



Grupo Red Eléctrica

Appointments and Remuneration Committee

4 May 2022

Ordinary General Meeting of
Shareholders: Proposal to re-elect Ms.
Socorro Fernández Larrea as
independent director



1. Background and reasoning

On 9 May 2014 the Ordinary General Meeting passed a series of resolutions, including:

"To appoint Ms. Socorro Fernández Larrea as independent director of Red Eléctrica Corporación, S.A., for the four-year term stipulated in the corporate bylaws, in replacement of the independent director Mr Miguel Boyer Salvador, pursuant to the report and proposal made by the Corporate Responsibility and Governance Committee".

Subsequently, on 22 March 2018, the Ordinary General Meeting passed a series of resolutions, including:

"To re-elect Ms. Socorro Fernández Larrea as an independent director of Red Eléctrica Corporación, S.A. for the four-year term stipulated by the Articles of Association, in accordance with Article 529 decies of the Spanish Companies Act (Ley de Sociedades de Capital, hereinafter "LSC")".

Accordingly, Ms Socorro Fernández Larrea's term as independent director will end at the next Ordinary General Meeting scheduled for 6 June 2022 at the first call to meeting and 7 June 2022 at the second call to meeting.

To fulfil its duties connected with the forthcoming vacancy of independent director on the Board assigned to the Appointments and Remuneration Committee under the Board Regulations and the Corporate Enterprises Act, the Committee has carried out the requisite evaluation for filling the vacancy.

On completing its evaluation, the Committee has considered it appropriate to submit its proposal to re-elect Ms Fernández Larrea as independent director to the Board for onward submission to the Ordinary General Meeting for the reasons supporting that proposal set out here.

The procedure and requirements for appointing the independent directors are laid down in sections 529 decies to 529 duodecies and 529 quindecies Corporate Enterprises Act, in Article 20 of the Articles of Association, and in Articles 7, 18, 21, 22, and 23 of the Board Regulations. These rules set the evaluation criteria, requirements, and circumstances to be taken into account when appointing independent directors.

Furthermore, in accordance with sections 529 decies, 529 undecies, and 529 quindecies Corporate Enterprises Act, Article 20 of the Articles of Association, and sections 21 and 23 of the Board Regulations, proposals for re-electing independent directors are to be submitted to the Board by the Appointments and Remuneration Committee for onward submission to the General Meeting for decision. The term of office will be four years.

2. Director's corporate profile

The Appointments and Remuneration Committee has issued this proposal in accordance with the procedure laid down in the corporate rules for appointing the directors and has evaluated the profile and requirements considered essential to hold the position of director in line with corporate criteria and the skills, experience, knowledge, professional conduct, suitability, 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 director, here as an independent director.

The Appointments and Remuneration Committee also has 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 this skillset individually when proposing independent directors for appointment or re-election is an effective tool that the Appointments and Remuneration Committee can use in pursuing the



objective of maintaining a Board of Directors 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.

In keeping with the above principle of diversity included in the Corporate Governance Policy approved by the Board and published on the corporate website, the Committee and the Board seek to promote diversity in the Board's composition in the broadest sense, namely, diversity of knowledge, experience, age, gender, etc., serving as a key feature enabling the Board, on the basis of a balanced and diversified membership, to fulfil its mission and perform its duties with a view to successfully tackling future challenges and moving efficiently and proactively forward towards accomplishing the strategies and objectives of the Company and the Red Eléctrica Group.

At this meeting the Committee is setting out the reasons grounded in Ms Fernández Larrea's corporate profile that support its proposal to re-elect Ms Fernández Larrea as independent director of the Company. Further support is provided by her outstanding track record as an independent director of the Company as her second term now draws to an end.

3. Track record in the Company, professional profile, and re-evaluation of her qualifications

The director joined the Board eight years ago by resolution of the Ordinary General Meeting held on 9 May 2014. Accordingly, her second term as director is now ending, and therefore if she is finally re-elected as a director by the General Meeting, she will be starting her third term as director.

The director has held the following positions on the Committees of the Company's Board:

- Member of the Appointments and Remuneration Committee (from 23 December 2014 to 31 October 2017, when she was appointed to the Audit Committee; and again from 27 November 2018, a position she continues to hold at this time).
- Chair of the Appointments and Remuneration Committee (since 26 March 2019, a position she continues to hold at this time).
- Member of the Audit Committee (from 31 October 2017 to 27 November 2018, when she was appointed to the Appointments and Remuneration Committee again).

The Committee has re-evaluated her professional history in detail (published on the corporate website and available using the following link: [Ms Socorro Fernández Larrea](#)). Ms Fernández Larrea has broad management experience in the infrastructure sector, both in the private and in the public sphere, coupled with relevant technical expertise consistent with the activities of the Red Eléctrica Group. That expertise is topped off by her extensive experience as a director, both within and outside the Red Eléctrica Group. A brief summary of her professional career is set out below.

