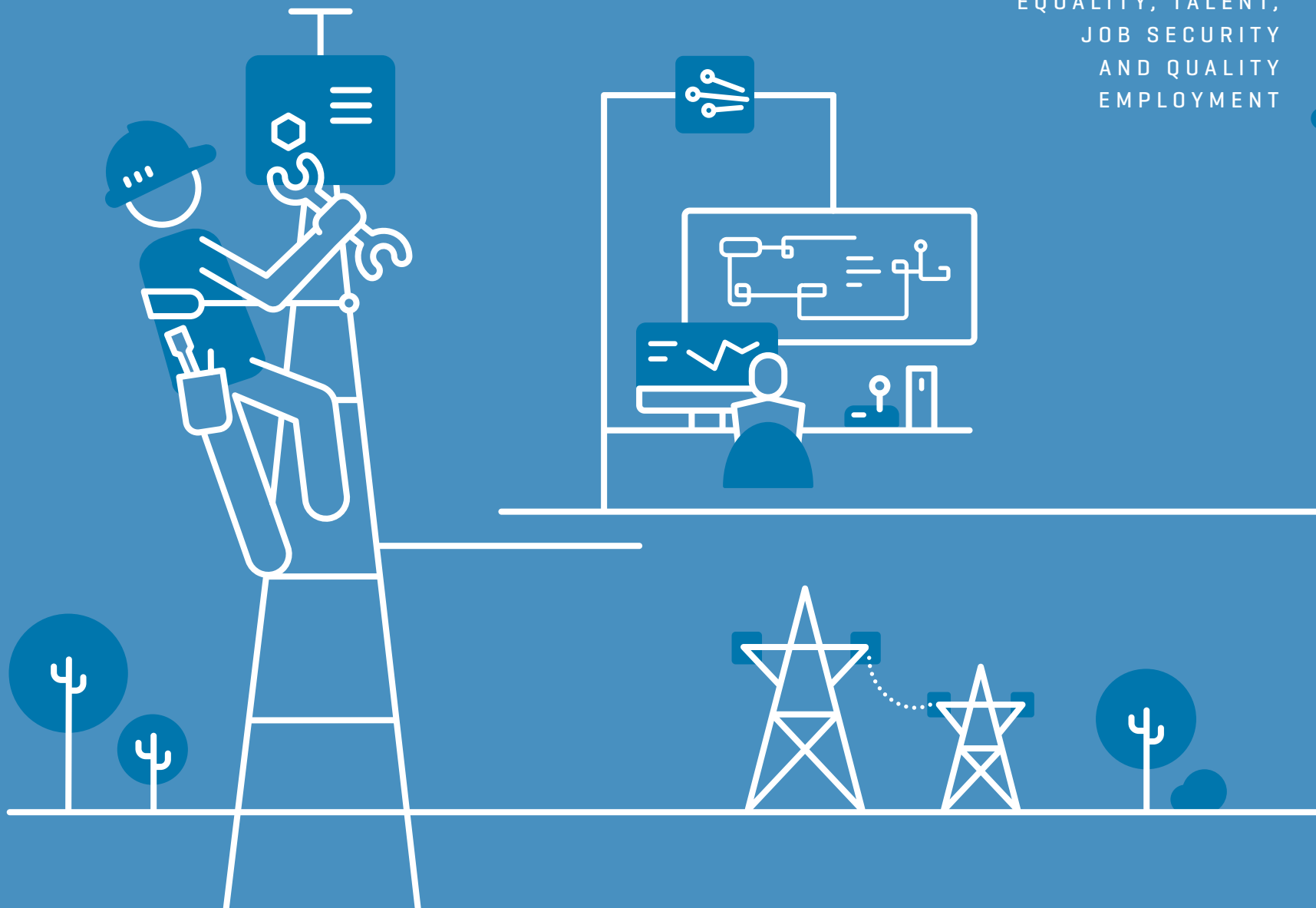




07

# EMPLOYEES

CONNECTED TO  
EQUALITY, TALENT,  
JOB SECURITY  
AND QUALITY  
EMPLOYMENT



## CORNERSTONES OF OUR COMMITMENT TO EMPLOYEES

Constant backing for a qualified, motivated and committed team



### STABLE AND QUALITY EMPLOYMENT

Our commitment: internal employability of people during their time as an employee as professionals through integration, development and mobility programmes.

**99.8%** permanent contracts  
**87.5%** of new directors via internal promotion

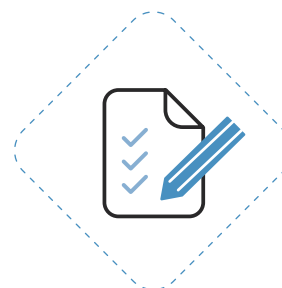


### HEALTHY WORKPLACE

Our objective is the continued and progressive improvement in the levels of occupational health and safety which is understood as physical, psychological and social well-being.

