



**RED**  
**ELÉCTRICA**  
CORPORACIÓN

## **Board of Directors**

19 February 2019

General Meeting of Shareholders:  
Report about the proposal for the ap-  
pointment of Mr José Juan Ruiz Gómez as  
independent director



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## 1. Background and justification

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At the next Ordinary General Shareholders' Meeting, to be held on 21 and 22 March 2019, on first and second call, respectively, the term of Mr José Luis Feito Higuera as independent director will end.

Due to the vacancy that will occur in the Board of Directors, the Appointments and Remuneration Committee, within the framework of the responsibilities entrusted to it in the Regulations of the Board of Directors, has initiated the analysis process to cover the aforementioned vacancy of independent director.

The procedure and requirements for appointing independent directors of the Company are established in the Spanish Companies Act (*Ley de Sociedades de Capital*, 'LSC'), in Articles 529 *decies* to 529 *duodecies* and 529 *quindecies*, in Article 24 of the Company's By-laws and in Articles 7, 18, 21, 22 and 23 of the Regulations of the Board of Directors. The evaluation criteria, conditions and circumstances to be considered when appointing independent directors are set out in said rules.

Pursuant to that set out in Articles 529 *decies* and 529 *quindecies* of the 'LSC', and in Articles 21 and 22 of the Regulations of the Board of Directors, the proposals for the appointment of independent directors, including appointment by the co-optation procedure, will be approved by the Board of Directors at the proposal of the Appointments and Remuneration Committee, and the appointed independent directors will hold the position until the date of the first General Shareholders' Meeting.

## 2. Corporate profile of board director and review of candidates

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The Board of Directors and the Appointments and Remuneration Committee have followed the procedure established in the corporate rules for the appointment of independent directors of the Company and have analysed the corporate criteria and the new matrix of individual skills and competencies of the Board of Board of Directors, which reflects the skills and competencies, experience, knowledge, professionalism, suitability, independence of criteria, qualities and capacities established by the Corporate Governance Policy for Board members; approved by the Appointments and Remuneration Committee and the Board of Directors; seeking in this way to facilitate the supervision of the overall and individual balance and diversity of the Board of Directors at all times and to define the profile and requirements that are considered appropriate at this time to hold the post and perform the duties and responsibilities of board member of the Company, in this case, as an independent director.

The application of the new matrix of individual skills and competencies of board directors, which comprises a total of twenty-eight categories in which the experience and knowledge of the members of the Board are reflected in aspects such as the energy sector, telecommunications, institutional relations, the financial and capital markets sector, strategy and business development, posts held on boards of directors of public and private entities, sustainability, risk management and compliance, digital transformation, gender, age or seniority as board director, among other aspects, allows the Appointments and Remuneration Committee, prior to formulating a proposal for the appointment of an independent director, to analyse the comprehensive diversity in the composition of the Board of Directors in order to ensure that the Board has, at



all times, the necessary knowledge and the experience needed to successfully address upcoming challenges and continue to make progress to efficiently and proactively comply with the strategies and objectives of the Company and the Red Eléctrica Group.

To draw up the corresponding proposal, the Appointments and Remuneration Committee has sought the opinion of a first-rate, international, external advisor (Head Hunter) specialised in selection processes for board directors, in addition to considering other proposals and suggestions. The advisor has proposed various candidates and has issued the corresponding reports which assess the skills, competencies and experience of each candidate. The Appointments and Remuneration Committee has analysed and evaluated these reports in detail before issuing its proposal for the appointment of a board director to be subsequently submitted to the Board.

The final outcome of this selection process is that the Appointments and Remuneration Committee has chosen Mr José Juan Ruiz Gómez to hold the position of independent director of the Company and, in the meeting held on 14 February 2019, has formally raised to the Board of Directors this proposal of appointment as independent director. We include a summary of the circumstances and reasons on the basis of which the Committee has decided to issue the proposal to appoint the aforementioned candidate as independent director of the company.

### **3. Analyses and evaluation of the selected candidate's professional profile**

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Regarding the selected candidate's professional experience, which the Committee has analysed in detail (and which will be published on the corporate website [www.ree.es](http://www.ree.es), in the section containing documentation on the calling of the Ordinary General Shareholders' Meeting), it is worth mentioning that Mr Ruiz Gómez has held some very important posts, in both the private and public sectors and, specifically, the financial and economic sector.

Mr José Juan Ruiz Gómez was born in Cuenca (Tarancón), 30 July 1957. He holds a Degree in Economics from the Universidad Autónoma de Madrid and is a State Trade Expert.

From his professional experience, in the context of his experience in the field of economics, it is worth noting that he was Chief Economist and Head of the Research Department of the Inter-American Development Bank from 2012 to 2018 and Chief Economist for Latin America at the Banco de Santander (1999-2012). He was also Director of the Strategy and Planning Department of Banco Santander (1996-1999) and Chief Economist at Argentaria (1993).

