



Grupo Red Eléctrica

Board of Directors

23 February 2021

Annual Report on Remuneration of Directors

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1. Presentation of the Report by the chairwoman of the Appointments and Remuneration Committee

Dear shareholders,

On behalf of the Appointments and Remuneration Committee, I am pleased to present the Annual Report on Remuneration of directors, which includes the implementation of directors' remuneration in 2020, in accordance with the directors' remuneration Policy of Red Eléctrica Corporación, S.A.¹ (hereinafter also referred to as the "company", the "entity", "REC", the "Group" or "Red Eléctrica"), approved by the General Shareholders' Meeting held on 22 March 2019.

Before commenting on the most relevant aspects of remuneration, I would like to highlight the **appointment in 2020 of Ms. Beatriz Corredor Sierra as Chairwoman of the Company's Board of Directors** on 25 February 2020. The application of the remuneration Policy in 2020 distinguishes therefore, two periods in order to reflect the remuneration of the position of Chairman of the Board of Directors.

Likewise, it is relevant to note that the Board of Directors has approved a **new 2021-2025 Strategic Plan**, which seeks to guarantee the electricity supply and connectivity in the field of telecommunications, promoting a fair ecological transition with sustainability criteria, highlighting the neutrality of Red Eléctrica and contributing to social and territorial cohesion. The objectives of the short and long-term variable remuneration of the Chief Executive Officer reflect the priorities established in this Strategic Plan.

Due to the impact of the COVID-19 pandemic, the economic results achieved by the Group in 2020 are below the predetermined and quantifiable targets, established at the beginning of the year by the Appointments and Remuneration Committee to calculate the Annual Variable Remuneration of the Chief Executive Officer. Notwithstanding, these results allow for further progress on the fulfillment of the previous 2018-2022 Strategic Plan. In light of these results and once evaluated the achievement of the said objectives, the Appointments and Remuneration Committee, on February 2021, has considered a global level of achievement of the objectives to which the **Annual Variable Remuneration of the Chief Executive Officer** is linked for 2020 of 88.4%, which means an equivalent level of payment of 66.3% of his Annual

¹ The director's remuneration policy of Red Eléctrica Corporación, S.A. can be found in the following [link](#):

Fixed Remuneration for his executive duties. This Report includes details of the objectives, weightings and mechanics applied to determine the corresponding amount of the variable remuneration. All this, in accordance with the current directors' remuneration Policy in force and the Annual Report on Remuneration of directors approved at the last General Shareholders' Meeting held on 14 May 2020.

On 16 February 2021 the Committee approved the proposal of **objectives** to which the **annual variable remuneration of the Chief Executive Officer for 2021** is linked. It is worth noting with regards to these objectives, in this new year, the great importance of the managerial objective linked to the Group's business named "Making the energy transition possible", together with the weight, also meaningful, of the objectives of "Efficiency", "Culture and People" and "Sustainability". Detailed information is included in the section "Directors' remuneration policy in 2021" of this Report.

Upon completion of the 2014-2019 Multi-Year Variable Remuneration Plan, and in line with the directors' remuneration Policy in force, in 2020, the Board of Directors started the process to update the 2018-2022 Strategic Plan. This led to the approval, in the meeting held on November 2020, of the structure of the **new Long-Term Incentive Plan for Boosting the Energy Transition, Reducing the Digital Gap and Diversifying**. The objectives are linked to those included in the new Strategic Plan of the Group and are adjusted to the guidelines set in the directors' remuneration Policy in force. In comparison to the previous Plan, the new one provides the long-term variable remuneration a higher weighting in the total remuneration for the Chief Executive Officer. In particular, the annualised target incentive is equivalent to 50% of the Annual Fixed Remuneration and could be delivered in cash and/or company shares. This Report describes the main terms of the new Long-Term Incentive Plan, as it is the company usual practice.

As well as it was proposed for the financial year 2020, in January 2021, the Committee decided to raise to the Board of Directors a new proposal regarding the **annual remuneration of the Board of Directors**, for all items, by **2021**. According to this, the same figures and items were proposed to be maintained as those established for 2020, and which are unchanged since 2014. This decision is based on the principles of prudence and moderation in remuneration.

On the other hand, the bill which amends the revised text of the Corporation Law¹ establishes, in its article 529 novodecies, that the directors' remuneration Policy must be approved before the beginning of the first financial year in which it will be applicable and will remain in force during the three financial years following the one in which it has been approved by the General Shareholders' Meeting. Although, on the date of approval of this Annual Report by the Board, the aforementioned bill is still in the process of being processed and could experience variations until its final approval, the Appointments and Remuneration Committee has considered convenient to anticipate and propose to the Board of Directors, when the Ordinary General Shareholders' Meeting is called in 2021, the approval of a new remuneration Policy for the directors of Red Eléctrica Corporación, S.A. for the financial years 2022, 2023 and 2024, to be submitted to the General Shareholders' Meeting, for its approval.

In accordance with the provisions of Circulars 1/2020, of October 6, and 2/2018, of June 12, of the National Securities Market Commission – hereinafter referred to by its initials in Spanish CNMV – and as it is a usual practice in Red Eléctrica, the Statistical Annex III of the Annual Report on Remuneration of directors, corresponding to the company is added as an appendix to this Report.

The Board of Directors will submit to the approval of the Ordinary General Shareholders' Meeting, among others, this Annual Report on the Remuneration of directors.

I would like to conclude by thanking the members of the Appointments and Remuneration Committee and to all those who have collaborated with this Committee for their commitment, support and assistance throughout the whole year; I would also like to express my appreciation for the comments, recommendations and suggestions received from our shareholders throughout our permanent engagement process that are key factors for continuous improvement in adopting responsible practices related to remuneration.

Signed: Socorro Fernández Larrea

¹ Bill which amends the consolidated text of the Corporation Law, approved by the Legislative Royal Decree 1/2010, of July 2, and other financial regulations, to reinforce the long-term shareholder engagement with public entities.

2. Appointments and Remuneration Committee

Members as at 31 December 2020

Socorro Fernández Larrea
(Chairwoman, independent)

María José García Beato
(independent)

Vacant*

*The proprietary director (on behalf of SEPI) Mr. Antonio Gómez Expósito resigned as director with effect 22 December 2020, leaving his position as member of the Appointments and Remuneration Committee vacant as at 31 December 2020.

Current members

Socorro Fernández Larrea
(Chairwoman, independent)

María José García Beato
(independent)

Ricardo García Herrera
(proprietary)

The proprietary director (on behalf of SEPI) Mr. Ricardo García Herrera was appointed as member of the Appointments and Remuneration Committee on 26 January 2021.

In 2020, the composition of the Appointments and Remuneration Committee has undergone the following modifications:

- The Board of Directors of Red Eléctrica Corporación, S.A., in a meeting held on 24 November 2020, adopted unanimously, the appointment of the independent director Mr. José Juan Ruiz Gómez as a member of the Sustainability Committee of Red Eléctrica Corporación S.A., for the period of 3 years set forth in article 22 of the Corporate Bylaws and 18 BIS of the Regulation of the Board of Directors, ceasing as a member of the Appointments and Remuneration Committee.
- In the said 24 November 2020 session, the Board agreed to appoint the independent director Ms. María José García Beato as a member of the Appointments and Remuneration Committee of Red Eléctrica Corporación S.A. for the period of 3 years, according to article 24 of the Corporate Bylaws and 17 of the Regulation of the Board of Directors, ceasing as a member of the Audit Committee.
- The director and member of the Appointments and Remuneration Committee Mr. Antonio Gómez Expósito resigned as director of Red Eléctrica Corporación S.A. with effect 22 December 2020, leaving his position as member of the Board of Directors of Red Eléctrica Corporación S.A. and of the Appointments and Remuneration Committee.

Consequently, as at 31 December 2020, the Appointments and Remuneration Committee was composed of two (2) independent directors, being its chairwoman, as a result, an independent director and existing a vacant position, as previously indicated.

Subsequently, the Board of Directors, in the meeting held on 26 January 2021, has agreed to appoint the new proprietary director (on behalf of SEPI) Mr. Ricardo García Herrera, substituting Mr. Antonio Gómez Expósito, as a member of the Appointments and Remuneration Committee of Red Eléctrica Corporación S.A. for the period of 3 years established in the Regulation of the Board of Directors, according to article 24 of the Corporate Bylaws and 17 of the Regulation of the Board of Directors.

As a result, at present, the Appointments and Remuneration Committee is composed of three (3) members, being two (2) independent directors and one (1) proprietary director, being its chairwoman an independent director.

In 2020 the Appointments and Remuneration Committee held fifteen (15) meetings, being four (4) of them an extraordinary meeting. The Board is informed of the meetings of the Committee, and upon conclusion of the meeting, the documentation discussed during the same is made available to the Board, through the director's portal; and the minutes of meetings held are drawn up and, once approved, are made available to all the directors.

According to the calendar schedule set for the financial year 2021, the Appointments and Remuneration Committee is intended to hold eleven (11) ordinary meetings in the financial year, without prejudice to the possibility of holding extraordinary meetings, if appropriate.

The most significant activities, related to remunerations, performed by the Committee in 2020 and 2021 (as of the date of this Report)

Activities	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Evaluation of the achievement of the objectives linked to the Annual Variable Remuneration of the Chief Executive Officer and the senior executives for the financial year 2019					
Evaluation of the achievement of the objectives linked to the 2014-2019 Multi-Year Variable Remuneration Plan in cash					
Approval of the objectives linked to the Annual Variable Remuneration of the Chief Executive Officer and the senior executives for 2020					
Monitoring of the objectives linked to the Annual Variable Remuneration of the Chief Executive Officer for 2020					
Proposal of the structure of the new Long-Term Incentive Plan for Boosting the Energy Transition, Reducing the Digital Gap and Diversifying for its approval of the Board of Directors					
Evaluation of the achievement of the objectives linked to the Annual Variable Remuneration of the Chief Executive Officer for 2020					
Evaluation of the achievement of the <i>business' objectives</i> , Managerial and of the Management Committee, linked to the senior executives' annual variable remuneration for the financial year 2020					
Approval of the objectives linked to the Annual Variable Remuneration of the Chief Executive Officer and senior executives for the financial year 2021					
Proposals for the remuneration of the Board of Directors and the Annual Reports on Remuneration of directors related to 2020 and 2021 to be submitted to the Board and subsequently to the Ordinary General Shareholders' Meeting					

External advisers

In 2020 and 2021 –until the date this report is approved- *Willis Towers Watson*, an independent adviser specialised in directors' and executives' remuneration, has provided its services to the Committee for the following matters: remuneration benchmarking for the non-executive Chairwoman of the Board of Directors and for the Chief Executive Officer, remuneration benchmarking for the non-executive directors and, lastly, assistance in preparing the Annual Report on Remuneration of directors.

3. Results and levels of incentives (Pay for Performance)

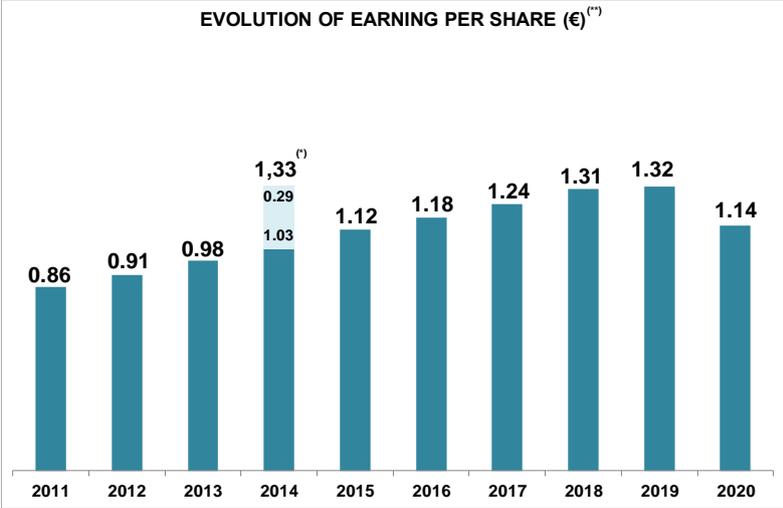
3.1 Analysis of Red Eléctrica’s Pay for Performance in absolute terms



Note: 2019 EBITDA and Net Profit are re-expressed in respect of the figures disclosed in the Annual Report on Remuneration of directors published in 2020, as a result of the accounting of the business combination of Hispasat with effect 3 October 2019.

In the financial year 2020, the following information should also be highlighted in relation to the performance of the Group:

- Regarding the dividend policy, in the financial year 2020 the company has maintained its commitment with the shareholders, and has proposed a payout of EUR 1 per share.

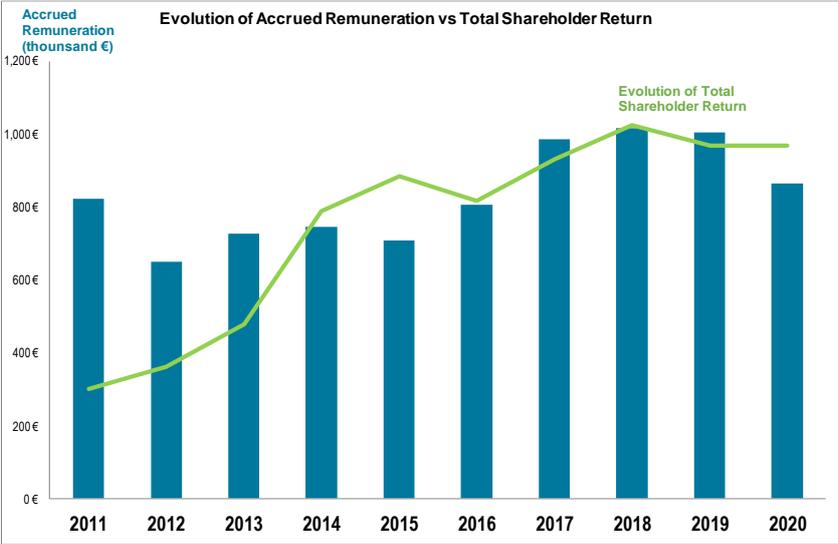


(*) Note: The net profit specified for 2014 (EUR 1.33 per share) includes exceptional events taking place in that financial year, all of them positive.

