meeting and related 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 before the date scheduled for the meeting, except in cases of emergency where a meeting needs to be called in a shorter period of time.

Section 17.7 of the Board Regulations establishes the possibility that Committee meetings may be held by conference call, video conference or by any other means of remote communication that allow them to be held, provided that all Committee members agree.

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 perform its functions, the Committee may engage independent professionals and may also access any type of information or documents of the Company that it needs to perform its functions.

2.3 Composition

The composition of the Appointments and Remuneration Committee is regulated in Article 24.1 of the Articles of Association and in section 17 of the Board Regulations. In accordance with the aforementioned precepts, the Committee will consist of three (3) members appointed 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 will be the secretary to the Board.

The appointment, re-election and removal of Committee members is performed by the Board at the proposal of the chair of the Board, following a report by the Appointments and Remuneration Committee itself, ensuring that they have the suitable knowledge, skills and experience for the Committee's functions. Committee members hold their positions for a period not exceeding four years and may be re-elected, and they cease to hold their position when they cease to be directors or when the Board decides, following a report by the Appointments and Remuneration Committee. The chair will be replaced every four years and may be re-elected.

The composition of the Committee from 1 January 2022 to 31 December 2022 was as follows:

Director	Position	Category of Director	Last appointment
Ms Socorro Fernández Larrea	<i>Chair</i>	Independent non-executive	30/11/2021
Mr Ricardo García Herrera	<i>Member</i>	Proprietary non-executive (SEPI)	26/01/2021
Mr Marcos Vaquer Caballería	<i>Member</i>	Independent non-executive	02/07/2021

The changes in the composition of the Appointments and Remuneration Committee in 2022 were as follows:

- In a meeting held on 18 March 2022, the Appointments and Remuneration Committee, with the abstention of Ms Fernández Larrea and the vote in favour of the other members, resolved to re-elect Ms Fernández Larrea, for a four-year term, as chair of the Committee, under sections 17.1 and 17.2 of the Board Regulations, as a result of the end of the term of her term as chair of the Appointments and Remuneration Committee.

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 2022:

- *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 chair of OFG TELECOMUNICACIONES; Independent director of CEMENTS MOLINS GROUP; Independent director of the Spanish engineering firm SEG, S.L.; Independent director of BANCO CAMINOS; Sole director of the consultancy firm JUSTNOW, S.L.; Member of the IESE's Territorial Board in Madrid.

She has also held the position of 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 Pirenáica, 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 AGROMÁN 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; Executive director of JUSTNOW, S.L.; Chief Project Engineer for FERROVIAL, S.A.; Advisor to the Board of the Mexican engineering firm CAL Y MAYOR; Member of the advisory board of the newspaper EXPANSION.

She is also a 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' Organisation), and former member of the Executive Committee of the Eurolatam and Madrid chapters; 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 (CICCP); Outstanding Engineering Award 2021 of the Madrid Delegation of the CICCP.

- *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, 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 for the IGEO, Institute of Geosciences (CISC-UCM); Director of the Department of Earth Physics and Astrophysics at Universidad Complutense de Madrid; Evaluator of the Austrian Climate and Energy Fund (since 2007).

He has been President of the State Meteorological Agency (2010-2012), Director General of Prevention and Health Promotion of the Community of Madrid (1991-1995), Director General of Public

Health of the Basque Government (1987-1991); Member of the Executive Committee of the World Meteorological Organisation (2010-2012); Board member of AENA (2010-2012); Vice-Chair of the Board of the European Centre for Medium-Range Weather Forecasts (2011-2012); Spanish representative on the EUMETSAT Board (2010-2012); Spanish representative on the Steering Committee of the ESF-MedCLIVAR project (2006-2010). He has held the following positions, among others, at Universidad Complutense de Madrid: Director of the General Foundation of the Complutense University (2015-2019), Director of the Department of Astrophysics and Atmospheric Sciences (2013-2015), Co-Coordinator of the Master in Geophysics and Meteorology (2006-2010); Full professor of the aforementioned University for more than 20 years (1988-2010).

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, among other works, he has performed studies on the modelling of the variability of wind and solar resources, both on a meteorological scale and in the long term; on the impact of extremes (heat waves and droughts) on energy demand, and on the relationship between meteorological extremes and the production of wind energy. 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 200 articles in international journals included in the Science Citation Index (SCI), contributing author and reviewer of the 4th 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 different special issues of prestigious journals included in the SCI, and has been invited speaker at international conferences, among others, at the Royal Meteorological Society, Oxford University, Durham University, the Bermuda Biological Station, the National Oceanic and Atmospheric Administration (NOAA) and the Biennial Meeting of the Royal Spanish Society of Physics.

