



RED
ELÉCTRICA
CORPORACIÓN

Appointments and Remuneration Committee

17 February 2016

Annual General Meeting of
Shareholders:

Proposed reelection as an independent
director of Mrs. Carmen Gómez de
Barreda Tous de Monsalve



1. Explanation

On 19 April 2012 the Annual General Meeting of Shareholders of the Company adopted, inter alia, the following resolution:

"To appoint Mrs. Carmen Gómez de Barreda Tous Monsalve as an independent director of Red Eléctrica Corporación, S.A. for the term of four years set in the Bylaws".

Given the fact that the aforesaid term will end at the next Annual General Meeting of Shareholders, it is necessary to submit for consideration of the Board, if applicable for referral to the next General Meeting, the proposed re-election as an independent director of Mrs. Gómez de Barreda.

To comply with the provisions of article 529 decies of the Capital Companies Act (Ley de Sociedades de Capital, or "LSC") and article 16 of the Board Regulations, the Appointments and Remuneration Committee, because it is a matter of independent directors, must formulate a proposal evaluating the skills, experience and merits of the director, to be submitted to the Board of Directors, so that it may send its report (article 529 decies, section 5 of the LSC), and submit the proposal to the next Annual General Meeting of Shareholders.

The procedure and requirements for appointment of independent directors of the company are regulated in the Capital Companies Act, articles 529 decies to 529 duodecies, 529 quindecies, in article 24 of the Bylaws and in articles 7, 16, 19, 20 and 21 of the Board Regulations. The evaluation criteria, conditions and circumstances that must be considered in the appointment of independent directors are established in those rules.

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

The Appointments and Remuneration Committee and the Board of Directors have criteria defining the profile and requirements considered to be appropriate for service as a director, defining the qualities, skills and experience that must be held by the ideal director to occupy the position, in this case as an independent director.

The aforesaid profile agreed by the Committee and the Board of Directors as initial values for analysis of the director candidate considers 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 the energy sector and management of human resources and management teams, as well as knowledge of languages.

In accordance with article 15.3 of the Board Regulations, the Appointments and Remuneration Committee has been able to evaluate various candidates and consider the suggestions of the directors for filling the vacancy on the Board that will occur at the next Annual General Meeting of Shareholders, with the goal of the Committee being in a position to submit a proposal to the Board of Directors.



3. Career within the company, professional profile and evaluation of circumstances

The director joined the company's Board four years ago, by resolution of the Annual General Meeting of Shareholders held on 19 April 2012. Thus she now completes her first term as a director thereof. Her second term will begin now, if ultimately re-elected by the General Meeting.

The director has held the following positions on the Committees of the Board of Directors:

- Member of the Appointments and Remuneration Committee (from 26 April 2012 to 26 May 2015, the date on which she became the chairperson of that Committee).
- Lead independent director (since 28 May 2013, a position she continues to hold today).
- Chairwoman of the Appointments and Remuneration Committee (since 26 May 2015, a position she continues to hold today).

Regarding her professional profile (a detailed CV may be found on the corporate website www.ree.es), we would note that Mrs. Gómez de Barreda, born in 1968, has a degree in Economics and Business from the Universidad Pontificia de Comillas (ICADE) and a master's degree in Business Administration from IESE (Executive MBA), Universidad de Navarra. She currently is General Manager of Corporación de Reservas Estratégicas de Productos Petrolíferos (CORES).

The director has served, inter alia, as the head of the cogeneration area of the Marketing Department of Enagás, the head of the international, petrochemical and marketing areas of Repsol, Services Development Manager of Unión Fenosa, Deputy Director of Petroleum Markets with the National Energy Commission (Comisión Nacional de Energía, or "CNE"), Institutional Relations and Communications Manager of BP Oil España, representative of the Spanish delegation on the Emergency Matters Group and the Markets Group of the International Energy Agency (IEA).

After review of her professional career, both within and outside the company, the Committee in the first place greatly appreciates the contribution and dedication of the director over the last 4 years in the performance of her functions as an independent director, both on the Board of Directors itself and on the Appointments and Remuneration Committee (first as a member and then as the Chairwoman), especially in her functions as lead independent director, in her organisation of the common positions of the external directors, especially independent directors, and her serving as a channel of communication between those positions and the chairman of the Board of Directors, the Board itself and its committees.

Notable in 2015 was her role in the coordination and encouragement of the process of separation of the positions of chairman of the board of directors and managing director, and her recent participation in the visits made to proxy advisors (road shows).

The Committee values the broad experience of the director in senior management positions with entities, both public and private, in the energy sector, in particular the electricity sector. Of great value is her broad experience in the management of senior management teams, both domestically and internationally, having served in various senior positions such as Assistant



Director of Petroleum Markets with the National Energy Commission, Director of Institutional Relations for BP Oil España and head of the International, Petrochemical and Marketing areas for Repsol.

Her career reveals her experience in the area of strategic business management. It is also worth noting her fit in the institutional relations area, in particular with the Administration and regulatory agencies.

4. Category assigned to the director

The Committee concludes that the director's profile meets the requirements of impartiality, objectivity, professional prestige, recognised solvency, competence and experience required by the Board of Directors Regulations, in order to serve as an independent external director.

The re-election of Mrs. Gómez de Barreda as an independent director not only would strengthen the dealings of the Board of Directors with institutional shareholders and their advisors. It also would redound to the benefit of minority shareholder interests, which in this way would continue to be appropriately represented on the Board, together with the other independent directors.

On the other hand, after analysing the profile, skills and experience of Mrs. Gómez de Barreda and rating her career very highly, the Committee believes that it has fulfilled the responsibility established in article 16.I. 1) of the Board Regulations, to see to it that gender diversity is considered when filling new vacancies on the Board, in line with the best international corporate governance practices.

The Commission also considered the time limit of twelve years established in article 7 of the Board Regulations and in article 529 duodecies of the LSC, for serving as an independent director, which is not in conflict with the new proposal for re-election as an independent director of Mrs. Gómez de Barreda.

Based on all of the foregoing, this Appointments and Remuneration Committee believes it is appropriate to propose re-election as an independent director of Mrs. Carmen Gómez de Barreda Tous de Monsalve.

Finally we would note that, before her appointment, as is customary, Mrs. Gómez de Barreda must sign the declaration that she is not affected by legal, regulatory or corporate incompatibilities for her service as an independent director of the company.

5. Re-election proposal

Accordingly, the analysis having been concluded, and without prejudice to the required formal declaration of Mrs. Gómez de Barreda as to there being no incompatibilities for exercise of the position of an independent director, the Appointments and Remuneration Committee concludes that the director satisfies the appropriate conditions to continue serving as an independent director on the Board of Directors of the company.



Having reviewed the foregoing report, and in accordance with the provisions of articles 24.2 of the Bylaws and 19.2 of the Board of Directors Regulations, the following resolution is proposed to the Board of Directors, for referral to the Annual General Meeting of Shareholders:

To re-elect Mrs. Carmen Gómez de Barreda Tous de Monsalve, on proposal of the Appointments and Remuneration Committee, as an independent director of Red Eléctrica Corporación, S.A., for the term of four years fixed in the Bylaws, in accordance with the provisions of article 529 decies of the Capital Companies Act.