(**) Note: exclusively for the purposes of comparing between financial years, the 2016 split has been applied to share price in all financial years.

- On 6 March 2020 the credit rating agency Standard & Poor’s maintained the long-term rating level as ‘A-’ with a stable forecast. On 6 April 2020, Fitch Ratings maintained the long-term rating of Red Eléctrica Corporation, S.A. as ‘A-’ with a stable forecast.

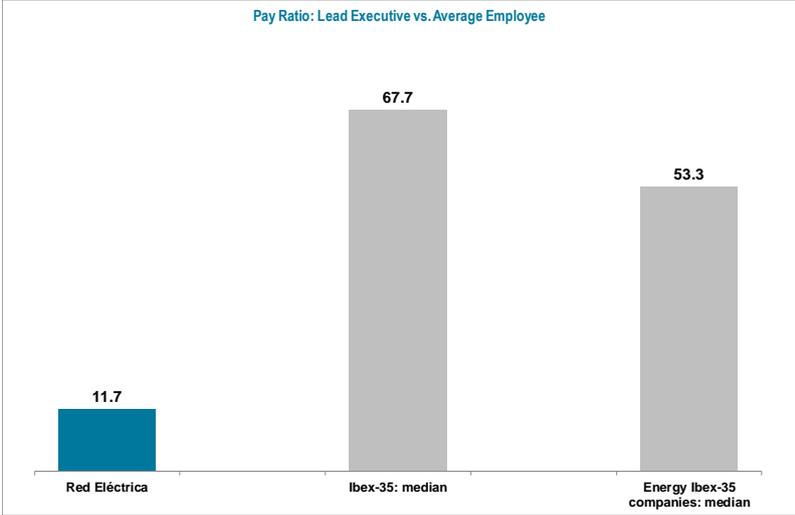
The following graph shows the variation in the total remuneration accrued by the lead executive compared with the variation in the Total Shareholder Return in the last 10 years:



Explanatory notes on the graph:

- The Total Shareholder Return is the total return of the share and includes the share price revaluation and the reinvestment of dividends.
- The remuneration accrued in 2019 includes the annual remuneration of the outgoing and incoming *chief executive officers* in that financial year.
- The remuneration in 2013 includes the accrual of the Long-Term Incentive Plan, “Extraordinary Plan, 25th Anniversary 2009-2013”.
- The remuneration in 2019 includes the accrual of the 2014-2019 Multi-Year Variable Remuneration Plan.

The following graph shows the relation between the total remuneration accrued by the lead executive and the average remuneration of the staff. This ratio is specified for Red Eléctrica, for the median of Ibex-35 (excluding Red Eléctrica) and for the median of the energy companies listed on the Ibex-35 (excluding Red Eléctrica).



Red Eléctrica’s data refers to 2019 and it shows the ratio between the Chief Executive Officer’s target total remuneration (the accrued remuneration has not been considered as the director was appointed on 27 May 2019 and his remuneration does not represent a full year) and the average total remuneration for all employees.

In order to calculate the market data, the total remuneration accrued by the lead executive in 2019 has been taken into account and, to estimate the average remuneration of the staff, the total number of employees in 2019 and the personnel expenses disclosed in the consolidated annual accounts have been taken into account, excluding social security charges.

3.2 Analysis of Red Eléctrica’s Pay for Performance in *relative terms*

The Appointments and Remuneration Committee considers it is essential to regularly review the directors’ remuneration policy in line with the best corporate governance practices adopted by institutional shareholders and the recommendations of the main proxy advisors.

In this respect, the Committee has conducted a benchmarking for the position of Chief Executive Officer, considering three comparator groups in line with the analysis conducted in previous years:

- A peer group formed by companies listed on the Ibex-35, an index on which Red Eléctrica is listed.
- An ad-hoc peer group formed by 16 companies which have been selected based on the same criteria applied in the benchmarking conducted in previous years for the lead executive. These criteria (geographic scope, scope of responsibility, activity sector and size) were included, in detail, with regards to the Chief Executive Officer as lead executive in the directors’ remuneration policy, approved by the Ordinary General Shareholders’ meeting in 2019.

The companies forming the peer group are the following:

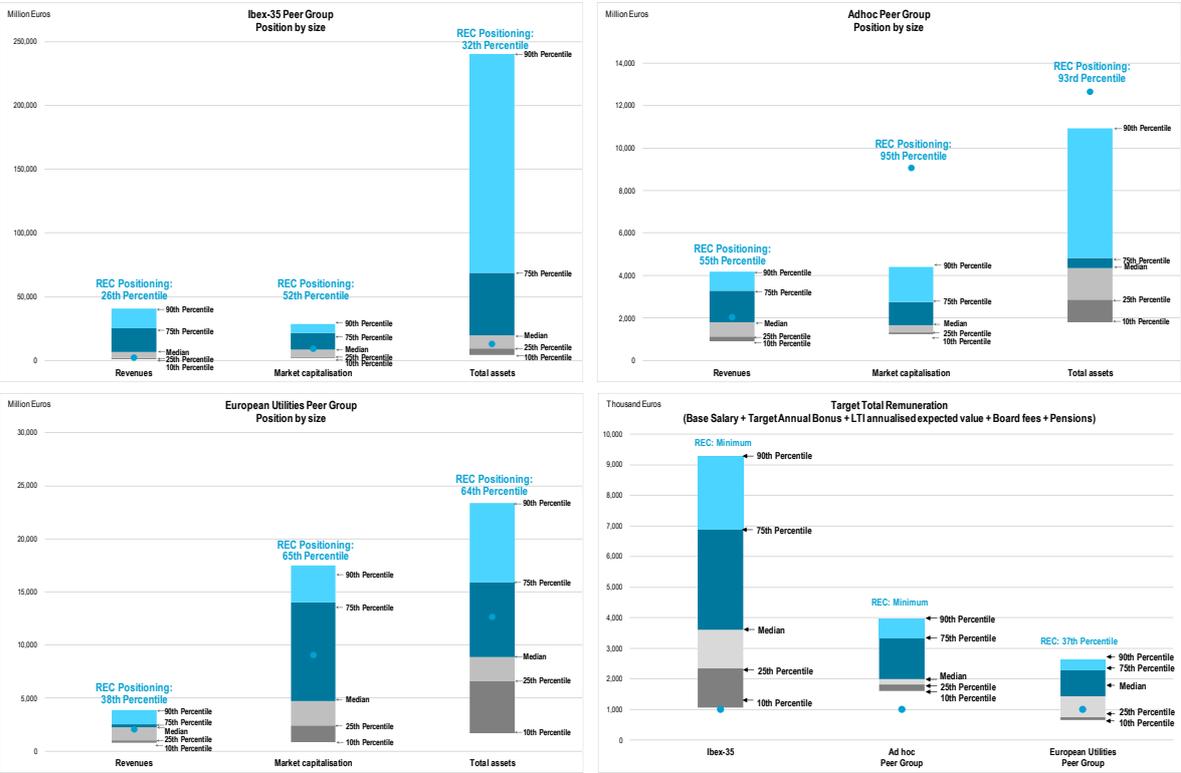
Acerinox	C.A.F.	Grifols	Mediaset
Almirall	CIE Automotive	Fluidra	Prosegur
Applus	Ebro Foods	Indra	Sacyr
Cellnex	Enagás	Meliá Hotels	Viscofan

- A peer group formed by 11 European energy companies, which the company (“REC”) and/or the proxy advisor Institutional Shareholder Services (“ISS”) consider comparable with Red Eléctrica, in 2020, in terms of size (revenues) and which are relevant in the energy sector in terms of results’ evolution, as detailed below:

BKW (ISS)	Energiedienst (ISS)	Snam (REC)
Électricité de Strasbourg (ISS)	EVN (ISS)	Terna (ISS and REC)
Elia System Operator (ISS and REC)	Fortum (ISS)	Verbund (ISS)
Enagás (ISS and REC)	REN (REC)	

The following graphs show the results of the analyses:

- Analysis of the Ibex-35 group: An overall overview of the data regarding the size of the Red Eléctrica Group points to a market benchmark between the Ibex’s 25th percentile and the median. In terms of target remuneration (in other words, for a level of achievement of the objectives of 100%), the position of the Chief Executive Officer of the Red Eléctrica Group is positioned at the market’s minimum.
- Analysis of the ad-hoc group: An overall overview of all the data regarding the size of the Red Eléctrica Group points to a market benchmark between the median and the 75th percentile. In terms of target remuneration (in other words, for a level of achievement of the objectives of 100%), the position of the Chief Executive Officer of the Red Eléctrica Group is positioned at the market’s minimum.
- Analysis of the European energy group: An overview of all the data regarding the size of the Red Eléctrica Group points to a market benchmark around the median. In terms of target remuneration (in other words, for a level of achievement of the objectives of 100%), the position of the Chief Executive Officer of the Red Eléctrica Group is positioned at the 37th percentile.

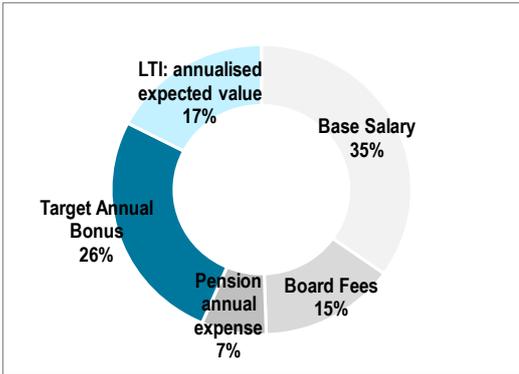


- The target total remuneration includes the following elements:
 - The Base Salary.
 - The Target Annual Bonus, granted to the executive director for the last financial year, if 100% of the objectives are achieved.
 - The Long-Term Incentive annualised expected value.
 - The remuneration for membership of the Board and for attending the Board meetings and, when applicable, its Committees.
 - The pension annual expense.

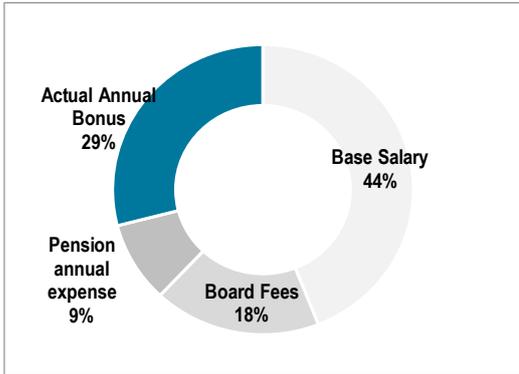
The market data are those disclosed in the Annual Report on Remuneration of directors of each company published in 2020.

The graphs below show the remuneration mix for the Chief Executive Officer and its comparison with the market for a standard scenario of achievement of objectives (target or 100%), as well as the mix for the Chief Executive Officer remuneration corresponding to the accrued remuneration in 2020. As a whole for Red Eléctrica, the target variable remuneration (“pay at risk”), annual and multi-year, represents 43% of the target total remuneration (the sum of the base salary and annual and multi-year variable remuneration).

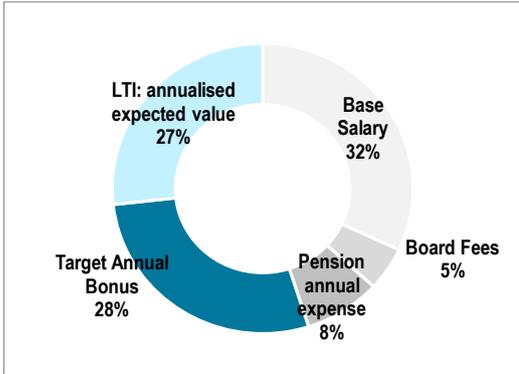
Red Eléctrica: Target Remuneration Mix
Chief Executive Officer



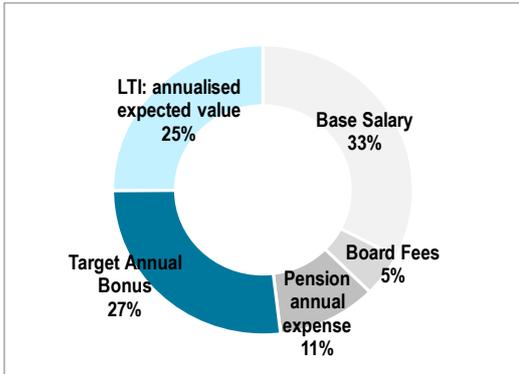
Red Eléctrica: 2020 Actual Remuneration Mix
Chief Executive Officer



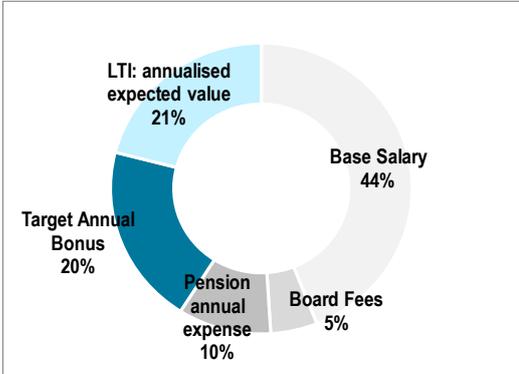
Ibex-35 Group: Target Remuneration Mix
Lead Executive



Ad-hoc Group: Target Remuneration Mix
Lead Executive

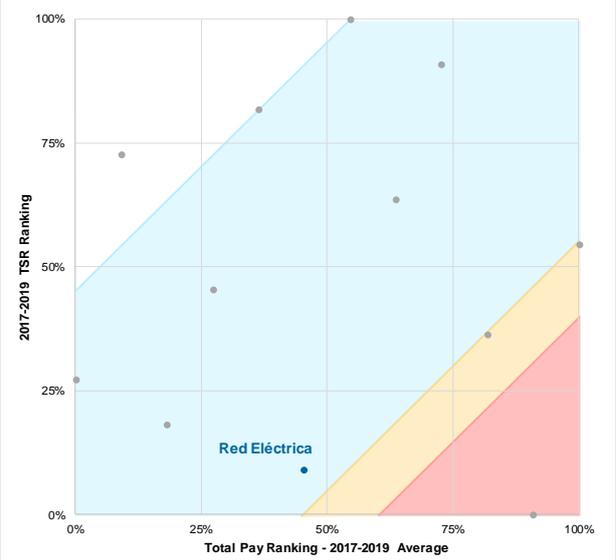


European Utilities Group: Target Remuneration Mix
Lead Executive



The following graphs show the positioning of the Red Eléctrica Group compared with representative companies in the energy sector. The variation of the EBITDA between 2017 and 2019 and the Total Shareholder Return (TSR) of each company in the last 3 years is compared with the average of the total pay of its lead executive in the same period.

