



**RED ELÉCTRICA**  
CORPORACIÓN

**Board of Directors**

*10 March 2015*

Ordinary General Shareholders' Meeting:  
Report on the proposal for ratifying and appointing an  
independent director



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## 1. Justification and background facts

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On 13 February 2015, the Company's Board of Directors unanimously adopted the following resolution, among others:

*In accordance with the provisions of Articles 244, 529 decies, 529 duodecies and 529 quidecies of the Spanish Companies Act (Ley de Sociedades de Capital), 21 of the Company By-laws, and 7, 19, 20 and 21 of the Board of Directors' Regulations, to appoint as an independent director of Red Eléctrica Corporación, S.A., Mr José Luis Feito Higuera, until the first General Meeting is held, in order to cover the existing vacancy on the Board of Directors prior to adopting this resolution, which arises as a result of the resignation presented by Mr Juan Irazo Martín from the post of independent director to which he was elected, for a term of four years, by means of a resolution of the Ordinary General Shareholders' Meeting held on 19 April 2012. This resignation was accepted by Board of Directors at its meeting held on 28 October 2014, in accordance with the report and proposal issued by the Governance and Corporate Responsibility Committee and with the report of the Board of Directors”.*

Pursuant to the provisions of Article 529 decies, paragraph 4, of the Spanish Companies Act (Ley de Sociedades de Capital) (“LSC”), and Articles 16, 19 and 21 of the Regulation of the Board of Directors, the proposals of the appointment of the independent directors, including by co-optation, will be approved by the Appointments and Remuneration Committee (Governance and Corporate Responsibility Committee, according to the name established until now under the Company's corporate rules) and in the event that they are appointed by co-optation, they will exercise their posts until the date of the meeting of the General Shareholders' Meeting, which may ratify them or appoint other directors.

Given that it is envisaged that at the meeting on 10 March 2015, the Board of Directors will call the Company's Ordinary General Shareholders' Meeting corresponding to the 2014 financial year, and bearing in mind that the validity of the mandate as director of Mr Feito Higuera ends on the date that said General Meeting will be held, scheduled for 14 and 15 April 2015 (at first and second call, respectively), it is necessary to provide information on the corresponding proposal for the ratification and appointment as independent director of Mr José Luis Feito Higuera. This proposal is made by the Governance and Corporate Social Responsibility Committee at a meeting held in March 2015, and, if applicable, will be submitted to the next Ordinary General Shareholders' Meeting, pursuant to the provisions of Article 529 decies, paragraph 5, of the LSC, and the competency, experience and merits of the proposed director will be assessed in this report.



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The procedure and the requirements for the appointment of the Company's independent directors are regulated in the LSC in Articles 529 *decies* to 529 *duodecies*, 529 *quindecies*, in Article 24 of the Company's By-laws and in Articles 7, 16, 19, 20 and 21 of the Board of Directors' Regulations. Said rules establish the evaluation criteria, conditions and circumstances that must be considered in order to appoint independent directors.

## **2. Ideal profile of the director and initial request for candidates**

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The Governance and Corporate Responsibility Committee and the Board of Directors have criteria that define the profile and the requirements that are considered appropriate for the performance of the post of director, defining the qualities, competencies and experience that the ideal director must meet when holding the post, in this case, as independent director.

Said profile agreed by the Committee and by the Board of Directors considers as initial value for analysing the candidate of director the business experience and experience on boards of directors and other governing bodies of public or private entities, on boards of directors of listed companies, financial experience and experience in financial markets, as well as in the energy sectors and in managing human resources and management teams, as well as knowledge of languages.

Pursuant to the provisions of Article 15.3 on the Regulations of the Board of Directors, the Governance and Corporate Responsibility Committee requested from the directors proposals to cover the vacancy existing at that time on the Board, so that the Committee could present, in turn, a proposal to the Board of Directors. Ultimately, the Committee formally raised to the Board, in February 2015, the proposal for the appointment of Mr José Luis Feito Higuera as an independent director since it considered his profile to be appropriate to fill the vacancy of the independent director, subject to prior analysis of the applicable legal and corporate rules; the Board of Directors, at the meeting held on 13 February 2015, approved his appointment, by co-optation, until the date of the next General Shareholders' Meeting.

