

RED ELÉCTRICA
CORPORACIÓN

Board of Directors

27 July 2011

Gender Diversity Report



I. Justification

International declarations on human rights recognise, as a legal principle, the universal equality between women and men, proclaimed also in the European Union and whose intention is to enrich society and to contribute to its economic development. The Spanish Constitution proclaims the right to equality and non-discrimination due to gender, as well as the obligation of public powers to promote conditions where equality of the individual and that of the groups in which they integrate is both real and effective.

These declarations, nevertheless, have not been sufficient enough to avoid discrimination against women, be it directly or indirectly. For this reason, a series of legislative actions has been carried out directed towards combating sexual discrimination, and to promote true equality between women and men. In Spain the legislative instrument used is statutory Law 3/2007 of 22 March, for effective equality between men and women, known as Equality Law.

Apart from other measures directed toward promoting the right for equal treatment and opportunities regarding working opportunities, the Law focuses its attention toward the incorporation of women to the administrative bodies of business corporations in order to obtain a balanced presence amongst men and women. For this, it establishes in its article 75 that *“companies obliged to present complete profit and loss accounts will try to include on their Board of Directors a number of women that allows them to reach a balanced presence of men and women within eight years from this Law coming into force”*.

The Equality Law therefore sets out a parity objective for 2015, although it is purely a recommendation, without any sanction for its non-fulfilment.

On the other hand, the continuous evolution of the Corporate Governance framework of business corporations, which has its exponent in the Unified Code of Good Governance (CUBG or Conthe Code) of listed companies (19 May 2006), has incorporated the concerns of the company regarding the adequate incorporation of women in the professional environment and, in particular, to the governance organisms of listed companies.

The CUBG, in article 15 recommends that *“when the number of female board members is small or zero, the Board needs to explain the reasons why, as well as the initiatives adopted to correct said situation; and that, in particular, the Appointments Committee be vigilant so that when filling new vacancies:*

- a. The selection procedures do not suffer from implicit biases that prevent the selection of female board members;*
- b. The company deliberately seeks, and includes amongst the potential candidates, women who fulfil the professional profile sought”*.

And in article 55.d) of the CUBG or Conthe Code the following is established:

“That, in addition to the functions indicated in the aforementioned Recommendations, the following shall correspond to the Appointments Commission:

(...)



d) Inform the Board regarding gender diversity matters as indicated in Recommendation 15 of this Code.”

Red Eléctrica Corporación, S.A. is not indifferent to social concerns regarding equality between men and women and, for that reason; it analyses and adopts measures to favour the full incorporation of women into the business world, not only from a quantitative point of view but also from a qualitative one. Its intention is, in effect, that women play their rightful role in the decision making of the Company with a greater presence on the Board of Directors and its committees, and also in management positions and the organisation of the main companies of the Red Eléctrica Group.

For this reason, within the framework of its corporate responsibility policy, the Board of Directors has undertaken the commitment to guarantee the principles of equality and non-discrimination, as established in Statutory law 3/2007 of 22 March, for the effective equality of men and women, seeking the balance within the company of the Group that has a larger workforce, Red Eléctrica de España, S.A.U., and in the Board of Directors of Red Eléctrica Corporación, S.A., with the enrichment represented by the full incorporation of female board members in the definition, approval and monitoring of the established business policies.

Along this line, the Board of Directors, after a detailed analysis of the degree of compliance with the recommendations of the CUBG, has undertaken the commitment to fulfil the recommendations established regarding gender equality incorporating its content in article 16.1 i) of the Board Regulations and, as a consequence, it has established the obligation of the Corporate Responsibility and Governance Committee to draw up an annual report on the issues regarding gender diversity, to be presented to the Board for their approval. The first Gender Diversity Report was drawn up in the 2008 fiscal year, a commitment that has been maintained every year to date.

II. Evolution of the presence of women on the Boards of Directors of the IBEX 35 companies. Information relative to the 2010 fiscal year.

2008 was the first year in which a significant increase took place in the number of IBEX 35 companies that had women present on the Board of Directors, a situation fulfilled by 26 companies (74.3%) belonging to the index. This is a figure which is much higher than in previous years, doubling that of the 2005 fiscal year. Regarding the typology of the female board members of IBEX 35 companies, in 2008, of the total number of female board members (44), 4.5% corresponded to executive board members, 29.6% to nominee directors, 63.6% to independent board members and 2.3% to other typologies.

Despite the aforementioned, the presence of women in the presidency and vice-presidency of the Boards of Directors of the Spanish listed companies continued to be very low in 2008. Of the 44 women who comprised the Boards of Directors of IBEX 35 companies, only one held the position of president and 4 were vice-presidents.