The transversal lines show the proportional correlation range between the growth of the indicator and that of the remuneration. A positioning in the yellow and red areas reveals a non-proportional growth correlation between the indicator considered and the remuneration. A positioning in the red area reveals a more than proportional growth of the remuneration compared to the indicator considered and a positioning in the white area reveals a more than proportional growth in the indicator considered (EBITDA and TSR in each graph) compared to the remuneration.

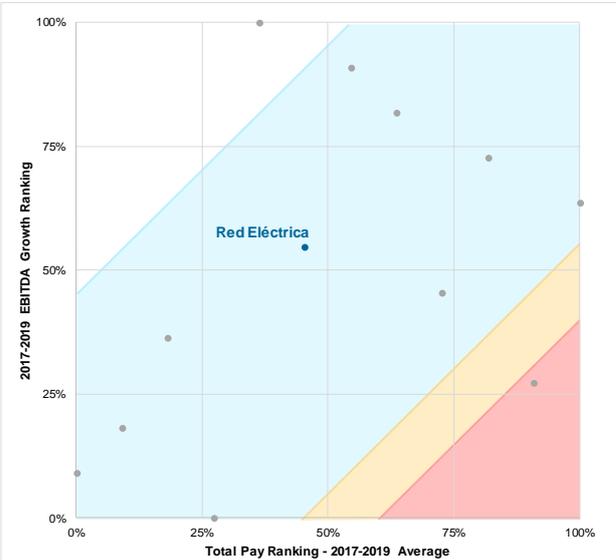


The Total Shareholder Return (TSR) is the total return of the share and includes the price revaluation of the share and the dividends.

The companies included in the European energy peer group are: BKW, Électricité de Strasbourg, Elia System Operator, Enagás, Energiedienst, EVN, Fortum, REN, Snam, Terna and Verbund.

The evolution of Red Eléctrica's TSR in the last 3 years positions the company in the 9th percentile of the peer group, whereas the average of the total remuneration in the same period is at the 45th percentile.

Source of TSR data: Bloomberg.



The companies included in the European energy peer group are: BKW, Électricité de Strasbourg, Elia System Operator, Enagás, Energiedienst, EVN, Fortum, REN, Snam, Terna and Verbund.

The variation of Red Eléctrica's EBITDA in the last 3 years positions the company at the 55th percentile of the peer group, whereas the average of the total remuneration in the same period is at the 45th percentile.

Source of EBITDA data: Bloomberg.

4. Directors' remuneration policy in 2021

The Ordinary General Shareholders' Meeting held on 22 March 2019 approved the directors' remuneration Policy. The valid term of such policy encompassed the financial years 2019, 2020 and 2021.

What we do	What we don't do
<p>Executive director (Chief Executive Officer):</p> <ul style="list-style-type: none"> • Link the payment of a significant part of the remuneration to the Group's audited economic and financial results. • Link part of the variable remuneration to sustainability objectives. • Defer a significant part of the remuneration. • Deliver a portion of the remuneration in company shares. • Include <i>malus</i> and <i>clawback</i> clauses applicable to the short- and long-term variable remuneration. • Determine severance payments for the termination of the legal relationship limited to one year of fixed and variable remuneration, for achieving 100% of the objectives. • Regularly review the alignment of the total remuneration with comparable companies. • Regularly obtain support from external advisors. <p>Non-executive directors:</p> <ul style="list-style-type: none"> • Link the remuneration with the effective time they spend, the responsibilities undertaken and performance of their duties as directors. 	<p>Executive director (Chief Executive Officer):</p> <ul style="list-style-type: none"> • Guarantee increases in the fixed remuneration and payments of variable remuneration. • Grant discretionary remuneration. • Grant advance payments or loans, as a general rule. • Allow hedging of the value of the shares received in the holding period^(*) • Discriminate in remuneration on the basis of gender, age, culture, religion or race. The professionals of Red Eléctrica are remunerated based on their professional career, the time spent on their duties and the responsibility they undertake. <p>Non-executive directors:</p> <ul style="list-style-type: none"> • Participate in remuneration schemes linked to the company's performance (they are only paid fixed remuneration). • Participate in retirement plans or other social benefit schemes.

(*) The holding period refers to the time after the vesting of the shares that have been granted as variable remuneration during which they cannot be sold or be accessible.

4.1. Remuneration policy for the executive director (Chief Executive Officer) in 2021

The remuneration system for the Chief Executive Officer (lead executive) includes fixed and variable elements, the latter short- and long-term, in line with the Group's objectives and strategies.

The elements included in the remuneration system for the Chief Executive Officer in 2021 are detailed below:

Annual Fixed Remuneration

The amount of the Annual Fixed Remuneration for the executive director has been determined at EUR 350,000. It will be paid entirely in cash.

Annual Variable Remuneration

The Annual Variable Remuneration for the executive director is based on achieving a combination of predetermined and quantifiable objectives, measured at Group level. The Appointments and Remuneration Committee is responsible for approving the objectives at the beginning of each financial year. The aforementioned Committee approved the objectives and their weightings for the financial year 2021 at its meeting held on 16 February 2021, as explained in this section.

All the objectives are contemplated in the Budget for the financial year 2021. These objectives are the following:

I- 75% of the incentive is linked to the following *business objectives*, the weightings of which are distributed as follows:

- 60% of the incentive depends on the economic-financial objectives, which measure the Group's capacity to generate profits and are materialised in the following metrics:
 - 30% Return on the invested capital (*ROIC*) of the Red Eléctrica Group, which measures the net operating profit over the invested capital.
 - 30% Achieve the consolidated Profit of the Red Eléctrica Group.
- 20% of the incentive depends on aspects linked to the Total Investment of the Group.
- 20% of the incentive depends on the Approval of the Strategic Plan of the Red Eléctrica Group.

The following table details the weightings, the thresholds and the maximums applicable to the mentioned metrics.

II- The remaining **25%** depends on *operating managerial objectives linked to the Red Eléctrica Group's business activities*. These are disclosed below with their weightings:

- Making the Energy Transition possible
 - 45% of the incentive is linked to activities related to the development, profitability and quality of the TSO.
- Become the telecommunications infrastructure reference operator
 - 10% of the incentive is linked to results generated by Reintel and Hispasat within the Group.
- International expansion
 - 5% of the incentive is linked to revenues generated by the international activity of the Group.
- Technological innovation
 - 5% of the incentive is linked to initiatives of internal innovation included in the 2021 Budget.
- Culture and People
 - 10% of the incentive is linked mainly to the achievement of the global severity index in the Red Eléctrica Group, related to accidents occurred in the Group.
- Efficiency
 - 15% of the incentive is linked, basically, to the improvement of efficiency, through the EBITDA on Revenues margin and achievement of the CNMC ratios.
- Sustainability
 - 10% of the incentive is linked to the accomplishment of a series of key projects to progress on the Sustainability Plan of the Red Eléctrica Group and the company belonging to the most relevant sustainability indexes.

The following table details the weightings, the thresholds and the maximums applicable to the mentioned metrics. The information about such assessment will be included in the Annual Report on Remuneration of directors that will be submitted to the Ordinary General Shareholders' meeting in 2022.

For the *operating managerial objectives linked to the Red Eléctrica Group’s business activities*, the Appointments and Remuneration Committee may also assess the minimum threshold of individual achievement and determine a maximum level of individual achievement, which could reach a global maximum of 155% in the case of over-achievement. The Appointments and Remuneration Committee will have the level of autonomy required to evaluate the annual degree of achievement of these objectives.

A summarised table is provided below that includes all the objectives, ranges and weightings that determine the calculation of the Annual Variable Remuneration for the Chief Executive Officer:

METRICS	WEIGHTING	LEVEL OF ACHIEVEMENT			INCENTIVE		
		Minimum	Target	Maximum	Minimum	Target	Maximum
75% Business objectives							
1. ROIC	30%	95%	100%	100%	0%	100%	100%
2. Net Profit	30%	95%	100%	105%	0%	100%	133.3%
3. Total Investment of the Group	20%	85%	100%	100%	0%	100%	100%
4. Approval of the Strategic Plan	20%	Approval: 30.04	Approval: 28.02	Approval: 28.02	0%	100%	100%
25% Operating managerial objectives linked to Group's business activities							
1. Energy Transition	45%	Assessed by the Appointments and Remuneration Committee(*)	100%	166.7%	Assessed by the Appointments and Remuneration Committee(*)	100%	166.7%
2. Be telecommunications infrastructure reference operator	10%		100%	200%		100%	200%
3. International expansion	5%		100%	200%		100%	200%
4. Technological Innovation	5%		100%	100%		100%	100%
5. Culture and People	10%		100%	200%		100%	200%
6. Efficiency	15%		100%	100%		100%	100%
7. Sustainability	10%		100%	100%		100%	100%

Note: Intermediate levels (between minimum and target and between target and maximum) are calculated by linear interpolation

(*) The amount of the Annual Variable Remuneration is calculated by the Committee taking into account the degree of achievement and weighting of each of the objectives and by applying the internal rules and procedures for evaluating objectives, which are determined by the entity for its executives.

Under exceptional circumstances, the Appointments and Remuneration Committee may propose adjustments to the Annual Variable Remuneration to the Board due to internal or external factors. The details of these adjustments will be disclosed, if appropriate, in the relevant Annual Report on Remuneration of directors.

The overall maximum level of achievement of the previous objectives (business and managerial-operating) may not exceed 110%.

The target level, which is reached in the case of achieving 100% of the predetermined objectives, will be equivalent to 75% of the Annual Fixed Remuneration. The maximum level, which is reached in the case of maximum over-achievement of the predetermined objectives will be equivalent to 82.5% of the Annual Fixed Remuneration, corresponding to the overall maximum level of achievement of the objectives (110% of the target level).

75% of the gross Annual Variable Remuneration will be settled in cash and the remaining 25% will be delivered in company shares. In addition, the *executive director* has undertaken the commitment with the company, while he holds such position, to maintain the ownership of the shares he receives for at least five (5) years.

Multi-year Variable Remuneration

In late 2020, the Board of Directors started the process to update the 2018-2022 Strategic Plan. This led to the approval, in the meeting held on 24 November 2020, of the structure of the new Long-Term Incentive Plan for Boosting the Energy Transition, Reducing the Digital Gap and Diversifying. The objectives are linked to those included in the new Strategic Plan of the Group and are adjusted to the guidelines set in the directors' remuneration Policy in force. In comparison to the previous Plan, the new one provides the long-term variable remuneration a higher weighting in the total remuneration for the Chief Executive Officer. In particular, the annualised target incentive is equivalent to 50% of the Annual Fixed Remuneration and could be delivered in cash and/or company shares. The main elements of the new Long-Term Incentive Plan are described below.

The Plan has a duration of 6 years and will conclude on 31 December 2025. The right to receive the incentive is conditioned to the achievement of objectives linked to the 2021-2025 new Strategic Plan, as well as permanence in the company during the Plan. The objectives and their weightings are the following:

- 45% of the incentive is linked to making the Energy Transition possible in Spain.
- 15% of the incentive is linked to boosting the Connectivity.
- 10% of the incentive is linked to consolidate the international Business.
- 5% of the incentive is linked to Innovation and Technology.

- 5% of the incentive is linked to People.
- 10% of the incentive is linked to Efficiency.
- 10% of the incentive is linked to Sustainability.

The Appointments and Remuneration Committee will annually monitor the objectives and, upon conclusion of the performance period set in the Plan, the Committee shall conduct, within the first quarter of the year following its conclusion, an evaluation of the level of achievement for each of the objectives and for the Plan as a whole, considering the information provided by the entity, and will propose the incentive levels linked to the level of achievement, according to the performance scales set in the Plan.

The Appointments and Remuneration Committee counts with the support of the Economic-Finance Corporate Management, responsible for the Red Eléctrica Group's management control function, which provides information on the Red Eléctrica audited Group's results. Both for setting objectives and for evaluating the achievement of objectives, the Committee will also consider any risks associated to them.

Additionally, the company's Audit Committee verifies the economic-financial results which may be part of the set objectives, since it is necessary that this Committee verifies in advance the entity's and the Group's economic results which may be considered for the calculation of the corresponding objectives.