**Improvement in accident rates** of employees and third-party contractors  
**7,161 hours of occupational health and safety training** 22.4% more than in 2015

### RESULTS OF THE OCCUPATIONAL HEALTH AND SAFETY SURVEY



**7.7**  
OUT OF 10  
IN EMPLOYEE SATISFACTION

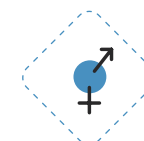
Employee participation: **62.2%**



### TALENT MANAGEMENT

The training and development of Red Eléctrica's workforce is integrated under a global talent management model.

**138,000 hours** of training / G4-LA9  
**58% of training** hours targeted at improving employability / G4-LA10



### DIVERSITY AND EQUALITY

Increase in the number women in the workforce and in managerial positions, and the implementation of the action plan associated with the model for managing disability in the workplace.

**23.7% of women in the workforce** [23.1% in 2015] **21.8% of women in managerial positions** [20.2% en 2015]

**2.7% of people with a disability** [2.5% in 2015 - includes people in the workforce and LGD agreements - Law on the Rights of People with Disabilities]

# STABILITY AND QUALITY OF EMPLOYMENT / G4-DMA

In 2016, Red Eléctrica has continued with the deployment of the Human Resources Director Plan which began in 2014, establishing actions and projects that favour its implementation at all levels of the Company. The purpose of this plan is to actively contribute to the objectives encompassed within the strategic plan of the organisation, within an environment of commitment and good social

climate. To achieve this, the director plan has been structured into four main courses of action:

- Strategic business partner.
- Excellence in human resources management.
- Talent management and development.
- Leadership in occupational health and safety: healthy workplace.

## Recognitions 2016

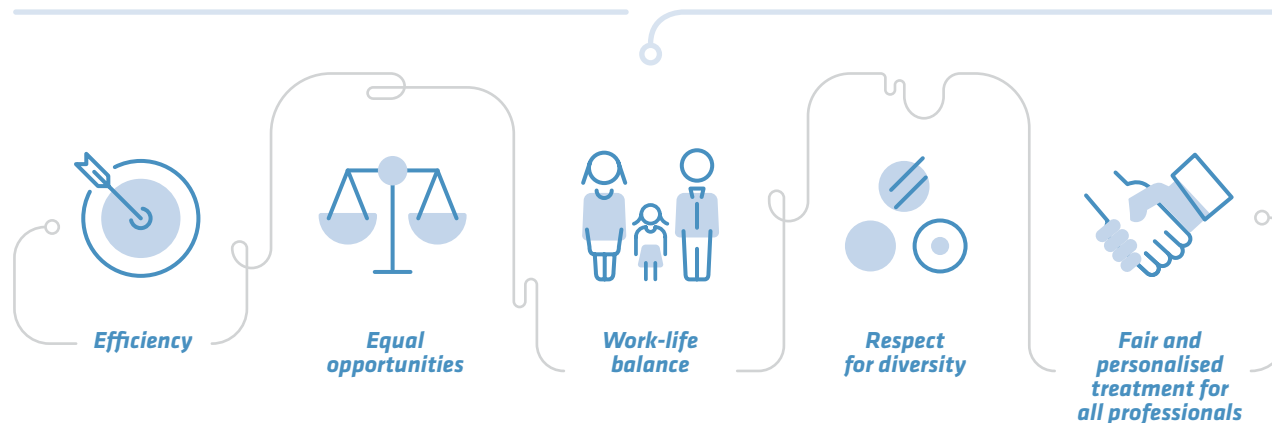
- **Maximum score** (100 points) in the Dow Jones Sustainability Index assessment in the Human Capital Development criteria.
- **35<sup>th</sup> place** in the 16<sup>th</sup> edition of the **Merco Talento ranking**.
- **38<sup>th</sup> place** in the Universum ranking of the **most attractive companies to work for**.

## PERMANENT CONTRACTS



OF WORKFORCE  
**99.8**  
%

## PRINCIPLES OF THE HUMAN RESOURCES DIRECTOR PLAN



## DIRECTOR PLAN

Actively contributes to achieving the objectives set out in the Company's Strategic Plan regarding human resources matters.

## A stable, committed and highly qualified team / G4-LA1

At the end of 2016, the Red Eléctrica Group had a total workforce of 1,773 people, 1% more than in 2015. Red Eléctrica de España, responsible for the core activity of the Red Eléctrica Group, employs 95% of the total, which is equivalent to 1,682 professionals, with an average age of 45 years old and an average length of service of 16 years.