In the 2008 fiscal year the average ratio of women on the Boards of Directors of IBEX 35 companies was 8.7%, compared to 6% the previous year. Within that percentage the weight of female executive and nominee board members was insignificant, with the percentage of independent and other female external board members being more significant.



The momentum of the advances that took place in 2008 with the incorporation of women on the Boards of Directors of IBEX 35 companies, with an extra 14 female board members and an increase of almost 3 percent with respect to the previous year, was not maintained in 2009 or in 2010. Thus, in 2009 the average percentage of female board members in IBEX 35 companies increased 1.5 points reaching 10.2% and the companies with at least one female board member went from 74.3% to 79.4% in the index.

On 31 December 2010, the number of board member positions held by women increased by 4 with respect to the previous year (54 compared to 50 in 2009). 54 women for a total of 502 board member positions, meaning 10.8% of women as board members of IBEX 35 companies. Six IBEX 35 companies continue not having even one woman on their boards, and no company has reached the minimum of 40% of female board members, on the way towards the desired legal parity.

Comparing with the figures from 2008, in 2010 a certain increase in the percentage of independent female board members was observed, which reached 66.7% of the total board members, a slight reduction in the number of female executive board members, which represented just 3.7%, whereas the female nominee directors maintain the existing percentage of 29.6%.

As in the 2009 fiscal year, in 2010 Red Eléctrica Corporación, S.A. continued occupying first place amongst IBEX 35 companies, with the highest percentage of women (27.3%) who are members of the Board of Directors, as detailed in the following section.

III. Equality on the Board of Directors and Board Committees of RED ELÉCTRICA.

In 2010 the Board of Directors of the Company was, until the celebration of the General Shareholders' Meeting 20 May 2010, composed of 10 board members (1 executive director, 3 nominee directors and 6 independent directors). The General Shareholders' Meeting approved the appointment of a new independent board member to fill the seat left vacant due to the resignation of an independent board member at the end of the 2009 fiscal year. Therefore, from 20 May 2010 to the date of approval of the present report, the composition of the Board of Directors has remained unaltered, composed of 11 board members, 1 executive director, 3 nominee directors and 7 independent directors.

In 2010, the Board of Directors of Red Eléctrica Corporación S.A. was composed of 3 female board members and 8 male board members, by which women represent a percentage of 27.3% of the Board, which, as indicated, places the Company at the top of the IBEX 35 companies as per the percentage of women that make up the Board of Directors.

With respect to the composition of the committees, in the 2010 fiscal year the same number of women was maintained as in 2009, that is to say, there is a female board member on the Corporate Responsibility and Governance Committee (25%) and two female board members on the Audit Committee (66.6%).



The female independent board member who presided over the Corporate Responsibility and Governance Committee stepped down in June 2010, due to the fact that the 3 year term for exercising her functions as president came to an end, she remains as a member. Another independent board member is now occupying the presidency, in accordance with the Corporate Bylaws and Board Regulations.

On the other hand, in 2010 and to this day, a female board member continues presiding over the Audit Committee.

IV. Equality in the internal organisation of RED ELÉCTRICA

The information available is analysed below regarding the presence of women in the workforce of Red Eléctrica de España, S.A.U. (hereinafter in this section known as Red Eléctrica, except for when the Red Eléctrica Group is expressly mentioned), as, when carrying out the core of its strategic activities, it is the company of the Group that has the greater number of employees.

The commitments to improve its equality policies, the work-life balance and non-discrimination, promoting the contracting and internal promotion of women, as well as their access to management positions, continues being an objective within Red Eléctrica, and thus it has shaped not only its Corporate Responsibility Policy but also the diverse collective bargaining agreements that have regulated labour relations with its employees.

The result of such commitments over the last five years has meant a 34.8% growth in the number of women in Red Eléctrica's workforce.

The senior management of Red Eléctrica is structured on three general management departments. One of these departments is headed by a woman who has held the position of General Manager of Finance and Administration since 2004, representing one third of the members of the highest level of management, excluded the president.

In 2010, the candidacies received have been evaluated in agreement with criteria of non-discrimination and sexual equality, which this year has represented an equal opportunities in contracting index of 1.1 which shows a balance in the evaluation criteria applied.

Advances have continued to be made, although only slightly, in the incorporation of women to management positions within the Company, going from 15.7% in 2009 to 16.2% in 2010. The equality in promotion index was 0.9 which demonstrates a non-discriminatory practice.