In any case, it is established that the average weighted level of achievement of the set of targets must reach, at least, 70%. Otherwise, no right to receive the incentive will arise, regardless of the individual achievement of each target. Likewise, the maximum achievement of the set of targets in the Plan will be 110%, although the average weighted achievement of the targets may be higher.

All of this will be reported in the Annual Report on Remunerations of directors of the corresponding year.

Ex-post control of the Annual and Multi-Annual Variable Remuneration

Pursuant to the provisions in the directors' remuneration Policy approved by the Ordinary General Shareholders' meeting of 2019, the Appointments and Remuneration Committee is responsible for proposing to the Board cancelation or refund of the payment of the short- and long-term variable remuneration of the beneficiary or beneficiaries or relevant person or people responsible due to circumstances arising that show that the variable remuneration has been accrued or paid on the basis of inaccurate or erroneous information or data, or the internal corporate regulations or applicable laws have been infringed, which are subsequently proven. In addition, the Appointments and Remuneration Committee will assess whether, due to exceptional circumstances of this kind, it could even be proposed to the Board of Directors termination of the contractual relationship with the beneficiary or beneficiaries or relevant person or people responsible, also being able to propose the adoption of any measures it deems appropriate.

The Appointments and Remuneration Committee may propose to the Board of Directors that adjustments should be made to the elements, criteria, thresholds and limits of the annual or multi-year variable remuneration due to exceptional circumstances caused by extraordinary internal or external factors or events. The details and justification for such adjustments will be recorded in the relevant Annual Report on Remunerations of directors.

Social benefits and other remuneration

The Chief Executive Officer participates in a defined contribution retirement scheme. Red Eléctrica's liability is limited to the realisation of an annual contribution equivalent to 20% of the Chief Executive Officer's Annual Fixed Remuneration.

The scheme covers the following contingencies: retirement, death and permanent disability.

This scheme is funded through an insurance policy underwritten with an external insurer. The benefit consists of the economic right that corresponds to the beneficiary as a consequence of the occurrence of any of the contingencies covered by the scheme.

In case of termination of the relation, the economic rights will consolidate in favour of the Chief Executive Officer, except when a severe negligent conduct has been occurred on his side, in the exercise of his functions, which would have caused damages to the company. The receipt of any severance payment will be compatible with the recognition of the economic right over the retirement scheme in such cases.

The Chief Executive Officer is entitled to an allowance in lieu for social benefits, which amounts to EUR 60,000. Such amount may be received in cash or in kind as social benefits.

The Chief Executive Officer does not receive any other kind of social benefits.

The remuneration policy of the Chief Executive Officer includes the entity granting of loans, advances and guarantees, in line with the policy of the Group's executives.

Contractual terms

The contract regulating the duties and commitments of the Chief Executive Officer is of a commercial nature and includes the clauses that in practice are usually contained in these kinds of contracts.

The main severance, exclusivity and non-competition clauses of the aforementioned Chief Executive Officer's contract are described below, in accordance with the remuneration policy approved by the General Shareholders' Meeting.

Without prejudice to the confidentiality obligation expressly established in such contract, the Chief Executive Officer is also bound by the duty of confidentiality established in article 31 of the Regulation of the Board of Directors, applicable to all directors, in accordance to which directors are to refrain from disclosing the information, data, reports or records to which the director has had access in the performance of his duties. The confidentiality obligation shall survive, even after leaving the position.

In his capacity as a director of Red Eléctrica, the Chief Executive Officer has the obligation of not developing activities, as an employed or self-employed, which mean an effective competition, current or potential, with the company on the terms in which such obligation is regulated for directors of the company in article 32 of the Regulation of the Board of Directors.

In addition, the non-compete obligation is expressly set forth in the contract for a term of two (2) years after his termination, such obligation not giving him a right to post-contractual noncompetition indemnity, as it is deemed to have been remunerated by way of his remuneration set form in the contract.

The contract, following common market practices, contemplates an indemnity equivalent to one year of remuneration in the case of termination of the contractual relation as a result of discretionary dismissal by Red Eléctrica (provided that there is no serious, intentional and culpable conduct of the Chief Executive Officer in the exercise of his functions) with no prior notice from the company being required. The aforesaid indemnity will also apply if the Chief Executive Officer voluntarily resigns due to a serious and culpable breach of the company, or a material modification of the Chief Executive Officer's duties for reasons not attributable to the same. In the calculation of such indemnity, the base used will be one year's Fixed Remuneration, plus the amount corresponding to the variable remuneration as Chief Executive Officer, calculated considering a 100% achievement of targets.

In the event of voluntary resignation by the Chief Executive Officer, he must notify the entity within 2 months' notice and in case of breach of this period, the Chief Executive Officer must compensate the entity with the amount of all the corresponding compensation for the remaining time for fulfilling that period.

In a scenario of change of control, the Chief Executive Officer will have the option, within 2 months, to cease his position, automatically terminating his contract and receiving the severance pay indicated in cases of dismissal by the entity.

Following the market practices for these cases, as a result of the appointment of the Chief Executive Officer, the previous contractual labour relationship is suspended. In the event of termination, the remuneration existing at the date of the suspension would be accrued as severance payment, considering, accordingly, his seniority in Red Eléctrica de España, S.A.U. until the date of his appointment as Chief Executive Officer (15 years), plus the period of services - if any - after his termination as Chief Executive Officer, all in accordance with the existing labour laws. Upon conclusion of process to boost the corporation, conducted in 2020, the entity which assumes the said obligation is Red Eléctrica Corporación, S.A.

4.2. Remuneration policy for the directors in their condition as members of the Board of Directors in 2021^(*) ("in their capacity as such", in accordance with the Law on Capital Companies -LSC-, for their non-executive functions)

^(*) This is also applicable to the Chief Executive Officer as a member of the Board of Directors.

The elements of the remuneration Policy for the directors in their position as such (for their non-executive duties) are provided below.

The Corporate Bylaws set the maximum overall annual remuneration for the entire Board, i.e. in their position as members of the Board ("in their position as such" according to the LSC), for all items, and will not exceed an amount equivalent to 1.5% of the company's net income, approved by the General Shareholders' Meeting, and will remain in force insofar if no change is approved.

The previous remuneration is, in any case, the maximum payable and the Board is responsible for proposing the allotment of its amount among the specified items and among the directors, in the form, at the time and in the proportion specified, bearing in mind the duties and responsibilities assigned to each director, membership on the Board's Committees and other objective circumstances considered relevant.

The Appointments and Remuneration Committee regularly reviews the Board of Directors' remuneration Policy in line with best corporate governance practices adopted by the institutional shareholders and according to the recommendations of the main proxy advisors.

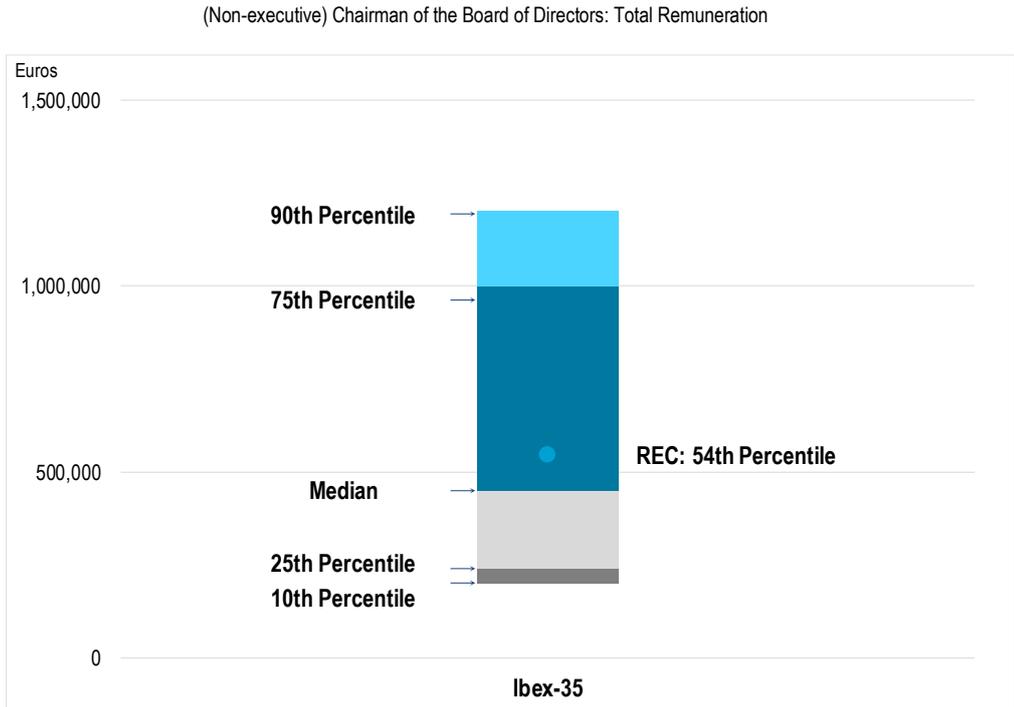
In this respect, the Committee has recently conducted a remuneration benchmarking for the position of the (non-executive) Chairman of the Board of Directors, in which a peer group formed by 13 of the 16 companies in the Ibex-35 that have appointed a non-executive chairman has been considered. The following companies have been excluded:

- Arcerlomittal, since the Board of Directors is located abroad.
- Merlin Properties, since the chairman is the representative of the bank that is the main shareholder and receives significant dividends. As a result, no specific remuneration has been established for Chairman's position. This situation is not considered comparable to that of Red Eléctrica.

- Meliá Hotels International, given that the remuneration Policy does not establish specific remuneration for the position of the Chairman of the Board and the incumbent is a member of the main shareholder family and holds over 50% of the share capital.

In terms of size, Red Eléctrica is positioned between the 25th percentile and the median of the peer group.

The following graph shows a comparison of the remuneration of the Chairwoman of Red Eléctrica’s Board of Directors with the aforementioned peer group:



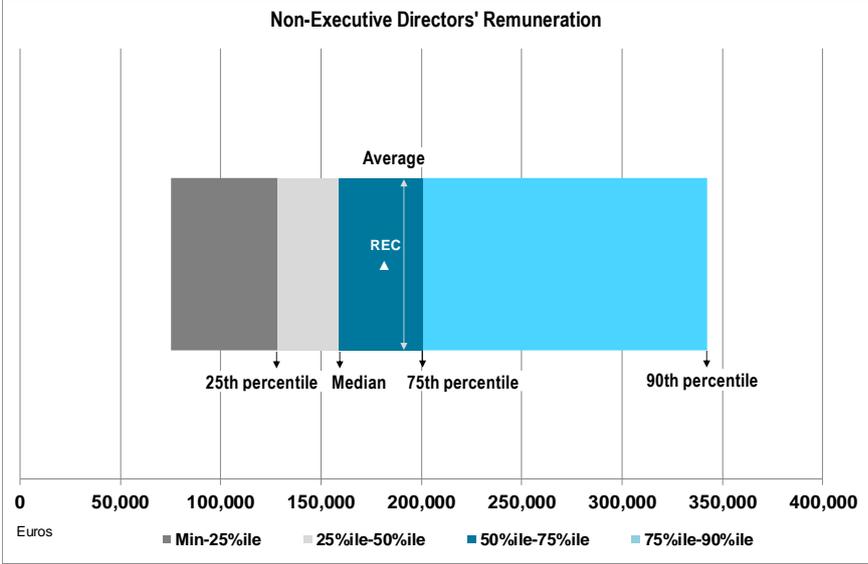
Note: The total remuneration includes the total amount of the remuneration accrued by the non-executive chairmen, according to the information disclosed in the financial year 2020.

In terms of remuneration, Red Eléctrica is positioned at the 54th percentile.

In addition, for the purpose of reviewing the suitability of the directors’ remuneration levels (for their non-executive duties) and to ensure they are in a reasonable proportion to the entity’s importance, its economic situation from time to time and the market standards of comparable companies, the Committee considered, among other factors, an analysis of external competitiveness conducted in 2020. In such study, also developed with the support of the independent consulting firm *Willis Towers Watson*, the selected peer group was comprised of companies belonging to the Ibx-35 stock exchange index, in the same way as in previous

years, since the Red Eléctrica Group belongs to this index and is positioned at about the median thereof for market capitalisation.

The following graph shows a comparison between the remuneration of Red Eléctrica’s non-executive directors and the specified peer group^(*) in 2020:



(*) This includes the remuneration that could be paid to a director for being a member of the Board, the Executive Committee (there is none at Red Eléctrica) and any of the Board’s Committees (whether Audit or Appointments and Remuneration or other committees that could have been created, as the Sustainability Committee in Red Eléctrica).

The remuneration of the company’s non-executive directors is in line with the average of the peer group (Ibex-35), in the same way as in previous years.

As a result of the previous analyses and based on the principles for prudence in remuneration and the link of the non-executive directors remuneration with the effective time they spend, with their responsibility and the development of their duties as directors¹, the Board of Directors has decided, according to the Appointments and Remuneration Committee’s proposal, for the financial year 2021, to maintain the same remuneration amounts and elements as those determined for 2020 for the members of the Board of Directors. This agreement, as it is the company common practice, will be submitted for approval of the 2021 Ordinary General Shareholders’ Meeting.

¹ Applicable to the Chief Executive Officer as a member of the Board of Directors.

Therefore, the amounts and remuneration concepts foreseen for 2021 would be as follows:

Fixed Remuneration

- EUR 130,742 per annum per director, to be paid monthly before the fifth (5th) day of the following month.