The candidate has also held very important positions in the public sector, having held several posts in the Ministry of Economy and Finance (1983-1993), in which he became Secretary General of International Economy and Competition and Chief of Staff of the Secretary of State for the Economy, as well as Chairman of the Economic Policy Committee of the European Union (1991-1993).

In addition, he also has experience as a member on boards of directors, both for public entities (INI, Aviaco, Autopistas del Atlántico, Renfe and Tabacalera) and also private entities, in particular, in the banking sector, occupying Board Director positions in Banco de Santiago (Chile), Banco Santander Colombia, Banco Santander Puerto Rico, Banco Santander Peru and Banco Venezuela between 1999 and 2012. In this regard, of note is the experience acquired by the candidate through his participation in the expansion process of the Santander Group in Latin



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America, having been responsible for evaluating the macroeconomic, political and regulatory risks for the procurement processes of the said financial group.

Finally, it should be highlighted that since 2018 the candidate has been a member of the Editorial Board of El País and the Prisa Group, and he has been a consultant and independent advisor in macroeconomic matters, as well as in the field of research. In addition, he is a habitual columnist for the 'El País' newspaper, and in the past, he was also a columnist for the 'Expansión' newspaper.

Additionally, he works as a lecturer at conferences with various institutions and collaborates as a professor in the International Master of the Instituto de Empresa, and since 2012 has been a member in a personal capacity of the Scientific Council of the Elcano Royal Institute.

After analysing the summary of his professional experience, the Appointments and Remuneration Committee and the Board of Directors value very highly his extensive knowledge and experience in the field of finance and capital markets, as well as his vision and analysis of the risks and macroeconomic, political and regulatory trends of Spain and Latin America, and in relation to the strategy and business development.

The Committee and the Board also highlight his experience as a member of governing bodies of private and public entities, his career path in the public sector and his expertise as an independent consultant and advisor, particularly in macroeconomic matters and international expansion strategy.

From an analysis of his professional experience, it can be concluded that Mr Ruiz Gómez's profile is very suited to the post on the Board of Directors of Red Eléctrica Corporación, S.A. as an independent director, as it complements the Board's professional skills and knowledge and adds to the diversity, in particular with regard to the experience and knowledge in the financial and macroeconomic field, as well as in the Latin American arena.

Finally, the Appointments and Remuneration Committee and the Board of Directors consider the extensive international experience of the candidate as board member of financial institutions in Latin America of great value at a time when the new Strategic Plan of the Red Eléctrica Group gives special relevance to the expansion of its international business, currently positioned in Latin America

#### **4. Category assigned to the candidate for board director**

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At this point, it is necessary to determine what category would be assigned to the proposed candidate for board director, bearing in mind also that he would be replacing the independent director Mr José Luis Feito Higuera.

The Appointments and Remuneration Committee and the Board of Directors consider that the profile of the proposed candidate for director fulfils the requirements of impartiality, objectiveness, professional prestige, credit-worthiness, skills, competencies and experience required pursuant to that set out in the Board of Directors Regulations for holding the post of external director.

No incompatibility pursuant that set out in the 'LSC' and in the Regulations of the Board of Directors is detected regarding the candidate proposed to hold the post of independent director on the Company's Board of Directors.



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In light of the foregoing, the Appointments and Remuneration Committee has considered it appropriate to propose to the Board of Directors the appointment of Mr José Juan Ruiz Gómez as independent director, opinion unanimously shared by the Board of Directors.

Lastly, it is important to note that prior to his appointment, as is customary, Mr José Juan Ruiz Gómez must issue the declaration confirming that he is not subject to any legal, regulatory or corporate incompatibilities with regard to holding the post as independent director of the Company.

## 5. Favourable report on the proposal for appointment

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Consequently, upon the conclusion of the analysis and notwithstanding that Mr Ruiz Gómez must issue the formal declaration that he has no incompatibilities with regard to holding the position of independent director, the Board of Directors considers that Mr Ruiz Gómez meets the necessary conditions that match the corporate profile and the Board's current requirements for holding the position of independent director on the Board of Directors of the Company.

Having read the foregoing report of the Board of Directors, and having analysed the proposal made by the Appointments and Remuneration Committee on 14 February 2019, pursuant to the provisions of Article 529 *decies* of the 'LSC', Article 24 of the Company's By-laws and Article 21 of the Regulations of the Board of Directors, the proposal is presented to the Annual General Shareholders' Meeting as set out below:

*To appoint Mr José Juan Ruiz Gómez as independent director of Red Eléctrica Corporación, S.A., for the four-year term stipulated by the Articles of Association, for the replacement of Mr José Luis Feito Higuera as independent director, according to the proposal of the Appointments and Remuneration Committee, in accordance with Article 529 decies of the Spanish Companies Act.*