



RED ELÉCTRICA

CORPORACIÓN

Board of Directors

16 February 2018

Annual General Meeting of Shareholders: Report and proposal
to ratify and appoint Ms. Mercedes Real Rodrigálvarez as
proprietary director



1. Background and justification

On 31 October 2017, and further to the favourable report regarding the proposal to appoint Ms. Mercedes Real Rodrigálvarez as proprietary director, to represent the Spanish State's Industrial Holding Company (*Sociedad Estatal de Participaciones Industriales*, SEPI), made by the Appointments and Remuneration Committee on 18 October 2017 pursuant to the provisions of Article 529 *decies* of the Spanish Companies' Act (*Ley de Sociedades de Capital*, LSC), Article 24 of the company's By-laws and Article 21 of the Regulations of the Board of Directors, the Board of Directors of the company adopted, among others, the following resolution:

“Pursuant to the provisions of Articles 244 and 529 decies of the Spanish Companies' Act (Ley de Sociedades de Capital, LSC), 20, 21 and 24 of the company's By-laws and 7, 18, 21, 22 and 23 of the Board of Directors Regulations, and in light of the proposal made by the Spanish State's Industrial Holding Company (SEPI) to appoint Ms. Mercedes Real Rodrigálvarez as proprietary director of Red Eléctrica Corporación, S.A. to represent SEPI, until such time as the first Annual General Meeting of Shareholders is held, in order to cover the sole vacancy existing on the Board of Directors, which occurred as a result of the resignation of Mr. José Ángel Partearroyo Martín from the position of proprietary director representing the Spanish State's Industrial Holding Company (SEPI), for which he was appointed for a term of four years by resolution of the Annual General Meeting of Shareholders held on 15 April 2016, a resignation which has been accepted by the Board of Directors at this meeting.”

Pursuant to the provisions of Article 529 *decies*, section 4, of the LSC and Articles 18, 21 and 23 of the Board of Directors Regulations, proposals to appoint proprietary directors, even by the "co-optation" procedure, must be approved by the Board of Directors and directors appointed by co-optation will perform the duties of their position until the date of the first Annual General Meeting of Shareholders, at which time they may be ratified or other directors appointed.

Since, at the meeting to be held on 16 February 2018, the Board of Directors is expected to call the Annual General Meeting of Shareholders of the company corresponding to financial year 2017, and considering that Ms. Real Rodrigálvarez's mandate as director ends on the date of such General Meeting of Shareholders, to be held on 21 and 22 March 2018 (on first and second call, respectively), it is necessary for the Board of Directors to present the proposal for the ratification and appointment of Ms. Mercedes Real Rodrigálvarez as proprietary director to the next Annual General Meeting of Shareholders for approval, following an assessment of the corresponding legal circumstances and conditions, and those set out in the company's corporate regulations, and in light of the report of the Appointments and Remuneration Committee.

In this regard, the Appointments and Remuneration Committee, during its meeting held on 13 November 2017, issued a favourable report to the Board of Directors in relation to the proposal to ratify and appoint Ms. Mercedes Real Rodrigálvarez as proprietary director of Red Eléctrica Corporación, S.A. to represent the Spanish State's Industrial Holding Company (SEPI), for it to be presented at the next Annual General Meeting of Shareholders.



Furthermore, in order to comply with the provisions of sections 4 and 5 of Article 529 *decies* of the LSC, the Board of Directors has drafted this report and proposal to ratify and appoint Ms. Mercedes Real Rodrigálvarez as member of the Board of Directors of the company, with the status of proprietary director and representing the Spanish State's Industrial Holding Company (SEPI), to be presented at the next Annual General Meeting of Shareholders.

The procedure and requirements for appointing proprietary directors of the company are established in Articles 529 *decies* to 529 *duodecies* and 529 *quindecies* of the Spanish Companies Act (LSC), in Article 24 of the company's By-laws and in Articles 7, 18, 21, 22 and 23 of the Board of Directors Regulations. The evaluation criteria, conditions and circumstances to be considered when appointing proprietary directors are set out in such corporate legislation.

2. Corporate profile

When drafting this report, the Board of Directors has followed the procedure established in corporate legislation for appointing proprietary directors of the company and has analysed the corporate criteria set by the Board of Directors and the Appointments and Remuneration Committee to define the profile and requirements considered appropriate for holding the position of director of the company, defining the qualities, skills and experience that the ideal director to hold the position - in this case as proprietary director - should have.