Remuneration for attending meetings of the Board of Directors

- EUR 1,500 for personal attendance of each director at each of the eleven (11) ordinary meetings contemplated for the year 2021 in the calendar approved by the Board of Directors. Proxies may be granted without losing the entitlement to receive the per diem for just cause, a maximum of two (2) times a year. Such amount shall be paid within fifteen (15) days of the meeting being held.

The holding of extraordinary meetings of the Board of Directors, in person or electronically, does not result in remuneration in the form of per diems.

Non-executive Chairwoman of the Board of Directors

- EUR 399,170 per annum, to be paid monthly before the fifth (5th) day of the following month.

The Chairwoman of the Board of Directors will also maintain the annual remuneration established for all directors, as members of the Board of Directors, as “Fixed remuneration” and “Remuneration for attendance meetings of the Board of Directors”.

Time assigned to Board of Directors’ Committees

- EUR 27,900 per annum for each member of the Board Committees, to be paid monthly before the fifth (5th) day of the following month. The above amount per year, regardless of the number of meetings of the Committees held during the year 2021.
- EUR 15,000 per annum for each of the chairmen of the Board Committees (additionally to the remuneration as member of the Committee), to be paid monthly before the fifth (5th) day of the following month. The above amount is per year, regardless of the number of meetings of the Committees held during the year 2021.

Lead Independent Director

- EUR 15,000 per annum, to be paid monthly, before the fifth (5th) day of the following month.

Directors will be paid or reimbursed for reasonable and duly justified expenses incurred as a result of attending meetings and other duties directly related to the performance of their position, such as travel, accommodation, maintenance and any other that they may incur.

The remuneration Policy for the directors in their position as members of the Board of Directors with non-executive duties, does not include granting loans, advance payments or guarantees provided by the company in their favour.

Nor does it contemplate the participation of the directors with non-executive duties in pension schemes, or indemnities for their supervisory duties or take part in a group decision on the termination of their relationship with the company due to their position as non-executive directors, or the granting of any other additional remuneration apart from that referred to above.

In 2021 the company has underwritten civil liability insurance policies that cover claims by third parties for possible damages and/or losses caused by acts or omissions in the exercise of the position as members of the Board of Directors.

In addition to the aforementioned remunerations, pursuant to the remuneration Policy of directors in force, the directors of Red Eléctrica could receive remunerations, if applicable, coming from other entities of the Red Eléctrica Group for membership of the Board of Directors on said entities. These remunerations will be subject to the corresponding legal and statutory requirements applicable to each of these entities, and directors' perception will be duly disclosed in the corresponding Annual Report on Directors' Remuneration of Red Eléctrica. In the case of directors of the company who are also directors of individuals representing legal persons in the Board of Directors of the subsidiary Hispasat S.A., with the exception of the Chief Executive Officer of Red Eléctrica Corporación, S.A., who does not receive remuneration in this regard.

At the date of issuance of this report, in relation to the remuneration of the directors for the year 2021, there is no other type of remuneration concept than those explained in the previous sections.

5. Implementation of the remuneration policy in 2020

5.1. Implementation of the remuneration policy for the Chief Executive Officer (executive director) in 2020

During 2020 the remuneration Policy approved by the Ordinary General Shareholders' meeting held in 22 March 2019 was applied.

Annual Fixed Remuneration

The Fixed Remuneration of the Chief Executive Officer amounted to EUR 350,000 in 2020, within the maximum limit established in the remuneration Policy (EUR 399, 170). As indicated in the Annual Report on the Remuneration of directors published in 2020, this Annual Fixed Remuneration has been slightly reduced with respect to the outgoing Chief Executive Officer, making prevail the principle of prudence and moderation of the remuneration. This was paid entirely in cash.

Annual Variable Remuneration

The Chief Executive Officer had been assigned a target Annual Variable Remuneration equivalent to 75% of his Annual Fixed Remuneration in the case of achieving 100% of the objectives predetermined by the Appointments and Remuneration Committee at the beginning of the year, and which can reach up to a maximum level of 82.5% of his Annual Fixed Remuneration.

The Appointments and Remuneration Committee, at its meeting held on 21 January 2020, established the objectives and their weightings for the determination of the variable remuneration of the Chief Executive Officer, for the year 2020. Quarterly the Appointments and Remuneration Committee has monitored performance and at the end of the financial year, the Committee has conducted a process to assess its achievement, supported by the Economic-Financial Corporate Management, responsible for the Group's management control and which has provided information about the company's and the consolidated Group's audited results. In such assessment, the Committee has also considered the possible impact of the objectives in the long term and any risk associated to them.

The Annual Variable Remuneration for the Chief Executive Officer, established for 2020, is based on achieving a combination of *business objectives*, quantitative and qualitative, measured at the Group level – which weighs 75% of his total annual variable amount- as well

as to the achievement of the *operating objectives linked to Red Eléctrica Group's business activities* – which weighs 25% of his total annual variable amount. The following table contains the aforementioned objectives, their weightings and the level of achievement for each after the assessment conducted on 16 February 2021 by the Appointments and Remuneration Committee to determine the amount of the annual variable remuneration to be paid:

Types of objectives and weightings	Performance measures	Weighting	Performance range	Level of achievement	Incentive pay-out for each measure
BUSINESS (75%)	1. Net Profit	40%	95% - 125%	64%	64%
	2. ROIC	40%	95% - 100%	100%	100%
	3. Total Investment of the Group	20%	85% - 100%	89.7%	89.7%
SUBTOTAL		100%		83.5%	83.5%
OPERATING OBJECTIVES LINKED TO THE GROUP'S BUSINESS ACTIVITIES (25%)	1. Energy Transition	32%	Up to 194% ⁽¹⁾ . Assessment by the ARC ⁽²⁾	130.6%	130.6%
	2. Telecommunications infrastructure reference operator	10%	Up to 160%. Assessment by the ARC	84.1%	84.1%
	3. International expansion	10%	Up to 160%. Assessment by the ARC	125.4%	125.4%
	4. Technological Acceleration and Innovation	10%	Up to 150%. Assessment by the ARC	45.2%	45.2%
	5. Culture and People	10%	Up to 150%. Assessment by the ARC	42.6%	42.6%
	6. Efficiency and Digital Transformation	16%	Up to 150%. Assessment by the ARC	121.3%	121.3%
	7. Sustainability	12%	Up to 100%. Assessment by the ARC	100%	100%
SUBTOTAL		100%		102.9%	102.9%
TOTAL (before the application of the global maximum limit)		100%		88.4%	88.4%
TOTAL (once the global maximum limit has been applied)					88.4%

- (1) An error has been identified in the percentage of 125% that was previously included in the table and has been corrected by the 194%, in accordance with the internal procedures for evaluating objectives established by the company for its executives, all of which in accordance with the provisions of the remuneration Policy approved by the 2019 General Shareholders' Meeting, and in the Annual Report on Remuneration of directors approved by the 2020 Ordinary General Shareholders' Meeting.
- (2) ARC = Appointments and Remuneration Committee.

To determine the level of achievement and the amount of the annual variable remuneration, the Appointments and Remuneration Committee has considered the following factors:

1. The book figure gives a consolidated Net Profit for the Red Eléctrica Group in the financial year 2020 of EUR 613.8¹ million, which implies a target achievement of 64%.
2. The Return on Invested Capital (ROIC) for Red Eléctrica Group, measured as the net operating profit compared with the capital employed in the financial year 2020, has reached 7.5%, which entails a degree of target achievement of 100%.
3. The Total Investment of the Red Eléctrica Group has reached EUR 895 million, which entails a degree of target achievement of 89.7%.

The sum of the achievement of the business' targets amounts to 83.5%.

The company's Audit Committee, with the support of the Economic-Finance Corporate Management, responsible for the Group's management control function, has verified in advance the audited Group's results, which are considered for the calculation of the corresponding objectives.

After evaluating the level of achievement of the previous objectives, the Appointments and Remuneration Committee has considered the global degree of achievement for the *business objectives* is 83.5%.

Regarding the degree of achievement and the amount of the incentive applicable to the financial year 2020 in connection to the *operating objectives linked to the Red Eléctrica Group's business activities*, the Appointments and Remuneration Committee took into account the following factors:

1. Making the Energy Transition possible: The Appointments and Remuneration Committee, after evaluating the progress made with regards to the activities related to the development,

¹ For the evaluation of the level of achievement of objectives, economic effects derived from the extraordinary facts occurred during the financial year have been discounted.

profitability and quality of the TSO, has considered that the weighted degree of achievement of this objective is 130.6%.

2. Become the telecommunications infrastructure reference operator: The Appointments and Remuneration Committee, after evaluating Hispasat's Strategic Plan and the results achieved by Reintel and by Hispasat within the Group, has considered that the weighted degree of achievement of this objective is 84.1%.
3. International expansion: The Appointments and Remuneration Committee, after evaluating the progress made in projects and the results generated by the international activity, with particular focus in the activity started in Brazil, has considered that the weighted degree of achievement of this objective is 125.4%.
4. Technological Acceleration and Innovation: the Appointments and Remuneration Committee, after evaluating the degree of progress of the initiatives related to the technological development and to internal and open innovation, has considered that the weighted degree of achievement of this objective is 45.2%.
5. Culture and People: The Appointments and Remuneration Committee, after evaluating the results of the Redundancy Plan and the global severity index in the Red Eléctrica Group, has considered that the weighted degree of achievement of this objective is 42.6%.
6. Efficiency and Digital Transformation: The Appointments and Remuneration Committee, after evaluating the improvement in the efficiency in the Red Eléctrica Group, through the reduction of external operating expenses, the implementation of a plan for the optimisation and automatisisation of process and the implementation of the System Operator's portal, has considered that the weighted degree of achievement of this objective is 121.3%.
7. Sustainability: The Appointments and Remuneration Committee, after analysing the degree of development achieved in relation to certain key projects within the framework of the sustainability strategy, has considered that the weighted degree of achievement of this objective is 100%.

After assessing the degree of achievement of the previous objectives, the Appointments and Remuneration Committee has considered an overall achievement of *operating objectives linked to the Red Eléctrica Group's business activities* of 102.94%.

Based on the foregoing, the Appointments and Remuneration Committee has considered an overall achievement of all the objectives – both, the *business* and the *operating objectives linked to the Group's business activities*– of 88.4%.

Therefore, the annual variable remuneration for the Chief Executive Officer in 2020 amounts to EUR 231,997 (66.3% of the Annual Fixed Remuneration during this period).

75% of the gross Annual Variable Remuneration, EUR 173,998, will be settled in cash and the remaining 25%, EUR 57,999, will be delivered in shares of the company. In addition, the Chief Executive Officer has undertaken the commitment with the entity, while he holds such position, to maintain the ownership of the shares he receives for at least five years. The aforementioned amount to be paid in shares of the entity would be equivalent to 3,519 shares, considering an estimate of the share price of 16.48 EUR/share – according to the last communication made by the company to the CNMV regarding the share-based remuneration systems of the *chief executive officer*– information that must be updated when the real purchase share price is known in accordance with its quotation on the Stock Exchange on the day of effective delivery of these shares to the Chief Executive Officer, foreseeably in the last quarter of the year 2021, in accordance with the annual program of shares for employees.

As at 31 December 2020, the Chief Executive Officer holds 7,559 company shares, equivalent to 0.0014% of the share capital.

Multi-year Variable Remuneration

On 24 November 2020 the Board of Directors approved the structure of the new Long-Term Incentive Plan for Boosting the Energy Transition, Reducing the Digital Gap and Diversifying. The objectives are linked to those included in the new Strategic Plan of the Group and are adjusted to the guidelines set in the directors' remuneration Policy in force. In comparison the previous Plan, the new one provides the Multi-Year Variable Remuneration a higher weighting in the total remuneration for the Chief Executive Officer. Section "Remuneration Policy for the executive director (Chief Executive Officer) in 2021" in this Report contains the Plan's main terms and elements. We refer to this section to avoid reiterations.

The 2014-2019 Multi-Year Variable Remuneration Plan approved by the Board of Directors concluded on 31 December 2019. As informed in the Annual Report on Remuneration of Directors, approved by the Ordinary General Shareholders Meeting in 2020, the Committee, in the session held on 21 February 2020, conducted a rigorous process to evaluate the

achievement of the objectives set at the inception of the Plan, with the support of the Economic-Finance Corporate Management, responsible for the Group's management control function, who provided information on the audited Group's results. The Committee considered a global weighted degree of achievement of the said objectives of 93.8%. During the first quarter of 2020 the payment in favour of the Chief Executive Officer was agreed for an amount of EUR 59,067. This amount corresponds to the period between his appointment as Chief Executive Officer, on 27 May 2019, until 31 December 2019.

Ex-post control of the Annual and Multi-year Variable Remuneration

In 2020 no circumstances have occurred that justify the Appointments and Remuneration Committee to consider the application of the reduction, cancellation or reimbursement clauses for the variable remuneration.

Social benefits and other remuneration

Since his appointment on 27 May 2019 the *chief executive officer* participates in a defined contribution retirement scheme.

Red Eléctrica's liability is limited to the realisation of an annual contribution equivalent to 20% of the Chief Executive Officer's Annual Fixed Remuneration. The amount of the contribution made in 2020 by the company amounted to EUR 70,000 for the indicated period. The amount of the accumulated funds, as of 31 December 2020 amounts to EUR 111,774.

The features of the Chief Executive Officer's welfare system have been disclosed in detail in the section on "Remuneration policy for the executive director (Chief Executive Officer) in 2021" of this Report.

The Chief Executive Officer is entitled to a cash allowance in lieu for social benefits, which amounts to EUR 60,000 in 2020.

At 31 December 2020, the Balance sheet has no credits, advances granted, or guarantees set up by the company in favour of the Chief Executive Officer.

