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Grupo Red Eléctrica

Board of Directors

5 May 2022

Ordinary General Meeting of Shareholders: Report and proposal to ratify the appointment of Ms. Esther María Rituerto Martínez as proprietary director



1. Background and reasoning

Sociedad Estatal de Participaciones Industriales ("SEPI") has notified the Company of its proposal to appoint Ms Esther María Rituerto Martínez as proprietary director on the Board for Red Eléctrica Corporación, S.A. ("REC") to replace Ms María Teresa Costa Campi, who gave the Board formal notice of her resignation as a director representing Sociedad Estatal de Participaciones Industriales (SEPI) on Red Eléctrica Corporación S.A.'s Board, effective 29 March 2022.

Subsequent to a report favourable to the proposed appointment of Ms Esther María Rituerto Martínez as proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) by the Appointments and Remuneration Committee on 4 May 2022, the following resolution has been submitted for Board approval on 5 May 2022:

Pursuant to sections 244 and 529 decies of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital), Articles 20, 21, and 24 of the Articles of Association, and Articles 7, 18, 21, 22, and 23 of the Board Regulations, to appoint Esther María Rituerto Martínez as proprietary director on Red Eléctrica Corporación, S.A.'s Board representing Sociedad Estatal de Participaciones Industriales (SEPI) until the first General Meeting is held, to fill the sole vacancy on the Board resulting from resignation by Ms María Teresa Costa Campi, effective from the Board meeting of 29 March 2022, as proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) subsequent to her appointment for a term of four years by resolution of the Ordinary General Meeting held on 22 March 2019, all in accordance with the proposal made by Sociedad Estatal de Participaciones Industriales (SEPI) and with the report issued by the Appointments and Remuneration Committee.

In accordance with section 529 decies Corporate Enterprises Act and Articles 18, 21, and 23 of the Board Regulations, proposals to appoint proprietary directors, including by co-option, are to be made at the Board proposal, and proprietary directors appointed by co-option will have a term of office until the date of the first General Meeting, which may ratify the appointment or appoint other directors.

At its meeting of 5 May 2022, the Board is expected to convene the Company's Ordinary General Meeting to review the 2021 financial year. Ms Rituerto Martínez's term as director will end on the date of the above General Meeting, scheduled for 6 June 2022 at the first call to meeting and 7 June 2022 at the second call to meeting, and hence the Appointments and Remuneration Committee must previously submit its report on the corresponding proposal.

Therefore, the Appointments and Remuneration Committee has, pursuant to section 529 decies Corporate Enterprises Act, drawn up and submitted this report, to be attached, if appropriate, to the report and proposal by the Board to ratify the appointment of Ms Esther María Rituerto Martínez to the Board as a proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) for submission to the next Ordinary General Meeting.

The procedure and requirements for appointing the Company's proprietary directors are laid down in sections 529 decies to 529 duodecies and 529 quindecies Corporate Enterprises Act, in Articles 20 and 24 of the Articles of Association, and in Articles 7, 18, 21, 22, and 23 of the Board Regulations. These rules set the evaluation criteria, conditions, and circumstances to be considered when appointing proprietary directors.

2. Director's corporate profile

The Board and the Appointments and Remuneration Committee have issued the corresponding reports and proposals in the scope of their respective duties in accordance with the procedure laid down in the corporate rules for appointing the directors and have evaluated the profile and requirements considered apposite for holding the position of director in line with corporate criteria and the skills, experience, knowledge, professional conduct, suitability



bility, independent thinking, attributes, and abilities relating to the duties incumbent on the Board that Board members need to have in accordance with the Corporate Governance Policy (last updated by the Board at its meeting held on 24 November 2020). Its purpose is to help manage the balance, diversity, and overall and individual quality of the Board at all times and to set out the profile and requirements currently considered appropriate to hold the position of Company director, here as a proprietary director.