## **3. Profile of the director and new assessment of the circumstances**

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Having once again analysed the *curriculum vitae* of the independent director, Mr Feito Higuera, (*which is attached as an annex to this report*) and seeing that it has not varied with regard to the one that was reviewed last February, the Governance and Corporate Responsibility Committee, when making its proposal in March 2015, considered that the individual continues to be appropriate to the ideal profile of the director originally prepared for the reasons explained below.

The director, born in Madrid in 1952, holds a degree in Economy and Business Sciences from the Complutense University of Madrid, is a Commercial Technician and Economist of the State and Spanish ambassador.

He is current a member of the Board of Directors of Bankia, S.A. as an independent director and he is a director of its Auditing and Compliance Committee. He is chairman of the Financial and Economic Policy Committee of the CEOE, chairman of the IEE (Instituto de Estudios Económicos) (*Financial Studies Institute*) and a member of the Editorial Board of the Spanish newspaper specialised in economy matters, *Expansión*.

The director began his professional career as a programmer, analyst and information technology executive at the companies Seresco, S.A. and Entel-Ibermática, S.A. (1967-1978). He was head of the Studies Service of the Foreign Sector and Data Protection of the Spanish Ministry of Economy and Finance (1978-1980). Later on he was technical advisor and executive director in Washington for the International Monetary Fund (1980-1984). At the Bank of Spain he held the posts, among other others, of Head of International Financial Institutions, member of the Monetary Committee in Brussels and the Council of Governors of Central Banks in Basel (1984-1986). He was a member of the Board of Directors of A.B. Asesores Bursátiles (1986-1996) and “chief economist”, head manager of the Investment Bank. From 1996 to 2000 he was the Spanish ambassador before the Organisation for Economic Cooperation and Development in Paris. Between 2001 and 2014 he was chairman of the ASETA, the Spanish Toll Road, Bridges and Tunnel Association (*Asociación de Sociedades Españolas Concesionarias de Autopistas, Túneles, Puentes y Vías de Peaje*).

The Board of Directors assessed the extensive experience of the director in senior executive posts in public and private entities, in regulated sectors, both nationally and internationally. It is worth highlighting Mr Feito Higuera’s experience in the economic, financial and securities markets sector and his capacity as a member of the Board of Directors of an important listed financial institution in Spain. His broad experience in the economic sector and institutional relationships, both nationally and internationally, is very valuable, bearing in mind that he performed various posts of significant responsibility in such bodies as the OECD, the International Monetary Fund



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and the Bank of Spain. His experience of more than twelve years as the chairman of one of the main business associations of the infrastructures sections reinforces his suitability. The Board also underscores his current performance of posts of maximum responsibility in leading institutions in the economic and business arena in Spain. The director also has experience in the information systems area as verified by his ten years at two companies in this sector.

It is also worth noting his international experience, in Europe and the United States, is very much valued within the area of Corporate Governance.

This professional experience makes Mr Feito Higuera ideal for the Board of Directors of Red Eléctrica Corporación, S.A., by supplementing its professional skills and knowledge, and reinforcing the diversity of the professional profile of its members and, in particular, with regard to financial and international experience.

The profile of director also complies with the requirements and conditions established in Article 529 *duodecies* of the LSC and in the Board of Directors' Regulations of the Company.

#### **4. Category assigned to the director**

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Of the information held by the Board of Directors, and in view of the current legislation and the Board of Directors' Regulations, Mr Feito Higuera may be classified, without question, as an independent director since he does not fall under any of the incompatibilities provided in the LSC and in the Board of Directors' Regulations. As regards the requirements stipulated in the Board of Directors' Regulations of Red Eléctrica Corporación, S.A., it is worth noting that Mr Feito Higuera performs the post of director at a listed company therefore the maximum limit of two boards of other listed companies is not exceeded, as established in Article 7.3 of the Board of Directors' Regulations.