During 2020 there have been no modifications to the Chief Executive Officer's contract.

5.2. Implementation of the remuneration Policy for non-executive directors (in their condition as members of the Board of Directors) in 2020^(*)

^(*) This is also applicable to the Chief Executive Officer, for his duties as director.

Below is a chart with the remuneration of the Board of Directors, expressed as a percentage of the Group’s net income of each year, in the last 10 years:

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Remuneration (% Group’s net income)	0.41%	0.36%	0.30%	0.25%	0.32 %	0.37%	0.37%	0.35%	0.35%	0.40%

In the financial year 2020, the amount of overall remuneration of the Board of Directors was EUR 2,463 thousand (EUR 2,505 thousand in 2019).

The decrease with respect to the previous financial year in the “Remuneration of the Board of Directors” for all the items, is due to the fact that during a period in 2020 there was no Chairman of the Board of Directors, and the functions of said position have been assumed, provisionally, by the Lead Independent Director, the Chief Executive Officer and the chairman of the Audit Committee, in execution of the Contingency Plan for the succession of the Chairman of the Board, approved by the Board in its January 2019 session. No additional specific remuneration for the performance of said functions have been paid as these are deemed sufficiently compensated with the ordinary remuneration assigned respectively to said roles.

The Board of Directors, at the proposal of the Appointments and Remuneration Committee, agreed, for the year 2020, to maintain the same amounts and remuneration items as those established for 2019 for the members of the Board of Directors (agreement which was subsequently approved by the Ordinary General Shareholders’ Meeting held in 2020), as follows:

Fixed Remuneration

- EUR 130,742 per annum per director.

Per diems for attending meetings of the Board of Directors

- EUR 1,500 for personal attendance of each director at each of the eleven (11) ordinary meetings contemplated and held in 2020 in the calendar approved by the Board of Directors, the total amounting to EUR 16,500. Per diems will not be payable for Extraordinary Board of Directors' meetings, even though two (2) were held in 2020.

Non-executive Chairman of the Board of Directors

- EUR 399,170 per annum.

Additionally, the Chairman of the Board of Directors will maintain the annual remuneration established for all directors, as members of the Board of Directors, as "Fixed Remuneration" and "Per diems for attending meetings of the Board of Directors".

In 2020, the following circumstances shall be noted with regards to the role of the Chairman of the Board of Directors.

The Board of Directors of Red Eléctrica Corporación, S.A., in the meeting held on 28 January 2020, acknowledged the irrevocable resignation presented by Mr. Jordi Sevilla Segura, as director and, consequently, as non-executive Chairman of the Board of Directors and of the company.

The Board of Directors, in the meeting held on 25 February 2020, adopted, among other resolutions, the appointment of Ms. Beatriz Corredor Sierra as director of Red Eléctrica Corporación, S.A., within the category of "other external", and as non-executive Chairwoman of the company, at the proposal of the Appointments and Remuneration Committee, until the first General Meeting is held, in order to fill the existing vacancy on the Board of Directors, produced as a result of the aforementioned resignation presented by Mr. Jordi Sevilla Segura as director and non-executive Chairman of the company on 28 January 2020. The Ordinary General Shareholders's Meeting, held on 14 May 2020, approved the ratification and appointment proposal of Ms. Beatriz Corredor Sierra as director, within the category "other external".

Consequently, in 2020 two periods shall be considered to disclose the remunerations for the position of the Chairman of the Board of Directors.

- From 1 to 28 January 2020, during which Mr. Jordi Sevilla Segura held the position of non-executive Chairman of the Board of Directors.
- From 25 February to 31 December 2020, during which Ms. Beatriz Corredor Sierra assumed and execute the role of non-executive Chairman of the Board of Directors.

The remuneration received by each of the aforementioned Chairmen is detailed below, in relation to the indicated periods:

Chairman of the Board of Directors from 1 January to 28 January 2020 (Mr. Jordi Sevilla Segura)

- Remuneration as member of the Board of Directors:
 - Fixed Remuneration: EUR 9,841.
 - Per diems for attending the sessions of the Board of Directors: EUR 1,500.
- Specific remuneration as non-executive Chairman of the Board of Directors: EUR 30,045.

In accordance with the provisions of his contract approved by the Board of Directors on 31 July 2018, the outgoing Chairman of the Board, Mr. Sevilla Segura, did not receive any severance payment due to the termination of his legal-commercial relationship with the company as Chairman of the Board of Directors and of the company.

Chairwoman of the Board of Directors from 25 February to 31 December 2020 (Ms. Beatriz Corredor Sierra)

- Remuneration as member of the Board of Directors:
 - Fixed Remuneration: EUR 110,830.
 - Per diems for attending the sessions of the Board of Directors: EUR 15,000.

- Specific remuneration as non-executive Chairwoman of the Board of Directors: EUR 338,377.

Additionally, the Board of Directors agree to maintain unchanged the following elements and amounts with regards to the Board remuneration for 2020:

Time assigned to the Board of Directors' Committees

- EUR 27,900 per annum for each member of the Board's Committees.
- EUR 15,000 per annum for each of the chairmen of the Board's Committees.

Both are annual amounts, regardless of the number of meetings held by the Committees during the financial year 2020.

Lead Independent Director

- EUR 15,000 per annum.

In 2020, the company had underwritten civil liability insurance policies to cover third-party claims for possible damages caused by acts or omissions in the exercise of their duties of Board Members.

In addition to the foregoing remuneration, in accordance with the directors' remuneration Policy, the directors of Red Eléctrica could receive remuneration, if applicable, coming from other entities of the Red Eléctrica Group for the membership of the Board of Directors of said entities. These remunerations will be subject to the corresponding legal and statutory requirements applicable to each of these entities, and full disclosed information on the perceptions by the directors will be provided in the corresponding Annual Report on Remuneration of directors of Red Eléctrica. In this sense, it should be noted that the table included in Annex III Statistical, according to model established in the Circulars 1/2020, of October 6, and 2/2018, of June 12, of CNMV, at the end of this report, in section C).1. b) named "Remuneration of the company directors for seats on the boards of other group companies", includes the remuneration assigned in 2020 to the company directors for seats on the Board of Directors of the Hispasat, S.A. (as directors or as individuals on behalf of legal persons), with the exception of the non-executive Chairwoman of the Board of Directors of REC during the period in which she was part of the Board of Directors of Hispasat, S.A. (from 6 May to 29 September 2020) and, with the exception of REC's Chief Executive Officer (during the whole financial year 2020), who did not receive remuneration in this regard.

There is no supplementary remuneration accrued by the directors as consideration for the services provided other than those inherent to their position.

6. Remuneration of the senior executives

The purpose of the remuneration Policy applicable to this group is to act as an incentive for the achievement of the strategic objectives of value creation at the Company to appropriately recognise the best professionals in the market. The remuneration of the senior executives is aligned with the principles and criteria contained in the remuneration policy applicable to executive directors (Chief Executive Officer) described in this document.

Set forth below are the categories of the remuneration policy applied by the Company to such executives:

Annual Fixed Remuneration

Base salary is determined on the basis of the executive's level of responsibility and leadership within the organisation, in line with the going rate at comparable companies. This fixed component must represent a sufficient portion of total remuneration to maintain a suitable and balanced remuneration mix.

Annual Variable Remuneration

Annual variable remuneration is linked to quantifiable and measurable objectives set by the Appointments and Remuneration Committee at the start of the year and monitored on a quarterly basis throughout the year. Said Committee is also responsible, when the period has ended, for evaluating the level of achievement of the objectives previously established. These objectives are related to the strategies and criteria contemplated in the Strategic Plan approved by the Board of Directors.

Multi-year Variable Remuneration

The senior executives participate in the Long-Term Incentive Plan for Boosting the Energy Transition, Reducing the Digital Gap and Diversifying, as does the Chief Executive Officer. The structure of this Plan was approved by the Board of Directors on 24 November 2020, upon favourable report from the Appointments and Remuneration Committee, issued at the meeting held on 17 November 2020.

The main features for this Plan have been previously explained in the sections of this report applicable to the Chief Executive Officer. We refer to those sections to avoid reiterations.

It should be noted that, in order to reinforce the System Operator's commitment to independence, specific objectives have been established for the executives in Red Eléctrica's General System Operation Division, which exclude those features that are not related to the activity of the electrical System Operator.

Flexible remuneration pool

All or a part of a remuneration pool may be used for various alternative in-kind products. Such pool includes those products which at the time have a tax benefit.

Other elements

As at 31 December 2020 there are no advances or loans granted to these executives.

Contractual terms and conditions

There are no guarantee or golden parachute clauses for dismissals in favour of the senior executives currently servicing within the Group. In the case of termination of the employment relation, the indemnity to which they would be entitled would be calculated in accordance with the applicable labour rules. The contracts for these executives have been approved by the Appointments and Remuneration Committee, and duly notified to the Board of Directors.

Senior executives, who render services as at 31 December 2020, are included in a Structural Management Plan started by the company in 2015, approved by the Appointments and Remuneration Committee and the Board of Directors. This Plan, which will apply to part of the executive team, has the purpose of managing the replacement and management of the executive positions affected by the same, in an orderly and efficient manner. Participation in the mentioned Plan is subject to the satisfaction of certain conditions and may be amended or

revoked in certain cases, among them, a consecutive unfavourable evolution of the Group's results.

7. Alignment of the remuneration policy and its application with the risk profile

The remuneration systems of the directors in their condition as members of the Board of Directors (due to their non-executive functions) do not include measurement elements that encourage excessive risk taking by the entity, given that they are limited to fixed remunerations for belonging and assistance to the Board of Directors and its Committees.

In relation to the executive director (Chief Executive Officer), the remuneration policy has the following features that allow reducing exposure to excessive risks and adjust it to the company's long-term objectives, values and interests, as well as avoiding conflicts of interest:

- The design of the remuneration scheme presents a balanced and efficient relationship between the fixed and the variable components. The proportion of the Chief Executive Officer's fixed remuneration is considered sufficient and not excessive, allowing the proportions of variable remuneration as Chief Executive Officer reach to a maximum of approximately 50% of his total remuneration (Fixed Remuneration + Maximum Annual Variable Remuneration + Maximum annualised Multi-year Variable Remuneration + Long Term Savings System + Social Benefits and other remuneration).
- The variable remuneration components have sufficient flexibility to allow for their modulation and in a scenario where the minimum level of achievement of the objectives related to variable remuneration is not reached, the executive director would only receive fixed remuneration.
- There are no guaranteed variable remunerations.
- The Appointments and Remuneration Committee is responsible for the examination and analysis of compliance with the remuneration policy of the Board and senior executives, which is approved by the Board. The Regulation of the Board of Directors (<https://www.ree.es/en>) establish, among the functions of this Committee, the proposal to the Board of the remuneration policy of the Board of Directors and the senior executives, as well as ensuring compliance with the remuneration policy approved for the Board of

Directors, for the executive directors and for the senior executives of the entity. These groups include professionals whose activities may have a material impact on the risk profile of the entity.

- Likewise, the company's Audit Committee participates in the decision-making process related to the annual variable remuneration of the executive director, by verifying the economic-financial data that may be part of the objectives established in such remuneration, since this Committee must first verify the economic results of the entity, which, if applicable, are used for the calculation of the corresponding objectives.
- In accordance with the provisions of the directors' remuneration policy in force, the Appointments and Remuneration Committee has the authority to propose to the Board the cancellation or refund of the long-term and short-term variable remuneration of the beneficiary or the corresponding responsible party(s) when facing unforeseen circumstances that justify that the variable remuneration has been accrued or paid in response to inaccurate or erroneous information or data; or that there have been breaches of the internal corporate regulations or the applicable legislation, which are subsequently proven.

In addition, the Appointments and Remuneration Committee will assess whether, in exceptional circumstances of this type, it could even be proposed to the Board of Directors the termination of the contractual relationship with the corresponding beneficiary(s) or person(s).

- The Appointments and Remuneration Committee may propose adjustments on the variable remuneration under exceptional circumstances, due to internal or external factors to the Board. The detail regarding such adjustments will be disclosed, as the case may be, in the corresponding Annual Report on Remuneration of directors.

In relation to the necessary measures to avoid conflicts of interest on the part of the directors, in line with the provisions of the Capital Companies Law, the Regulation of the Board of Directors of Red Eléctrica include in its articles 30 (section 2.h), 31 (sections c and e), 32 and 35 (section 3), a set of obligations derived from their duties of diligence and loyalty, the duty to avoid situations of conflict of interest and their duty of information.

8. Individual remuneration tables

8.1. Remuneration of the executive director (Chief Executive Officer), for all items, for the financial year 2020

The following is a summary of the total gross remuneration, in Euro, accrued by the Chief Executive Officer, during the financial year 2020:

Director	Position	Fixed remuneration	Annual variable remuneration	Remuneration for his functions as director	Other remuneration	Total
Mr. Roberto García Merino	Chief Executive Officer	350,000	262,500 ⁽¹⁾	147,242 ⁽²⁾	130,000 ⁽³⁾	889,742 ⁽⁴⁾

(1) This amount, recorded in the Annual Accounts for the financial year 2020, is estimated by assuming the accrual of the annual variable remuneration with a degree of achievement of objectives of 100%. The Appointments and Remuneration Committee, held on 16 February 2021, once assessed the overall level of achievement of objectives for the financial year 2020, has approved a level of achievement of 88.4%, which means an effective variable remuneration of EUR 231,997 in favour of the Chief Executive Officer. The total remuneration of the Chief Executive Officer, considering this effective variable remuneration, amounts to EUR 859,239.

(2) This includes the fixed remuneration as director (EUR 130,742) and per diems for attendance and time dedicated to the Board for the 11 ordinary meetings (EUR 16,500) of the Board held in 2020. No per diems correspond for attending the 2 extraordinary meetings held in 2020.