The Appointments and Remuneration Committee and the Board also have a set of Board functions updated by the Board in November 2021, listing three general areas the Board should address. These are the experience and knowledge of Board members as they relate to the Group's strategic priorities, the functions connected with the duties of the Board, and, lastly, diversity. Considering the skillset and qualities individually when proposing and reporting on directors for appointment or re-appointment is an effective tool that the Appointments and Remuneration Committee and the Board can use in pursuing the objective of maintaining a Board that is diverse in its composition, to ensure that the Board, as a collective body, can draw on the most appropriate knowledge and experience at all times.

After evaluating the applicable legal and corporate rules, at the meeting held on 4 May 2022, the Committee notified the Board of the proposal to ratify the appointment of Ms Esther María Rituerto Martínez as proprietary director, considering her profile suitable for filling the vacancy for a proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI).

Subsequent to the report by the Committee, the Board will issue its report and proposal and to that end will have to re-evaluate Ms Rituerto Martínez's circumstances and professional track record.

On reconsidering Ms Rituerto Martínez's profile, at this meeting the Board has, for the reasons that follow, concurred with the Appointments and Remuneration Committee and ratifies the reasoning and findings set out in the Committee's report, as explained below.

3. Professional career and re-evaluation of her background

The proposal to ratify the appointment of Ms Esther María Rituerto Martínez as proprietary director representing SEPI is evaluated below having in mind the requirements and conditions established in the Board Regulations and taking into account the principles set out in the Company's Corporate Governance Policy and other corporate governance practices, and the current skillset and functions of the Board.

The director's CV has been published on the corporate website (available via the following link: [Ms Esther María Rituerto Martínez](#)). She was born on 16 February 1954 and holds a Master's Degree in Physics with a specialisation in automatic computing from the Complutense University of Madrid (1977). She also has an MBA from the School of Industrial Organisation (Escuela de Organización Industrial) (1978) and a diploma in "Orchestrating Winning Performance" from the *International Institute for Management Development* (IMD), Switzerland (2004).

At the present time she is involved in charitable work on various projects in the defence of human rights and in promoting corporate culture; more particularly, since 2013 she has been actively involved in a global international movement whose aim is to enable everyone to enjoy the rights set forth in the UN's Universal Declaration of Human Rights and, additionally, since 2014, she has been involved in a cultural project by the citizens movement in Madrid, furnishing advice on economic factors and designing and monitoring planning and control data.

At the Red Eléctrica Group (2004-2012), she has held positions that include General Manager of Administration and Finance, Director of Internal Control sitting in permanently at Audit Committee meetings, Director in charge of monitoring the Internal Regulations for Conduct on the Securities Market, and Joint Director of Red Eléctrica Internacional, S.A.U. and Red Eléctrica Financiaciones, S.A.U.

Outside the Red Eléctrica Group, she has held a number of positions as a top executive and a director of the INI/SEPI group (1988-2004) at several public sector companies; these positions have included CEO of Izar Construcciones



Navales, S.A. – currently Navantia – (2003-2004), Director of Planning and Control of SEPI and Member of its Executive Committee and Management Committee (1996-2003), Director of Planning and Control of INI and Teneo S.A., Member of the Executive Committee of INI responsible for Planning and Monitoring, Investments, Audit, and Information Management (1993-1996), Director of Planning and Monitoring of INI (1990-1993), and Deputy Director of Planning and Monitoring of INI (1988-1990). While she was with the INI/SEPI group, she served as a director of Izar, Agencia Efe, Iberia, Patronato Fundación Empresa Pública, Endesa, Indra, Casa, Ensidesa, Altos Hornos de Vizcaya, Transatlántica Española, Binter Canarias, and Endiasa.

She was also Chief Risk Officer at Bankinter Madrid (1978-1988).