The Equality Plan, approved by the company and social representation in 2009, in accordance with the Equality Law, and can be extended annually and brings together a series of positive actions to promote the real and effective equality between men and women of the Company in the area of employment (selection, promotion and contracting), training, retribution and communication. These actions are monitored not



only by the management of the company but also by the social representation through the Joint Parity Committee.

In 2010, Red Eléctrica maintained its dedication and effort to promote the incorporation of women to jobs with work profiles traditionally occupied by men.

Thus, the application of the IX Collective Bargaining Agreement of Red Eléctrica and its complementary agreements have represented the incorporation of new measures regarding the work-life balance and the extension and improvement of some of the already existing measures.

As an innovation, in 2010, within the framework of the implementation of the Work-Life Balance Policy of Red Eléctrica, a Work-Life Balance Guide was drawn up, in which the most excellent aspects regarding the work-life balance and equality in Red Eléctrica are detailed. In addition, brought together in the Guide are the organisational representatives responsible for work-life balance management, whose mission is to propose new measures adapted to the needs of the people and watch over to ensure the suitable implementation and application of the existing measures.

The number of work-life balance measures adopted and its breakdown by subject are as follows:

Work-Life Balance measures	Nº of measures
Flexible timetable	5
Permits and licences	10
Support during maternity and paternity	7
Disability/family dependants	3
Social benefits and products	9
Services	7
Events and activities	7
Total	48

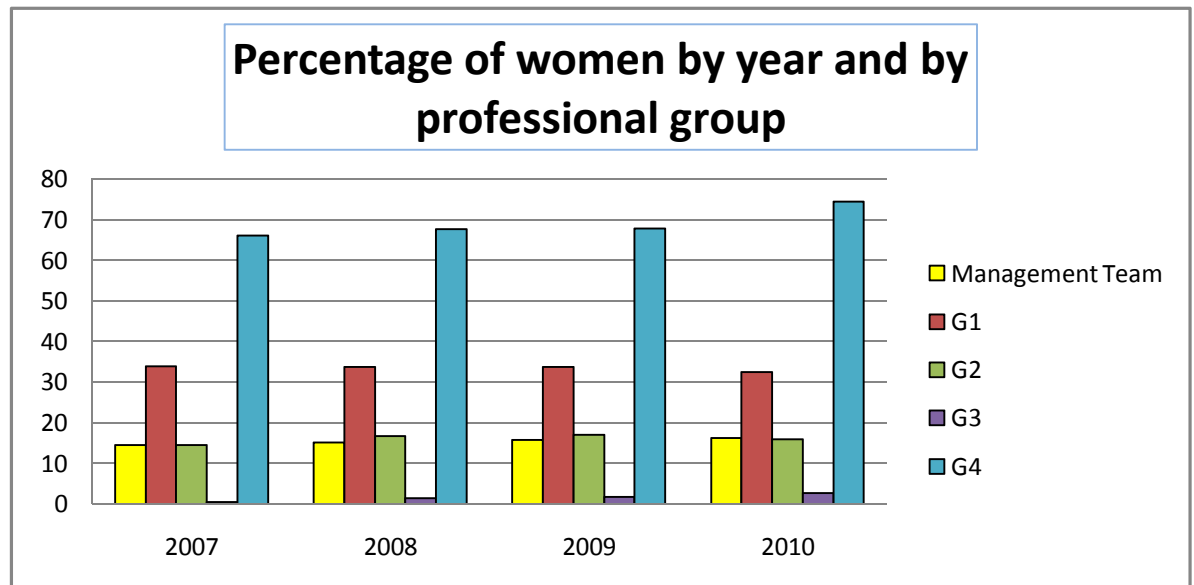
The total number of women in the workforce of Red Eléctrica in 2010 grew to 364, which represents 22.5%. Of this figure 17 belong to the management team, which in turn represents 16.2% of the 105 people who make up the management personnel of Red Eléctrica.



Below shows a table which details the number of women and the percentage they represent in the workforce, broken down by professional groups and detailing their evolution over the last four years in Red Eléctrica:

WORKFORCE EVOLUTION AND BREAKDOWN BY SEX AND PROFESSIONAL GROUP												
	2007			2008			2009			2010		
REE	M	F	%F	M	F	%F	M	F	%F	M	F	%F
Management Team	83	14	14.4	85	15	15	86	16	15.7	88	17	16.2
G1 Superior technicians	226	116	33.9	271	138	33.7	287	146	33.7	328	157	32.4
G2 Intermediate Technicians	397	67	14.4	422	84	16.6	452	92	16.9	470	88	15.8
G3 Specialist Technicians	272	1	0.4	282	4	1.4	296	5	1.7	336	9	2.6
G4 Support Personnel	48	93	66	46	96	67,6	46	97	67.8	32	93	74.4
Total	1026	291	22.1	1106	337	23.4	1167	356	23.4	1254	364	22.5

Similarly, also included below is a bar chart showing the trend in the evolution of the percentage of women in the workforce of Red Eléctrica over the last 4 years and which is broken down by professional group:



Analysing the previous bar chart it can be deduced that in the workforce of Red Eléctrica, in 2010, a reduction in the total percentage of women with respect to 2009 took place, from 23.4% to 22.5%. This was due to the acquisition of transmission grid assets of the extrapeninsular systems in 2010, which represented the incorporation of a workforce in which only 5% were women.