(3) This includes the contribution made to the long-term savings scheme in 2020 (EUR 70,000) and the cash allowance in lieu of social benefits (EUR 60,000).

(4) Additionally, the Chief Executive Officer has received the amount for the executive remuneration plan for the 2014-2019 period, to which the Chief Executive Officer is entitled to, for the period between his appointment as Chief Executive Officer, on 27 May 2019, until 31 December 2019 (EUR 59,067).

8.2. Remuneration for directors in their condition as members of the Board (“in their condition as such” according to the LSC, for their non-executive duties), for all items, for the financial year 2020

The total remuneration of the Board of Directors for the financial year 2020, excluding the remuneration of executive directors due to their contractual relation (executive duties) with the entity, entails, in all categories, 0.40%¹ of the net income of the Red Eléctrica Group allocated to the holding company, for the financial year 2020.

¹The net income of the RED ELÉCTRICA Group allocated to the holding company in the financial year 2020 amounted to EUR 616,185 thousand (EUR 714,752 thousand in the financial year 2019). 2019 figures have been re-expressed as a result of the accounting of the business combination with Hispasat with effect from 3 October 2019.

The remuneration accrued by the members of Board of Directors of the entity in the year 2020, in thousand Euros, broken down by director, as disclosed in the Annual Accounts for the financial year 2020, are the following:

	Fixed remuneration	Variable remuneration	Allowances for attending Board meetings	Committees work	Chairperson of Board Committees and lead independent director	Other remuneration ⁽⁷⁾	Total 2020	Total 2019 ⁽⁸⁾
Thousands of Euros								
MS. Beatriz Corredor Sierra ⁽¹⁾	449	-	15	-	-	-	464	-
MR. Roberto Garcia Merino	481	263	16	-	-	130	890	531
MR. Jordi Sevilla Segura ⁽²⁾	40	-	2	-	-	-	42	546
MS. Carmen Gómez de Barreda Tous de Monsalve	131	-	16	28	30	-	205	205
MS. María José García Beato	131	-	16	28	-	-	175	175
MS. Socorro Fernández Larrea	131	-	16	28	15	-	190	187
MR. Antonio Gómez Ciria	131	-	16	28	14	-	189	190
MR. Arsenio Fernández de Mesa Díaz del Río	131	-	16	28	-	-	175	175
MR. Alberto Carbajo Josa	131	-	16	28	-	-	175	175
MS. Mercedes Real Rodríguez ⁽³⁾	131	-	16	28	-	-	175	175
MS. María Teresa Costa Campi	131	-	16	28	-	-	175	175
MR. Antonio Gómez Expósito ⁽⁴⁾	129	-	16	27	-	-	172	175
MR. José Juan Ruiz Gómez	131	-	16	28	1	-	176	137
MR. Ricardo García Herrera ⁽⁵⁾	3	-	-	-	-	-	3	-
Other Board members ⁽⁶⁾	-	-	-	-	-	-	-	443
Total remuneration accrued	2,281	263	193	279	60	130	3,206	3,289

(1) New director since the Board meeting held on 25 February 2020.

(2) Stepped down from the Board of Directors at the Board meeting held on 28 January 2020.

(3) Amounts received by Sociedad Estatal de Participaciones Industriales (SEPI).

(4) Stepped down from the Board of Directors at the Board meeting held on 22 December 2020.

(5) New director since the Board meeting held on 22 December 2020.

(6) Board members in 2019 who have stepped down from the Board.

(7) Includes costs arising from the social benefits that are included in the Chief Executive Officer's remuneration.

(8) The figures do not include the severance payment for the termination of the Chief Executive Officer relationship in 2019.

Additionally, the executive remuneration plan for the 2014-2019 period, to which the Chief Executive Officer is entitled to, concluded as at 31 December 2019. The amount paid to the Chief Executive Officer for his participation while in this role is EUR 59 thousand. This corresponds to the period between his appointment as Chief Executive Officer, on 27 May 2019, until 31 December 2019.

8.3. Remuneration of senior executives, for all items, for the financial year 2020

The senior executives who rendered services throughout the year 2020 are the following:

Name	Position	Accrual period in the year 2020
Eva Pagán Díaz	General Manager of Transmission	From 1 January to 31 December 2020
Miguel Duvison García	General Manager of System Operation	From 1 January to 31 December 2020

In the year 2020 the total remuneration accrued by the senior executives has amounted to EUR 662 thousand and is recorded as Personnel expenses in the Profit and Loss Consolidated Accounts. These amounts include the linear accrual of annual variable remuneration based on the achievement of the targets fixed for each year. Once achievement of the aforesaid targets has been evaluated, the variable remuneration is paid in the first months of the following year, the remuneration depending on the actual achievement.

Of the total remuneration accrued by these executives, contributions to medical and life insurances and pension plans amounted to EUR 15 thousand.

As at 31 December 2020 there are no advances or loans granted to these executives.

The executive remuneration plan for the 2014-2019 period concluded as at 31 December 2019. The amount paid to the senior executives who were included in the aforementioned plan was EUR 665 thousand.

On 31 December 2020, the Group has underwritten civil liability insurance policies which cover third-party claims for possible damages and/or losses caused by acts or omissions in the exercise of their duties as Group Board Members. These policies cover all the Group's executives and directors, and the annual cost of the premiums in 2020 amounts to EUR 328 thousand, including taxes. These premiums are calculated based on the nature of the Group's business and its economic and financial magnitudes and, accordingly, it is not possible to differentiate between executives and directors or to identify them individually.

9. Tables of voting results

The following table sets out the voting percentages obtained at the company's Annual General Shareholders' Meetings held since 2017, in connection with the Annual Report on Remuneration of directors:

Annual Report on Remuneration of directors: Votes (%)			
Meeting date	For	Against	Abstention
14/05/2020	63.042%	4.243%	32.715% ⁽¹⁾
22/03/2019	66.426%	0.862%	32.712% ⁽²⁾
22/03/2018	65.090%	1.110%	33.800% ⁽³⁾
31/03/2017	64.618%	0.705%	34.677% ⁽⁴⁾

(1) 32.66 of the aforementioned percentage corresponds to the votes of Sociedad Estatal de Participaciones Industriales (SEPI), as reported to the company, due to the position of the Sociedad Estatal de Participaciones Industriales (SEPI) in the listed companies with minority participation.

(2) 31.79 of the aforementioned percentage corresponds to the votes of Sociedad Estatal de Participaciones Industriales (SEPI), as reported to the company, due to the position of the Sociedad Estatal de Participaciones Industriales (SEPI) in the listed companies with minority participation.

(3) 33.35% of the aforementioned percentage corresponds to the votes of Sociedad Estatal de Participaciones Industriales (SEPI), as reported to the company, due to the position of the Sociedad Estatal de Participaciones Industriales (SEPI) in the listed companies with minority participation.

(4) 34.41% of the aforementioned percentage corresponds to the votes of Sociedad Estatal de Participaciones Industriales (SEPI), as reported to the company, due to the position of the Sociedad Estatal de Participaciones Industriales (SEPI) in the listed companies with minority participation.

10. Complementary information of the tables of the Annex III Statistic of the Annual Report on Remuneration of Directors for listed companies (Circulars 1/2020, of October 6, and 2/2018, of June 12, of the CNMV), corresponding to Red Eléctrica Corporación S.A. which appears as an appendix to this report

The following are the explanatory notes to the tables of the aforementioned Statistical Annex III:

1. With regards to sections C.1.a) i) and C.1.c), it should be noted that the amounts included for Ms. Mercedes Real Rodrigálvarez have been received by Sociedad Estatal de Participaciones Industriales (SEPI).
2. In relation to section C.1.a) i), it should be noted that, in the information contained in the entity's Annual Accounts for the financial year 2020, as regards the remuneration accrued in the year 2019, there is an additional item called "Other Board Members", which refers to the Board members who cease as directors during the year 2019 (therefore, they are not included in the list of directors of the company in 2020 included in Annex III of this report) and whose overall remuneration amounts to EUR 443 thousand. The information for the year 2019 relating to said members of the Board was presented on an individual basis in the company's Annual Report on Remuneration of Directors for the year 2019, which was communicated to the CNMV and is available on the corporate website.
3. Similarly, in relation to section C.1.a) i) it should be noted that the 2014-2019 Multi-Year Variable Remuneration Plan, approved by the Board of Directors on 24 February 2015, following a favourable report by the Appointments and Remuneration Committee on 17 February 2015, as set out in the directors' remuneration Policy and in the Annual Report on Remuneration of Directors, approved by the Ordinary General Shareholders' Meeting held in 2019.

After the evaluation of the achievement of the objectives contemplated in the above-mentioned Plan, conducted by the Appointments and Remuneration Committee, in its meeting of 20 February 2020, the overall achievement of the objectives of the 2014-2019 Multi-Year Long Term Plan has been considered at 93.8%.

The quantification of the incentive derived from the Plan, in favour of the executives who participate in it, including the Chief Executive Officer, was conducted during the first quarter

of 2020, according to the agreement of the Appointments and Remuneration Committee, once the fulfilment of the corresponding objectives has been approved by this Committee, and which amounts to EUR 59,067 for the Chief Executive Officer.

This amount corresponds to the period in which the Chief Executive Officer has held this position, i.e. from 27 May to 31 December 2019.

4. In relation to the annual variable remuneration accrued by the Chief Executive Officer in the financial year 2020, which amounts to EUR 231,997, it should be noted that the table in section C.1.a) i), which includes the remunerations accrued in cash, reflects the 75% of the total amount accrued (EUR 173,998), paid in cash. The remaining 25% (EUR 57,999) will be delivered in shares of the company on the effective date of delivery of shares for all employees of the entity, usually in the last quarter of the year (2021), in accordance with the annual program of shares for employees. On that date the purchase price and the number of shares actually delivered will be known, according to their quotation on the Stock Exchange. The number of shares held by the Chief Executive Officer and the equivalent percentage of the social capital at the end of the financial year is informed in the corresponding Annual Report on Remuneration of directors.

Given that on the date of approval of this Report said price is not known, in Table C.1.a).ii), a number of shares has been included considering an estimate of the share price of 16.48 EUR/share - according to the last communication made by the company to the CNMV in relation to the remuneration systems in shares of the Chief Executive Officer. The estimate of the number of shares in the table (3,519 shares) has been calculated considering the amount rounded in thousands of euros (EUR 58 thousand), as required by the aforementioned table.

Annex III Statistic of the Annual Report on Remuneration of Directors for listed companies (Circulars 1/2020, of October 6, and 2/2018, of June 12, of the CNMV), corresponding to Red Eléctrica Corporación S.A.



ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES

ISSUER IDENTIFICATION

Ending date of reference period: (31/12/2020)

CIF: (A-78003662)

Corporate Name:

(**RED ELÉCTRICA CORPORACIÓN, S.A.**)

Registered Office:

(PASEO DEL CONDE DE LOS GAITANES, 177 (28109-ALCOBENDAS) MADRID)

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE YEAR ENDED

- B.4.** Report on the result of the consultative vote at the general shareholders' meeting on remuneration in the previous year, indicating the number of votes against that may have been cast

	Number	% of total
Votes cast	331,381,498	61.51

	Number	% of cast
Votes against	14,061,092	4.24
Votes in favour	208,907,695	63.04
Abstentions	108,412,711	32.72

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in the financial year 2020
MS. BEATRIZ CORREDOR SIERRA	Chair other external	From 25/02/2020 to 31/12/2020
MR. ROBERTO GARCÍA MERINO	Chief Executive Director	From 01/01/2020 to 31/12/2020
MR. JORDI SEVILLA SEGURA	Chair other external	From 01/01/2020 to 28/01/2020
MS. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	Independent Director	From 01/01/2020 to 31/12/2020
MS. MARÍA JOSÉ GARCÍA BEATO	Independent Director	From 01/01/2020 to 31/12/2020
MS. SOCORRO FERNÁNDEZ LARREA	Independent Director	From 01/01/2020 to 31/12/2020
MR. ANTONIO GÓMEZ CIRIA	Independent Director	From 01/01/2020 to 31/12/2020
MR. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	Independent Director	From 01/01/2020 to 31/12/2020
MR. ALBERTO FRANCISCO CARBAJO JOSA	Independent Director	From 01/01/2020 to 31/12/2020
MS. MERCEDES REAL RODRIGÁLVAREZ	Proprietary Director	From 01/01/2020 to 31/12/2020
MS. MARÍA TERESA COSTA CAMPI	Proprietary Director	From 01/01/2020 to 31/12/2020
MR. ANTONIO GÓMEZ EXPÓSITO	Proprietary Director	From 01/01/2020 to 22/12/2020
MR. JOSÉ JUAN RUIZ GÓMEZ	Independent Director	From 01/01/2020 to 31/12/2020
MR. RICARDO GARCÍA HERRERA	Proprietary Director	From 22/12/2020 to 31/12/2020

C.1. Complete the following tables regarding the individual remuneration of each director (including the salary received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration in cash (thousands of €)

Name	Fixed Remuneration	Per diem allowances	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance payment	Other items	Total in 2020	Total in 2019
MS. BEATRIZ CORREDOR SIERRA	449	15							464	
MR. ROBERTO GARCÍA MERINO	131	16		350	174			60	731	459
MR. JORDI SEVILLA SEGURA	40	2							42	546
MS. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	131	16	58						205	205
MS. MARÍA JOSÉ GARCÍA BEATO	131	16	28						175	175
MS. SOCORRO FERNÁNDEZ LARREA	131	16	43						190	187
MR. ANTONIO GÓMEZ CIRIA	131	16	42						189	190
MR. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	131	16	28						175	175
MR. ALBERTO FRANCISCO CARBAJO JOSA	131	16	28						175	175
MS. MERCEDES REAL RODRIGÁLVAREZ	131	16	28						175	175
MS. MARÍA TERESA COSTA CAMPÍ	131	16	28						175	175
MR. ANTONIO GÓMEZ EXPÓSITO	129	16	27						172	175
MR. JOSÉ JUAN RUIZ GÓMEZ	131	16	29						176	137
MR. RICARDO GARCÍA HERRERA	3								3	

ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments.