The Board of Directors has considered the favourable report issued by the Appointments and Remuneration Committee during its meeting held on 13 February 2018, which assesses the circumstances, professional qualifications and profile of the current proprietary director, Ms. Real Rodrigálvarez, prior to approving this report and making the corresponding proposal to ratify and appoint her as proprietary director to represent the Spanish State's Industrial Holding Company (SEPI), to be presented at the Annual General Meeting of Shareholders.

When issuing this report to be presented at the next Annual General Meeting of Shareholders, the Board of Directors has once again assessed the circumstances and professional qualifications of the current proprietary director, Ms. Real Rodrigálvarez, and ratifies, on the basis set out below, the reasons and grounds contained in its report dated 31 October 2017, given that, in light of the short time that has passed, no significant changes have occurred which need to be assessed.

3. Professional qualifications and new assessment of her circumstances

After having again considered the *curriculum vitae* of the proprietary director Ms. Mercedes Real Rodrigálvarez, which is available on the company's website and can be found here –[Ms. Mercedes Real Rodrigálvarez](#)–, the Board of Directors feels that the proposed director's profile continues to be appropriate to cover the vacancy that will occur on the date of the next General



Meeting of Shareholders, and that it fulfils the requirements set out in the Regulations of the Board of Directors of the company and in the LSC for holding the position of proprietary director. We include some of the highlights of her *curriculum vitae* below.

Ms. Mercedes Real Rodrigálvarez, born 6 January 1968, has a Degree in Business and Economics from Universidad Pontificia de Comillas (ICADE E-3), a Degree in Law also from Universidad Pontificia de Comillas (ICADE E-3) and completed the Masters Executive Development Programme (PDD) at the IESE Business School.

She has held the position of (among others): Member of the Board of Directors of Enusa Industrias Avanzadas, S.A. S.M.E.; Finance and Control Manager, Controller and Head of Human Resources at INFOBOLSA, S.A. (BME Group and Deutsche Börse Group); Member of the Board of Directors, Finance and Control Manager at OPEN FINANCE, S.L. and Chief Team Auditor in the Financial Sector at ARTHUR ANDERSEN (currently DELOITTE & TOUCHE).

She is currently the Director of Investee Companies of the Energy Division at the Spanish State's Industrial Holding Company (SEPI); Member of the Board of Directors of Enresa, S.A. S.M.E. M.P. and Chair of the Audit Committee of Enresa, S.A. S.M.E. M.P.

Upon assessing and evaluating her professional qualifications, the Committee highlights her experience and knowledge in the finance and securities market areas. In addition, she also stands out for her managerial experience and her experience on the boards of directors of both public and private entities, which is very highly valued with regard to good corporate governance.

4. Category assigned to the director

From the information available to the Board of Directors, and in light of both the legislation in force and the Board of Directors Regulations, Ms. Real Rodrigálvarez can be classified as a proprietary director representing the Spanish State's Industrial Holding Company (SEPI), since this is in line with the provisions of both the LSC and the Board of Directors Regulations.

Prior to her appointment, as is customary, Ms. Real Rodrigálvarez will have to renew her declaration stating that she does not fall under any legal, regulatory or corporate incompatibilities with regard to holding the position of proprietary director of the company.

5. Favourable report and proposal to ratify and appoint

Consequently, with the corresponding analysis having concluded, and notwithstanding that Ms. Real Rodrigálvarez must re-state her formal declaration regarding the inexistence of incompati-



bilities with regard to holding the position of proprietary director, the Board of Directors considers that Ms. Real Rodríguez continues to fulfil the required conditions to hold the position of proprietary director on the Board of Directors of the company, and therefore it issues a favourable report regarding the proposal to ratify and appoint Ms. Mercedes Real Rodríguez as proprietary director of Red Eléctrica Corporación, S.A., representing the Spanish State's Industrial Holding Company (SEPI), for the term of four years established in the company's By-laws, to be presented at the Annual General Meeting of Shareholders.

Having read the report of the Appointments and Remuneration Committee and the Board of Directors, and pursuant to the provisions of Article 529 *decies*, sections 4 and 5, of the LSC, Article 24 of the company's By-laws and Article 7, 18, 21, 22 and 23 of the Regulations of the Board of Directors, the following proposed resolution is presented at the Annual General Meeting of Shareholders:

To ratify the appointment of Ms. Mercedes Real Rodríguez as proprietary director of Red Eléctrica Corporación, S.A., as resolved by the Board of Directors at its meeting of 31 October 2017, and consequently proceed to appoint her as proprietary director representing the Spanish State's Industrial Holding Company (SEPI) for the term of four years established in the company's by-laws, pursuant to the provisions of Article 529 decies of the Spanish Companies Act.