Once the director's professional background was analysed, the Board of Directors, in accordance with the proposal made by the Governance and Corporate Responsibility Committee, considers that it meets the director's profile as determined by the Committee. It likewise meets the demands of impartiality, objectivity, professional prestige, acknowledged solvency, competence and experience derived from the LSC and the Board of Directors' Regulations, so that said individual may perform the post of independent director.



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With the qualities that the director has, the objective of safeguarding the interest of the minority shareholder, represented on the Board by all of the independent directors is reinforced.

Prior to this appointment Mr Feito Higuera must renew his declaration that he does not fall under any legal, regulatory or corporate rule incompatibilities, in order to perform his post as the Company's independent director.

## **5. Favourable report on the proposed ratification and appointment**

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Consequently, having concluded the analysis, and notwithstanding the necessary renewal of the formal declaration made by Mr Feito Higuera regarding the non-existence of incompatibilities for exercising the post of independent director, the Board of Directors considers that Mr Feito Higuera continues to meet the conditions needed to adapt to the ideal profile so as to carry out the post of independent director on the Company's Board of Directors.

In view of this report by the Board of Directors, and having analysed the proposal made by the Governance and Corporate Responsibility Committee in March 2015, pursuant to the provisions of Article 529 *decies*, of the LSC, in Article 24 of the Company's By-laws and in Article 19 of the Board of Directors' Regulations, it is submitted to the Ordinary General Shareholders' Meeting, as established below:

*To ratify the appointment of the individual, Mr José Luis Feito Higuera, as independent director of Red Eléctrica Corporación, S.A., as made by the Board of Directors at the meeting held on 13 February 2015, and consequently, in accordance with the provisions of Article 529 decies of the LSC, at the proposal of the Governance and Corporate Responsibility Committee and subject to the prior report by the Board of Directors, proceed to appoint him as independent director for a term of four years as established in the Company By-laws.*



## Annex 1 (*Curriculum vitae*)

### **José Luis Feito Higuera**

Degree in Economy and Business Sciences from the Complutense University of Madrid.

Commercials Technical and State Economist.

Spanish Ambassador.

*Currently he acts as:*

Chairman of the IEE (Instituto de Estudios Económicos) (Economic Studies Institute) (From 2009).

Chairman of the Financial and Economic Policy Committee of the CEOE, and member of its Executive Committee and Governing Board (From 2001).

Member of the Board of Directors of Bankia, S.A. and member of its Auditing and Compliance Committee (Since 2012).

Member of the Editorial Committee of the newspaper *Expansión* (Since 2001).

*He previously acted as:*

Chairman of the ASETA-Asociación de Sociedades Españolas Concesionarias de Autopistas, Túneles, Puentes y Vías de Peaje (Spanish Toll Road and Tunnel Association) (2001-2014).

Spanish ambassador before the Organisation for Economic Cooperation and Development in Paris (1996-2000).

Associate and member of the Board of Directors of A.B. Asesores Bursátiles, S.A. in Madrid (Morgan Stanley), a company where he was the Chief Economist and head of management of various areas in Investment Banking (1986-1996).

Head of the International Financial Institutions of the Bank of Spain, a member of the European Monetary Committee (Brussels) and the Council of Governors of Central Banks of the European Union in Basil (1984-1986).

Technical Advisor and Executive Director of the International Monetary Fund in Washington (1980-1984).

Head of Studies of the Foreign Sector and Data Processes of the Spanish Ministry of Economy and Finance in Madrid (1978-1980).

Programmer, analyst and information technology executive of the companies Seresco, S.A. and Entel-Ibermática, S.A., in Madrid (1967-1978).