Name	Name of Plan	Financial instruments at start of 2020		Financial instruments granted during 2020		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2020	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/ consolidated	Price of the consolidated shares	Gross profit from consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
MS. BEATRIZ CORREDOR SIERRA	Plan							0.00				
MR. ROBERTO GARCÍA MERINO	2020 Annual Variable Remuneration			3,519	3,519	3,519	3,519	16.48	58			
MR. JORDI SEVILLA SEGURA	Plan							0.00				
MS. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	Plan							0.00				
MS. MARÍA JOSÉ GARCÍA BEATO	Plan							0.00				
MS. SOCORRO FERNÁNDEZ LARREA	Plan							0.00				
MR. ANTONIO GÓMEZ CIRIA	Plan							0.00				
MR. ARSENIÓ FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	Plan							0.00				
MR. ALBERTO FRANCISCO CARBAJO JOSA	Plan							0.00				
MS. MERCEDES REAL RODRIGÁLVAREZ	Plan							0.00				

Name	Name of Plan	Financial instruments at start of 2019		Financial instruments granted during 2019		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2019	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/ consolidated	Price of the consolidated shares	Gross profit from consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
MS. MARÍA TERESA COSTA CAMPI	Plan							0.00				
MR. ANTONIO GÓMEZ EXPÓSITO	Plan							0.00				
MR. JOSÉ JUAN RUIZ GÓMEZ	Plan							0.00				
MR. RICARDO GARCÍA HERRERA	Plan							0.00				

iii) Long-term saving systems

Name	Remuneration from consolidation of rights to savings system
MS. BEATRIZ CORREDOR SIERRA	
MR. ROBERTO GARCÍA MERINO	70
MR. JORDI SEVILLA SEGURA	
MS. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	
MS. MARÍA JOSÉ GARCÍA BEATO	
MS. SOCORRO FERNÁNDEZ LARREA	
MR. ANTONIO GÓMEZ CIRIA	
MR. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	

Name	Remuneration from consolidation of rights to savings system
MR. ALBERTO FRANCISCO CARBAJO JOSA	
MS. MERCEDES REAL RODRIGÁLVAREZ	
MS. MARÍA TERESA COSTA CAMPI	
MR. ANTONIO GÓMEZ EXPÓSITO	
MR. JOSÉ JUAN RUIZ GÓMEZ	
MR. RICARDO GARCÍA HERRERA	

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with consolidated economic rights		Savings systems with consolidated economic rights		Savings systems with consolidated economic rights		Savings systems with consolidated economic rights	
	2020	2019	2020	2019	2020	2019	2020	2019
MS. BEATRIZ CORREDOR SIERRA								
MR. ROBERTO GARCÍA MERINO	70	42			112	42		
MR. JORDI SEVILLA SEGURA								
MS. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE								
MS. MARÍA JOSÉ GARCÍA BEATO								
MS. SOCORRO FERNÁNDEZ LARREA								

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with consolidated economic rights		Savings systems with consolidated economic rights		Savings systems with consolidated economic rights		Savings systems with consolidated economic rights	
	2020	2019	2020	2019	2020	2019	2020	2019
MR. ANTONIO GÓMEZ CIRIA								
MR. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO								
MR. ALBERTO FRANCISCO CARBAJO JOSA								
MS. MERCEDES REAL RODRIGÁLVAREZ								
MS. MARÍA TERESA COSTA CAMPI								
MR. ANTONIO GÓMEZ EXPÓSITO								
MR. JOSÉ JUAN RUIZ GÓMEZ								
MR. RICARDO GARCÍA HERRERA								

v) Details of other items

Name	Item	Remuneration amount
MS. BEATRIZ CORREDOR SIERRA	Item	
MR. ROBERTO GARCÍA MERINO	Item	
MR. JORDI SEVILLA SEGURA	Item	

Name	Item	Remuneration amount
MS. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	Item	
MS. MARÍA JOSÉ GARCÍA BEATO	Item	
MS. SOCORRO FERNÁNDEZ LARREA	Item	
MR. ANTONIO GÓMEZ CIRIA	Item	
MR. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	Item	
MR. ALBERTO FRANCISCO CARBAJO JOSA	Item	
MS. MERCEDES REAL RODRIGÁLVAREZ	Item	
MS. MARÍA TERESA COSTA CAMPI	Item	
MR. ANTONIO GÓMEZ EXPÓSITO	Item	
MR. JOSÉ JUAN RUIZ GÓMEZ	Item	
MR. RICARDO GARCÍA HERRERA	Item	

b) Remuneration of the company directors for seats on the boards of other group companies:

i) Remuneration in cash (thousands of €)

Name	Fixed remuneration	Per diem allowances	Remuneration for member ship of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance payment	Other items	Total in 2020	Total in 2019
MS. BEATRIZ CORREDOR SIERRA										
MR. ROBERTO GARCÍA MERINO										
MR. JORDI SEVILLA SEGURA										
MS. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	22								22	6

Name	Fixed remuneration	Per diem allowances	Remuneration for member ship of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance payment	Other items	Total in 2020	Total in 2019
MS. MARÍA JOSÉ GARCÍA BEATO										
MS. SOCORRO FERNÁNDEZ LARREA										
MR. ANTONIO GÓMEZ CIRIA	7								7	
MR. ARSENO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO										
MR. ALBERTO FRANCISCO CARBAJO JOSA										
MS. MERCEDES REAL RODRIGÁLVAREZ										
MS. MARÍA TERESA COSTA CAMPI										
MR. ANTONIO GÓMEZ EXPÓSITO										
MR. JOSÉ JUAN RUIZ GÓMEZ										
MR. RICARDO GARCÍA HERRERA										

ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments

Nombre	Name of Plan	Financial instruments at start of 2020		Financial instruments granted during 2020		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2020	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/ consolidated	Price of the consolidated shares	Net profit from consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
MS. BEATRIZ CORREDOR SIERRA	Plan							0.00				
MR. ROBERTO GARCÍA MERINO	Plan							0.00				
MR. JORDI SEVILLA SEGURA	Plan							0.00				
MS. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	Plan							0.00				
MS. MARÍA JOSÉ GARCÍA BEATO	Plan							0.00				
MS. SOCORRO FERNÁNDEZ LARREA	Plan							0.00				
MR. ANTONIO GÓMEZ CIRIA	Plan							0.00				

Nombre	Name of Plan	Financial instruments at start of 2020		Financial instruments granted during 2020		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2020	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/ consolidated	Price of the consolidated shares	Net profit from consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
MR. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	Plan							0.00				
MR. ALBERTO FRANCISCO CARBAJO JOSA	Plan							0.00				
MS. MERCEDES REAL RODRIGÁLVAREZ	Plan							0.00				
MS. MARÍA TERESA COSTA CAMPI	Plan							0.00				
MR. ANTONIO GÓMEZ EXPÓSITO	Plan							0.00				
MR. JOSÉ JUAN RUIZ GÓMEZ	Plan							0.00				

Nombre	Name of Plan	Financial instruments at start of 2020		Financial instruments granted during 2020		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2020	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/ consolidated	Price of the consolidated shares	Net profit from consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
MR. RICARDO GARCÍA HERRERA	Plan							0.00				

iii) Long-term saving systems

Name	Remuneration from consolidation of rights to savings system
MS. BEATRIZ CORREDOR SIERRA	
MR. ROBERTO GARCÍA MERINO	
MR. JORDI SEVILLA SEGURA	
MS. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	
MS. MARÍA JOSÉ GARCÍA BEATO	
MS. SOCORRO FERNÁNDEZ LARREA	
MR. ANTONIO GÓMEZ CIRIA	
MR. ARSENIÓ FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	
MR. ALBERTO FRANCISCO CARBAJO JOSA	

Name	Remuneration from consolidation of rights to savings system
MS. MERCEDES REAL RODRIGÁLVAREZ	
MS. MARÍA TERESA COSTA CAMPI	
MR. ANTONIO GÓMEZ EXPÓSITO	
MR. JOSÉ JUAN RUIZ GÓMEZ	
MR. RICARDO GARCÍA HERRERA	

Name	Contribution over the year from the company (thousands of €)				Amount of accumulated funds (thousands of €) Savings systems with consolidated economic rights			
	Savings systems with consolidated economic rights		Savings systems with consolidated economic rights		Savings systems with Consolidated economic rights		Savings systems with unconsolidated economic rights	
	2020	2019	2020	2019	2020	2019	2020	2019
MS. BEATRIZ CORREDOR SIERRA								
MR. ROBERTO GARCÍA MERINO								
MR. JORDI SEVILLA SEGURA								
MS. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE								
MS. MARÍA JOSÉ GARCÍA BEATO								
MS. SOCORRO FERNÁNDEZ LARREA								
MR. ANTONIO GÓMEZ CIRIA								

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €) Savings systems with consolidated economic rights			
	Savings systems with consolidated economic rights		Savings systems with consolidated economic rights		Savings systems with Consolidated economic rights		Savings systems with unconsolidated economic rights	
	2020	2019	2020	2019	2020	2019	2020	2019
MR. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO								
MR. ALBERTO FRANCISCO CARBAJO JOSA								
MS. MERCEDES REAL RODRIGÁLVAREZ								
MS. MARÍA TERESA COSTA CAMPI								
MR. ANTONIO GÓMEZ EXPÓSITO								
MR. JOSÉ JUAN RUIZ GÓMEZ								
MR. RICARDO GARCÍA HERRERA								

v) Details of other items

Name	Item	Remuneration amount
MS. BEATRIZ CORREDOR SIERRA	Item	
MR. ROBERTO GARCÍA MERINO	Item	
MR. JORDI SEVILLA SEGURA	Item	
MS. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	Item	

Name	Item	Remuneration amount
MS. MARÍA JOSÉ GARCÍA BEATO	Item	
MS. SOCORRO FERNÁNDEZ LARREA	Item	
MR. ANTONIO GÓMEZ CIRIA	Item	
MR. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	Item	
MR. ALBERTO FRANCISCO CARBAJO JOSA	Item	
MS. MERCEDES REAL RODRIGÁLVAREZ	Item	
MS. MARÍA TERESA COSTA CAMPI	Item	
MR. ANTONIO GÓMEZ EXPÓSITO	Item	
MR. JOSÉ JUAN RUIZ GÓMEZ	Item	
MR. RICARDO GARCÍA HERRERA	Item	

c) Summary of remunerations (thousand €):

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director (thousand €).

Name	Remuneration accrued in the company					Remuneration accrued in group companies					
	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for long term savings systems	Remuneration for other items	Total 2020 company	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for long term savings systems	Remuneration for other items	Total 2020 group	Total 2020 company + group
MS. BEATRIZ CORREDOR SIERRA	464	0	0	0	464	0	0	0	0	0	464

Name	Remuneration accrued in the company					Remuneration accrued in group companies					Total 2020 company + group
	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for long term savings systems	Remuneration for other items	Total 2020 company	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for long term savings systems	Remuneration for other items	Total 2020 group	
MR. ROBERTO GARCÍA MERINO	731	58	70		859						859
MR. JORDI SEVILLA SEGURA	42				42						42
MS. CARMEN GÓMEZ DE BARREDA TOUS DE MONSALVE	205				205	22				22	227
MS. MARÍA JOSÉ GARCÍA BEATO	175				175						175
MS. SOCORRO FERNÁNDEZ LARREA	190				190						190
MR. ANTONIO GÓMEZ CIRIA	189				189	7				7	196
MR. ARSENIO FERNÁNDEZ DE MESA Y DÍAZ DEL RÍO	175				175						175
MR. ALBERTO FRANCISCO CARBAJO JOSA	175				175						175
MS. MERCEDES REAL RODRIGÁLVAREZ	175				175						175

Name	Remuneration accrued in the company					Remuneration accrued in group companies					Total 2020 company + group
	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for long term savings systems	Remuneration for other items	Total 2020 company	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for long term savings systems	Remuneration for other items	Total 2020 group	
MS. MARÍA TERESA COSTA CAMPI	175				175						175
MR. ANTONIO GÓMEZ EXPÓSITO	172				172						172
MR. JOSÉ JUAN RUIZ GÓMEZ	176				176						176
MR. RICARDO GARCÍA HERRERA	3				3						3
TOTAL	3,047	58	70		3,175	29				29	3,204

D. OTHER RELEVANT INFORMATION

This annual remuneration report has been approved by the Board of Directors of the company on:

(23/02/2021)

State whether any director has voted against or abstained from approving this report

() Yes

() No

Name or company name of the member of the Board of Directors who has not voted for the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons
MS. MERCEDES REAL RODRIGÁLVAREZ	Abstention	As informed, position of Sociedad Estatal de Participaciones Industriales (SEPI) in listed companies in which it holds a minority stake.
MR. RICARDO GARCÍA HERRERA	Abstention	As informed, position of Sociedad Estatal de Participaciones Industriales (SEPI) in listed companies in which it holds a minority stake.
MS. MARÍA TERESA COSTA CAMPI	Abstention	As informed, position of Sociedad Estatal de Participaciones Industriales (SEPI) in listed companies in which it holds a minority stake.