- *Mr Marcos Vaquer Caballería*, born 15 September 1967, holds a bachelor's degree in Law from Universidad Pontificia de Comillas (ICADE), a bachelor's degree 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 (since 2011); General Secretary at Universidad Carlos III de Madrid (since 2015); Director of the Master's in Advanced Studies in Public Law at Universidad Carlos III de Madrid (since 2016); Chair (by delegation of the Rector) of the academic council of the Department of Ibero-American Legal Studies Tirant-UC3M (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 Department of Cultural Rights, formed by the Andrés Bello Convention and the Universidad Nacional de Educación a Distancia (UNED) and Universidad Carlos 3 de Madrid (since 1998); Member of the Pasque Madoz Institute of Territory, Urban Development and Environment of the UC3M; Member of the Board for the Drafting of the Good Governance and the Quality of the Regulation Report published by the Democracy and Local Government Foundation (since 2020); Member of the Scientific Council of Urban Development and Environmental Law Journal (since 2020); Member of the Scientific Committee of the publisher La Cultivada, promoted by the Gabeiras Foundation (since 2020); Member of the Scientific Committee of Iustel's General Regulated Sectors Law Journal (since 2018); Member of the Scientific Committee of the Local and Regional Administration Studies Journal (since 2017); Member of the Urban Planning Practice drafting team. Urban planning journal of the Lay Ley publisher (Wolters Kluwer Group) (since 2015); Director of the digital collection Cultural Law Workbooks (since

2013); Member of the drafting team of the *Iustel General Administrative Law Journal* (since 2002); Member of the Madrid Bar Association (since 1992); Lawyer of the Law Office of UC3M (since 1997); Member of the Spanish Association of Administrative Law Professors (since 2012).

In the academic sphere, he has held the following positions, among others: Director of the Inter-University Institute for Cultural Communication (UNED-UC3MUIMP) (2012-2015); Deputy Director to the Vice-Rector for Coordination and Secretary General of the Universidad Carlos III de Madrid (2004); Director of Teaching and Research Staff, Assistant to the Vice-Rector for Professors and Departments (UC3M) (2003-2004); Secretary of the Faculty of Social and Legal Sciences (UC3M) (2000-2003); Full Professor of Administrative Law of the State Public Law Department (2001-2011); Acting Full Professor of Administrative Law of the State Public Law Department (1999-2001); University assistant attached to the Administrative Law area of the Department of Public Law and Philosophy of Law (1997-1999); Associate Professor of Administrative Law of the Department of Public Law and Philosophy of Law (1994-1997); Visiting Professor or guest at Pavia and Sassari (Italy), Paris Ouest (France), Externado (Colombia) and Catholic de Valparaíso (Chile) universities; he has also 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 the Entidad Pública Empresarial de Suelo (SEPES), attached to the Ministry of Development (2010-2012); Undersecretary for Housing, Ministry of Housing, and chair of the Entidad Pública Empresarial de Suelo (SEPES) (2008-2010); Board member of BILBAO Ría 2000, S.A. (2004-2010); Member of the Housing and Land Management Unit of the United Nations Economic Commission for Europe, UNECE (2006-2008); Board member of Gerencia de Infraestructura y Equipamiento de la Defensa (GIED) and member of the Higher Council for Property (2006-2008); General Managing of Urban Development 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 Board of Gestor de Infraestructuras y Equipamientos de la Seguridad del Estado (GIESE) (2004-2008); Member of the Administrative Buildings Coordination Board and alternate member of the Superior Statistics Board (2004-2008).

He practised as a lawyer in Altair Asesores, S.L., a law firm specialising in advisory services in public law and international technical assistance (1991-1994) and Arthur Andersen, Asesores Legales y Tributarios, S.R.L., on a part-time basis, 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 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 performed 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 was Mr Carlos Méndez-Trelles García, current secretary of the Board, 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 2022, at the request of the Committee itself and following an invitation by the chair, the Corporate Chief Financial Officer, the Management Control Manager and the 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 Director of People and Culture, the Head of the Organisation, Compensation and Labour Relations Department, and the Head of the Corporate Governance Department attended the Committee meetings, all exclusively to report on matters related to the areas of their competence, safeguarding at all times the independence of this Committee.