To conclude, the Board's evaluation of her professional track record both within and outside the Company calls attention to her vast experience and knowledge in economic, financial, and capital market matters and in accounting, risk, internal control, and audit matters. In particular, attention is drawn to her long experience as a senior executive and director at various public companies during the more than fifteen years she was with the INI/SEPI group, where she was responsible for areas that included planning and control, investments, auditing, and information management; also to her experience as a top executive with the Red Eléctrica Group for the eight years when she held the position of General Manager of Administration and Finance and was also a joint director of several Group companies; further, to her duties at Red Eléctrica in the areas of economics, finance, strategy, planning and control, investor relations, procurement, and IT systems. Therefore, based on the positions she has held both within and outside the Red Eléctrica Group, Ms Rituerto brings knowledge and experience concerning the energy/electricity sector, managing public infrastructure, and electricity and telecommunications sector regulators. Also noteworthy is her experience in supervising the economic-financial affairs of Group companies in LATAM from the parent company of the Red Eléctrica Group.

Lastly, also significant are the knowledge and experience in various international projects for defending human rights projects connected with the United Nations' Universal Declaration of Human Rights and her activities in promoting corporate culture in Madrid that she has gained in recent years. These activities align with the Red Eléctrica Group's sustainability strategy.

The Board concurs with the Appointments and Remuneration Committee in considering the above director's profile to be highly suitable for filling the vacancy of proprietary director that will occur at the General Meeting, to meet the requirements for proprietary directors set forth in the Board Regulations, and also to be consistent with the Company's Corporate Governance Policy and with the current scope of duties of the Board as updated in November 2021.

Finally, the Board and the Committee consider the proposal to appoint Ms Rituerto Martínez as a proprietary director on the Board to be in keeping with the policy of retaining top talent on the Board, in this case by bringing in a woman with a prestigious professional career both within and outside the Company. This will also enable the Company to keep the current percentage of female directors at 50%, placing the Company at the forefront of Ibex-35 companies.

4. Director category assignment

According to the information available to the Board and to the Committee, and having SEPI's proposal and current legislation and the Board Regulations in mind, the Board and the Committee consider that Ms Rituerto Martínez should be classified as a proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) in compliance with the Corporate Enterprises Act and the Board Regulations.

The Board and the Committee further consider that the profile of the director is consistent with the position's requirements for impartiality, objectivity, and high professional repute and satisfies the conditions of recognised standing, ability, and experience required by the Board Regulations for continued performance of the position of outside director, in this case proprietary director.



No grounds for ineligibility to serve in the assigned category of "proprietary" director under the Corporate Enterprises Act, the Board Regulations, or the Corporate Governance Policy have been observed.

Finally, before her appointment is ratified, Ms Rituerto Martínez will have to re-issue the corresponding declaration that she is not barred on any legal or regulatory grounds or pursuant to corporate rules and that she has no conflicts of interest that would prevent her from performing the duties of her position as proprietary director of the Company.

5. Report and proposal to ratify the appointment

Consequently, further to completion of the corresponding evaluation and subject to a new formal declaration by Ms Rituerto Martínez that there are no legal, regulatory, or corporate grounds preventing her from performing the duties of proprietary director as required, and having in mind that at its meeting held on 4 May 2022 the Appointments and Remuneration Committee issued a favourable report seconding the proposal to ratify the appointment of Ms Esther María Rituerto Martínez as proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) for the four-year term stipulated in the Articles of Association, the Board has issued this report and resolves to submit the following proposal to the Ordinary General Meeting in accordance with sections 529 decies to 529 duodecies and 529 quindecies Corporate Enterprises Act, Articles 20 and 24 of the Articles of Association, and Articles 7, 18, 21, 22, and 23 of the Board Regulations.

To ratify the appointment of Ms Esther María Rituerto Martínez as proprietary director on Red Eléctrica Corporación, S.A.'s Board as resolved by the Board at its meeting of 5 May 2022 and consequently to appoint her to be proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) for the four-year term stipulated in the Articles of Association in accordance with section 529 decies Corporate Enterprises Act.