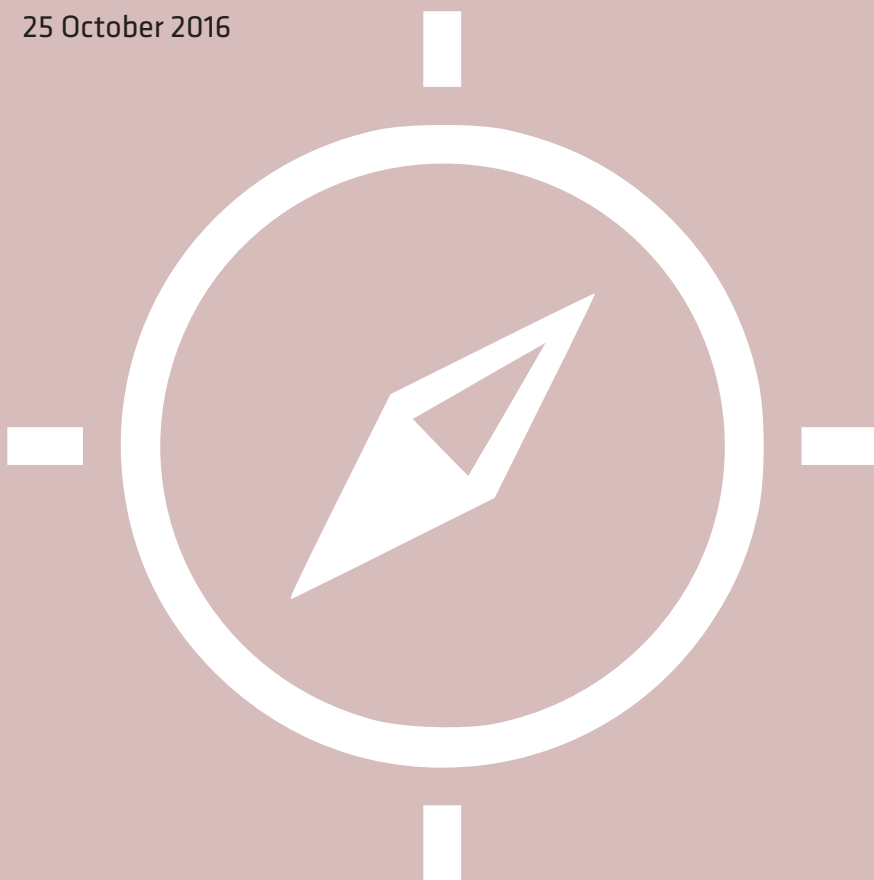




**RED**  
**ELÉCTRICA**  
CORPORACIÓN

# Criteria for communication with shareholders, institutional investors and proxy advisors

25 October 2016





## Justification

The Regulations of the Board of Directors of Red Eléctrica Corporación S.A. (hereinafter referred to as 'the Company') establishes among the non delegable powers of the Board, the approval of a Disclosure and Dialogue Policy with shareholders and investors.

At its meeting held on 23 February 2016, the Company's Board of Directors approved the Company's Annual Corporate Governance Report, which set out that in 2016 a Communication Policy with shareholders and proxy advisors would be drafted and published on the corporate website. Said commitment is duly fulfilled through this document.

## Objective

Establish the principles and guidelines for communication with shareholders, investors and proxy advisors, to guarantee the adequate exercising of their rights and interests and to foster commitment with shareholders through an open, transparent and sustainable dialogue.

## Scope of application

Red Eléctrica Corporación S.A. and, if applicable, the Red Eléctrica Group.

## Essential principles and guidelines

- Apply the principles of excellence and incorporate and promote best practices in the scope of communication and contact with shareholders, institutional investors and proxy advisors which fully respects the rules on market abuse, establishing adequate mechanisms for the exchange of information on a regular basis.
- Promote the commitment of the Company and its Board of Directors to shareholders, institutional investors and proxy advisors, in order to permanently improve relations and strengthen mutual trust.
- Ensure transparency, truthfulness and immediacy in the dissemination of information, respecting the procedures established by the Company.
- Guarantee that the information provided meets the most demanding criteria in terms of quality, reliability, clarity and integrity.
- Ensure equality and non discrimination in the treatment of all shareholders by providing them with symmetrical information, without prejudice to the establishment of specific communication and information channels for each target group.



- Establish and strengthen the most effective channels so that shareholders, institutional investors, proxy advisors and other interested parties continuously receive updated information on a permanent basis.
- Promote information practices and relations with the markets that are transparent, effective and in line with the social interest.
- Protect the legitimate rights and interests of all shareholders.
- Specially observe the rules on the treatment of insider information, relations with shareholders, and relations with the markets, provided for in the applicable legislation and in the corporate rules of the Company (Regulations of the Board of Directors, Internal Code of Conduct in the Securities Market, the Regulations of the General Shareholders' Meeting and the Code of Ethics).

## Communication channels

### a) Spanish National Securities Market Commission (CNMV)

The Company discloses inside information<sup>1</sup> in accordance with the applicable legislation, communicating it formally to the CNMV prior to its disclosure by any other means, as soon as the event is known, the decision adopted or the agreement or contract with third parties signed, as established in the Company's Internal Code of Conduct in the Securities Market. Said information is also incorporated simultaneously into the corporate website.

It is the responsibility of the Finance & Economic Corporate Area, with the collaboration of the Secretariat of the Board of Directors, if applicable, to determine the need to send a notification of communication of inside information<sup>1</sup> to the CNMV, as well as its drafting, revision and authorisation for disclosure through the authorised interlocutors designated by the Company for this purpose.