3 Activities performed in 2022

At its meeting held on 14 December 2021, the Appointments and Remuneration Committee approved its Annual Action Plan for 2022, in view of the responsibilities assigned to it in the Articles of Association and Board Regulations.

The Appointments and Remuneration Committee, through its chair, reported its activities to the Board at its meetings immediately after each Committee meeting and made available to all directors, through the "director portal" intranet, the documentation corresponding to the meetings and a copy of the minutes.

The main tasks performed by the Committee in 2022 included the following:

3.1 Regarding appointments, performance and removals

- Approval of the re-election of the chair of the Appointments and Remuneration Committee.
- Submission to the Board, for subsequent submission to the Annual General Meeting, the proposed re-election of two independent directors, and reporting to the Board, for subsequent submission to the Annual General Meeting, on the proposed re-election of a proprietary director on behalf of the Sociedad Estatal de Participaciones Industriales (SEPI), and the ratification of the appointment by co-option resolved by the Board of a proprietary director representing the Sociedad Estatal de Participaciones Industriales (SEPI).
- Submission to the Board, for its approval, of the proposed re-election of an independent director as Independent Coordinating Director of the Company.
- Favourable report and submission to the Board, for its approval, of the proposed appointment of a proprietary director as a member of the Sustainability Committee to fill the vacancy in the aforementioned Committee.
- Analysis, favourable report and submission to the Board of proposals for authorisation to appoint and re-elect directors in group companies.
- Analysis, favourable report and submission to the Board, for its approval, of proposals for appointment of the Chief Operating Officer of Red Eléctrica de España, S.A.U.
- Analysis, favourable report and submission to the Board, for its approval, of proposals for the appointment of executives reporting directly to the chair of the Board or the Company's Chief Executive Officer.

3.2 Regarding remuneration

- Submission to the Board of the proposed annual remuneration of the Board for its non-executive functions, for all items, for 2022.
- Submission to the Board, for its approval, of the Annual Director Remuneration Report for 2021 for subsequent submission to the Annual General Meeting.

- Approval of the proposal on compliance with the business and management objectives and the targets of the members of the Executive Committee and the Chief Operating Officer for 2021.
- Approval of the proposed definition of the business and management objectives, and the specific business and management objectives for the executives of General Operational Management, and the objectives of the members of the Executive Committee and the Chief Operating Officer, all for 2022.
- Monitoring of the business and management objectives and the targets of the members of the Executive Committee and the Chief Operating Officer for 2022.
- Analysis of the general criteria for defining the business and management objectives and the targets of the members of the Executive Committee and the Chief Operating Officer for 2023.
- Analysis of the closure of the 2020-2022 Redeia Incentivised Departure Plan.
- Analysis and monitoring of the annual share delivery programme for employees, members of management and executive directors of Redeia for 2022.
- Analysis, favourable report and submission to the Board, for its approval, of the proposed annual share delivery programme for employees, members of management and executive directors of Redeia for 2023.
- Analysis of the Redeia executive team's annual salary update report.

3.3 Regarding corporate governance rules and actions

- Submission to the Board of the proposed Annual Corporate Governance Report for 2021.
- Analysis, favourable report and submission to the Board of the proposals regarding notice of meeting, agenda, resolutions and reports relating to the Annual General Meeting for 2021, and the procedure for delegation, voting and remote information, before the Annual General Meeting, the procedure of electronic attendance at the General Meeting, the electronic voting procedure and the rules of the electronic shareholder forum.
- Monitoring of the Action Plan of the Board's self-assessment process for 2020.
- Analysis and submission to the Board, for its approval, of the Board's Self-Assessment Report for 2021.
- Submission to the Board, for its approval, of the proposed Action Plan in relation to the Board's Self-Assessment Report for 2021.
- Analysis of the Annual Report on the Criminal and Anti-Bribery Compliance System for 2021.
- Analysis, favourable report and submission to the Board, for its approval, of the proposed update to the Criminal and Anti-Bribery Compliance System Manual for Redeia in Spain.
- Monitoring of the Board's protocol for engagement with Redeia employees.
- Approval of the 2022 action plan for the development of the Board's protocol for engagement with Redeia employees.