On the other hand, an increase in women amongst the G3 specialist technicians (from 1.7% to 2.6%) and, in particular, of the management team that increased from 15.7% to 16.2%.

With respect to the G4 support personnel, although the number of women was reduced in 2010 with respect to the previous year (from 97 to 93), it significantly emphasizes that in percentage terms their presence in Red Eléctrica in 2010 increased (from 67.8% to 74.4%), as the number of men contracted in the category reduced significantly (from 46 to 32).

Regarding the Red Eléctrica management team, in 2010, it continued working on the design of an Equality Policy in which the interests and objectives of the people and those of the business are combined and that, in addition, constitute the reference framework that serves as a starting point for driving new actions aimed at promoting equal opportunities for men and women at work.

As a result of this, on 13 May 2011, the Board of Directors approved an Equality Policy in Red Eléctrica that has now become part of the internal regulations of the Company.

For the development of the Equality Policy it is necessary to carry out specific actions which will be brought together within an Integral Equality Plan, for which monitoring and evaluation mechanisms will be established, requiring commitments from the whole organisation.



V. Equality in companies of the Spanish electricity sector

Regarding the data available of the workforces of the main companies of the Spanish electricity sector, it shows an increase in the presence of women, as the average grew from 12% in 2003 to 17% in 2008, although, both the individual percentage per company and the average percentage of the sector continue to be inferior to that of Red Eléctrica (23.35% in 2008).

VI. External recognition

On 2 December 2010, Red Eléctrica received the seal for *Equality in the Company* awarded by the Ministry of Health, Social Policy and Equality. The objective of this seal is to foster best practices in the scope of equal opportunities and it is awarded to those companies who are noteworthy for having brought in non-discrimination policies between men and women. With the awarding of this seal, has enabled Red Eléctrica to become one of the six companies in the IBEX 35 recognised by the Ministry for its activities in policies of non-discrimination.

The awarding of this seal is set out in article 50 of the aforementioned statutory Law 3/2007 of, 22 March, for the effective Equality of men and women and Royal Decree 1615/2009 of 26 October, by which regulates the awarding and use of the *Equality in the Company* seal. Its validity is for three years and the rule that regulates it anticipates the corresponding mechanisms of monitoring and improvement.

For the awarding of this seal different criteria has been taken into account such as the activities and measures directed toward facilitating the work-life balance, the measures to guarantee equality regarding treatment and opportunities during selection and professional promotion, the adoption of equality plans, the implementation of positive action measures and the non-sexist publicity of products and services of the company.

This seal of excellence serves as a stimulus and is of social recognition, not only for Red Eléctrica but also for the rest of the companies. The seal identifies the company as a reference within the labour market and means that it forms a part of the select group of companies that, without losing sight of their business objectives, work to achieve a true equality amongst their employees.

VII.-Conclusions

The commitment of the Board of Directors of Red Eléctrica Corporación, S.A. to continue promoting the presence of women is an objective in the scope of the of Good Corporate Governance and Responsibility policies, not only in the Board of Directors but also in the management and the rest of the organisation of the main companies of the Group. The commitment of the Group to respect gender diversity, equality and the work-life balance in its organisation has been recognised by the granting of the *Equality in the Company* seal, by the Ministry of Health, Social Policy and Equality.

In spite of the recognition obtained for the work carried out until now, the promotion of gender diversity and equality cannot be taken as completed, but must continue in



permanent development and implementation in furtherance of consolidating a responsible corporate management model based, amongst other criteria, on an active management of the principles of equality and non-discrimination.

In order to achieve the aforementioned objectives, Red Eléctrica must continue promoting the incorporation of qualified women for the development of positions of responsibility and of senior managers in the Company, and continue developing the necessary measures regarding the work-life balance of its employees, that allows working opportunities for women to be increased.

Along this line, a new Equality Policy was approved in May 2011 that is going to be developed through the implementation in the organisation of the corresponding internal Procedures and an Integral Equality Plan, which shall be the object of continuous monitoring and evaluation.