### b) Company website

In accordance with that set out in the Spanish Corporate Enterprises Act (*LSC*), the Regulations of the General Shareholders' Meeting and the Company's Corporate Governance Policy, the Company must have a corporate website ([www.ree.es](http://www.ree.es)) that shall act as the main official means of communication with shareholders, institutional investors and markets in general, and by means of which the most relevant corporate information is channelled; information which is readily accessible and kept up-to-date.

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1. Definition contained in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on Market Abuse.



The information provided through said corporate website complies with the principles of equality, immediacy and symmetry, and is incorporated simultaneously, whenever possible, in Spanish and English, with the Spanish version prevailing in the case of any discrepancy.

The website has, among other sections, a specific space dedicated to Shareholders and Investors and a section on Corporate Governance that are permanently updated, favouring the immediacy of its publication, in order to ensure that transparency is the priority value that shapes the relationships between the Company and its shareholders, the markets and the general public.

The website also has the Press Room section for the Media, which includes, among other things, corporate information, press releases, audio-visual material, etc., all with the ultimate goal that the information the Media makes available to the market be truthful and as complete as possible.

In addition, on a quarterly basis, the Company edits and publishes on its website, a Shareholder's Newsletter includes the highlights in said period that affect the Company.

It is the responsibility of the Communications Department to manage the website, coordinating with the corresponding organisational units so that the structure and contents of the website are kept up to date.

## c) Social networks

The Company encourages its presence in social networks, in which, without prejudice to the fulfilment of its legal obligations, it seeks to disseminate information of interest on the progress and activities of the Red Eléctrica Group.

## d) General Shareholders' Meeting

The Board of Directors promotes the informed and responsible participation of the shareholders at the General Shareholders' Meeting and adopts the necessary measures to ensure that it is carried out in accordance with the Law and the corporate governance rules of the Company.

The information related to the General Shareholders' Meeting is published on the corporate website, in Spanish and in English, from the moment it is convened.

The Company makes available to its shareholders, prior to the General Shareholders' Meeting, other channels of communication that it deems appropriate, such as the shareholder's electronic forum or any other which may be established, as well as all information that is legally required or, even if it's not, may be of interest to them and can be reasonably furnished. Similarly, the Company responds with the greatest diligence to requests for information and questions formulated by shareholders prior to or during the General Shareholders' Meeting.



The General Shareholders' Meeting is broadcasted live through the corporate website, with simultaneous translation into English and sign language in Spanish, and once finalised, it may be viewed in pre-recorded format on the corporate website.

The Company seeks to ensure that the development of the General Shareholders' Meetings be object of discussion and dissemination through social networks, and to this effect, it publishes the main headlines of the event in real time on the web and incorporates photos of the live event via the various channels of the Company.

## e) Shareholders' Office

It is set up as a specific and permanent channel of the Company with its shareholders, allowing them to interact directly with the Company through the freephone number of the shareholders' office or via an e-mail address (*accionistas@ree.es*).

## f) Relations with institutional investors and analysts

The area of Investor Relations, which is part of the Company's Finance & Economic Corporate Area, is the channel for communication with shareholders, institutional investors, analysts and proxy advisors, available via the email address *relacioninversores@ree.es*. This unit is permanently available and responds in a personalised manner to their consultations and requests, obtaining the necessary information from the different areas of the Company responsible for its preparation prior to its communication to the market, which ensures the consistency and homogeneity of the information.

In order to strengthen communication with shareholders, investors, analysts and proxy advisors, informative meetings (roadshows, conferences, presentations, webcasts, etc.) are organised regarding the progress of the Company and the Group or others aspects of interest, with the participation, where appropriate, of members of the Board of Directors, the Lead Independent Director, the Secretary of the Board of Directors and members of the management team. In no case do these meetings involve the delivery of information that may give way to a privileged or advantageous situation with respect to other shareholders, in compliance with the principle of equal treatment of all shareholders who are in identical conditions and are not affected by conflicts of interest or competition.

The Board of Directors is regularly informed of the main relationships the Company's maintains with the main shareholders, institutional investors and analysts of the Company.

## g) Communication channels with proxy advisors

Proxy advisors are entities that provide advisory services to investors, primarily institutional investors, on the exercise of their voting rights derived from their ownership of shares in listed companies.

The Secretariat of the Board of Directors, responsible for driving corporate governance within



the organisation under the guidelines of the Board of Directors, takes on the ongoing dialogue with proxy advisors, with the support of the Investor Relations area, in response to their consultations on corporate governance matters and in relation to the proposals for resolutions submitted to the General Shareholders' Meeting, providing them with adequate clarifications. Additionally, a two-way and permanent communication is promoted, so that recommendations can be based on the unique knowledge of the Company, allowing commitments and a sustainable dialogue to be maintained.

## Dessimination and supervision

This document of "Criteria for communication with shareholders, institutional investors and proxy advisors" must be published on the Company's website and updated as necessary. The Board of Directors, which will review it when it deems it necessary or convenient, is the com-petent body to approve any modification thereof.

Similarly, it is the responsibility of the Board of Directors to supervise compliance with these Criteria, so that the Board will be informed when appropriate.

These **Criteria for Communication with Shareholders, Institutional Investors and Proxy Advisors** were approved by the Board of Directors on 25 October 2016, at the proposal of the Ap-pointments and Remuneration Committee.