- Monitoring of the implementation of the 2022 action plan for the development of the Board's protocol for engagement with Redeia employees.
- Analysis of the report on compliance with the Internal Code of Conduct in the Securities Market.
- Analysis, favourable report and submission to the Board, for its approval, of proposals for updating the contingency plans for the succession of the chair of the Board and the Company's Chief Executive Officer.
- Analysis of the Annual Management Report on People for 2021.
- Analysis of the Report on the results of the 2021 listening-to-employees processes: Climate and Psychosocial Risks Surveys.
- Analysis of the Annual General Meeting Results Report for 2021.
- Analysis, favourable report and submission to the Board of the monitoring table on the resolutions passed by the Board for the first half of 2022.
- Analysis of the Ibex-35 Boards Results Report and market trends in remuneration, and the analysis of the vote against the Annual Remuneration Report at the Annual General Meeting in 2022.

3.4 Regarding sustainability

- Submission to the Board, for its approval, of the Diversity Report for 2021.
- Analysis and monitoring of the 2018-2022 Comprehensive Diversity Plan.
- Analysis, favourable report and submission to the Board, for its approval, of the proposed Board Diversity Policy and appointment of directors.
- Analysis and supervision of the process of reporting non-financial information within the scope of the competencies of the Appointments and Remuneration Committee.
- Analysis of the 2021 Healthy Company Report.
- Analysis of the indicators from the Healthy Business Report.

3.5 Other activities

- Approval of the Committee's Annual Activities Report for 2021.
- Approval of the Committee's Action Plan for 2023.
- Approval of the schedule of Committee meetings for 2023.
- Analysis, favourable report and submission to the Board, for its approval, of the Board's annual programme of activities and training for 2023.

4 Directors' attendance at meetings

In 2022, the Appointments and Remuneration Committee held twelve (12) meetings, eleven (11) of them ordinary and one (1) special, reporting the same number of times to the Board on the activities performed by the Committee. The Committee meetings were held well in advance of the Board meetings.

All members attended its meetings either in person or by video-conference. There were no absences or attendance by proxy, and, therefore, there were a total of 36 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), under section 21(3) of the consolidated text of the Securities Market Act (*Ley del Mercado de Valores*), enacted by Royal Legislative Decree 4/2015, of 23 October.

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 performing 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 in Technical Guide 1/2019 that apply to the Company.

In view of the recommendations of Technical Guide 1/2019, the following should be noted as regards the Company's Appointments and Remuneration Committee:

a) The structure, composition and functions of the Appointments and Remuneration Committee are regulated in Article 24 of the Articles of Association and developed in sections 17 and 18 of the Board Regulations, which include, among other aspects, the composition, requirements for the appointment of its members, rules of operation, responsibilities and functions assigned, means that must be available to it, rules in relation to appointments, performance and dismissals of directors and senior executives, in relation to remuneration, compliance with the directors' duties, regulations and actions on corporate governance and employees of the group companies. For reasons of legal certainty, it is considered more appropriate that the operating regulations of the Appointments and Remuneration Committee are contained in the Board Regulations, published on the Company's corporate website and the CNMV's website, and registered at the Commercial Registry.

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

- i. It is composed 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 chair of the Board nor the managing director 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:

- Due to the small size of the Board (comprised 12 members, with 1 of them an executive director) compared with other highly capitalised 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.

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) An annual self-assessment process is performed on the functioning of the Committee, with external support, within the framework of the Board's annual self-assessment process.

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 last updated in May 2021.

j) There is an Annual Activities and Training Programme for directors, which is updated annually and implemented throughout the year.

k) With regard to the Board's self-assessment and the preparation and updating of the Contingency Plans for the Succession of the Chair of the Board and the Chief Executive Officer, the Appointments and Remuneration Committee has played and plays an essential role in its design, planning and development, in coordination with the independent coordinating director, as explained in more 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 2022, and considers that:

- The composition of the Committee was in line with the legal and corporate provisions for such, 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 in section 17 of the Board Regulations and when it was necessary in view of the matters to be addressed.
- All Committee meetings were attended either in person or by video conference by all its members, who had the necessary information in relation to the different items on the agenda available to them, before the meetings, to be able to discuss and take informed decisions.
- Lastly, the Committee performed all the functions assigned to it, both under regulations and those contained in the Articles of Association and Board Regulations, and also in accordance with the Recommendations of the Good Governance Code 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 2022.

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