Ms Socorro Fernández Larrea was born on 7 April 1965 and holds a Master's Degree in Civil Engineering from the Madrid Polytechnic University. She has also completed the IESE Business School's Advanced Senior Executive Training Programme (PADE). The positions she currently holds include CEO of OFG TELECOMUNICACIONES, independent director of Grupo Cementos Molins, independent director of the Spanish engineering company SEG, S.L., independent director of Banco Caminos; sole administrator of JUSTNOW, S.L., member of IESE Business School's Regional Board in Madrid.

Some notable positions she has previously held during her professional career include independent director of TEMPORE PROPERTIES Socimi, S.A.; independent director of the Spanish building and real estate company Grupo ACR; and Board member of AMPER, S.A. as proprietary director representing Emilanteos, S.L.

She has also held such other significant positions as Managing Director of COPISA Constructora Pirenáica, S.A., Vice-President of ANCI, Asociación de Constructores Independientes, member of the Board of Governors of the



Association of Civil Engineers, Regional Director of the construction company SEOP, S.A., National Director of FERROVIAL CONSERVACIÓN, S.A., Director of FERROVIAL AGROMÁN, S.A. in Castilla la Mancha, and Director of AGROMAN Empresa Constructora, S.A. in Castilla la Mancha. She has also served as Director General of Highways, Hydraulic Engineering, and Transport of the Department of Public Works of the Regional Government of Castilla la Mancha from 1993 to 1995, executive director of JUSTNOW, S.L., advisor to the Board of the Mexican engineering company CAL Y MAYOR and a member of the advisory board of the daily EXPANSION.

Currently she is also a member of Women Corporate Directors and formerly co-chair of the Spanish chapter, member of the Asociación Española de Directivos (Spanish Association of Executives) and a former member of its Board of Governors, member of the Consejo Empresarial de Alianza por Iberoamérica (Ibero-American Business Alliance) and a member of its Board of Governors, member of the Young Presidents' Organization, member of the International Women's Forum, awardee of the Medal of Honour of the Association of Civil Engineers (CICCP) and Outstanding Engineer Award 2021 of the Madrid Demarcation of the CICCP.

Following this overview of her professional career within and outside the Company, the Committee rates the director's dedication and work in the performance of her duties as independent director of the Company both on the Board and on the Appointments and Remuneration Committee (as member and Chair) and before that as a member of the Audit Committee over the past eight years very highly.

The Committee also values her performance in senior management positions in companies in the infrastructure sector, her notable experience in human resource management, and her outstanding career performance internationally, particularly in Latin America, where the Red Eléctrica Group has strategic interests. Her experience as director of other listed and unlisted companies in the industrial sector is likewise relevant and a source of knowledge that is highly valuable in the sphere of corporate governance.

Furthermore, Ms Fernández Larrea currently chairs the Appointments and Remuneration Committee, and in view of her extensive involvement in the Committee, particular value is placed on her experience and knowledge in the areas of corporate governance, human resources, director and executive selection, and remuneration plan and policy design, together with her senior management experience in other companies, in accordance with the recommendations of the current Code of Good Governance for listed companies and the CNMV's Technical Guidelines 1/2019 on Audit Committees of Public Interest Entities of 20 February 2019.

Finally, the Committee notes that its proposal to re-elect Ms Fernández Larrea as independent director of the Company is in keeping with the policy of retaining top talent on the Board, in this case, a woman who has had a distinguished professional career.

Based on the evaluation of her professional career, and particularly having in mind her experience as an independent director in the infrastructure industry, her technical knowledge in the field of the Red Eléctrica Group's activities, and more particularly her wealth of experience in the field of corporate governance, especially her involvement in the duties of the Appointments and Remuneration Committee, Ms Fernández Larrea's profile can be seen to provide a solid basis for her continued membership as an independent director on Red Eléctrica Corporación, S.A.'s Board

4. Director category assignment

The Committee considers that the director's profile 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 non-executive director of the Company.

Re-election of Ms Fernández Larrea as independent director would therefore benefit minority shareholders, whose interests would continue to be adequately represented on the Board in cooperation with the other independent directors.



The Committee has also taken into account the twelve-year term limit for independent directors stipulated in Article 7 of the Board Regulations and in section 529 duodecies Corporate Enterprises Act. This new proposal for re-election as independent director would be compliant, in that Ms Fernández Larrea would be starting her third and final four-year term as independent director.

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

Finally, before re-election, Ms Fernández Larrea will have to re-issue the regular 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 independent director of the Company.

5. Proposal for re-election

Consequently, in accordance with Article 24.2 of the Articles of Association and Articles 18.1 and 21.2 of the Board Regulations, further to completion of the corresponding evaluation and subject to a new formal declaration by Ms Fernández Larrea that there are no legal, regulatory, or corporate grounds preventing her from performing the duties of independent director as required, the following proposed resolution is submitted to the Board for onward submission to the Ordinary General Meeting:

To re-elect Ms Fernández Larrea as independent director of Red Eléctrica Corporación, S.A. for the term of four years set in the Articles of Association, on proposal of the Appointments and Remuneration Committee, in accordance with section 529 decies of the Corporate Enterprises Act.