In 2016, Red Eléctrica continued to strengthen its commitment to the expansion of the business base and the development of international business. At the end of the year, 5% of people were active in other areas, of which 4% are in Peru and Chile.

Our commitment to job stability is reflected in maintaining a high percentage of indefinite recruitment (99.8%), in boosting internal promotion (87.5% of appointments to managerial positions have been covered by internal promotion) and

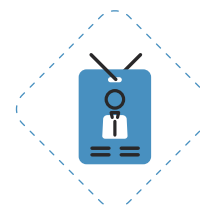
## KEY EMPLOYMENT INDICATORS (1)

/ G4-10 / G4-LA1 / G4-LA12

	2014	2015	2016
Total workforce	1,682	1,697	1,682
Women [%]	22.8	23.1	23.7
Men [%]	77.2	76.9	76.3
Women in management positions [%]	19.3	20.2	21.8
People with some type of disability [%]	0.7	0.8	0.8
Creation of net employment [N° of job positions]	10	15	-15
Average age	43	44	45
Average length of service [years]	14	15	16
Undesired external turnover [%]	0.9	1.6	2.0
Total turnover [%]	1.2	2.1	2.8
Permanent contracts [%]	99.3	99.9	99.8

(1) Scope of the data Red Eléctrica de España + Red Eléctrica Corporación.

## WORKFORCE 2016



1,682 EMPLOYEES

-0.9% Compared to 2015

in the low overall external turnover (2.8%), mainly due to employees reaching retirement age, mainly the management team.

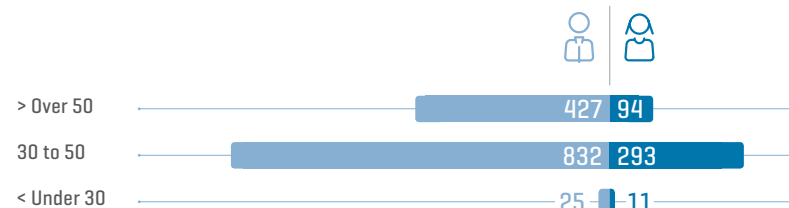
Undesired employee turnover stood at 2%, lower than the 5% target set for 2016.

## EVOLUTION OF THE WORKFORCE



Data regarding Red Eléctrica de España + Red Eléctrica Corporación.

## WORKFORCE DISTRIBUTION BY AGE AND GENDER 2016



Data regarding Red Eléctrica de España + Red Eléctrica Corporación.



## Compensation and remuneration

The Red Eléctrica Group has a remuneration model that responds to the following universal principles:

- Internally fair and equitable and externally competitive.
- Coherence with the organisational and development model.
- Offering opportunities for salary progression.
- Highlighting superior performance through recognition.

On this basis, Red Eléctrica's remuneration model for employees in the collective bargaining agreement is composed of monetary elements: fixed remuneration, within broad salary bands, and a special bonus scheme that recognises outstanding contributions. Additionally, it provides benefits in kind (non-monetary), adapted to the personal circumstances and preferences of employees: health insurance,

### REMUNERATION MODEL



### OBJECTIVE

Remuneration alignment in the various companies of the Group

### MANAGEMENT STAFF

It has a remuneration model based on internal fairness and competitiveness, and incorporates leadership objectives.

pension plans, life insurance, public transportation card, luncheon vouchers and childcare vouchers.

For the managerial personnel, a remuneration model has been implemented incorporating the special characteristics of Red Eléctrica and the principles of internal fairness and competitiveness. The annual variable remuneration takes into consideration the contribution to the achievement of individual objectives related to economic, efficiency, quality variables, and those of management (such as safety and corporate responsibility), and in recent years have incorporated objectives to strengthen leadership.

Within this model, top management has a deferred variable whose purpose is to encourage maximum motivation and commitment to the achievement of the Company's strategic plan.

A specific model has also been defined for individuals who do not belong to the management team, but are voluntarily excluded from the Collective Bargaining Agreement, which grants them a differential treatment by providing them with a specific variable remuneration.

The remuneration of new employees is established depending on the training and experience provided under the previous schemes. These criteria are applied universally and equally to both men and women.

### Key actions for 2016

- **Remuneration.** A comparative market study has been carried out to analyse the competitiveness and fairness of the remuneration model applied in Red Eléctrica. In addition, the remuneration model has been updated for people who are excluded from the Collective Bargaining Agreement and that do not belong to the management team.
- **Alignment of the remuneration models in the different companies of the Group.** Within the framework of the standardisation of human resources processes and policies in all the companies of the Group, the remuneration models of the different companies of the Group have been updated, taking into account the specific needs of each business, without overlooking the common principles.

# DIVERSITY AND EQUALITY / G4-DMA

Red Eléctrica is committed to guaranteeing a discrimination-free workplace that fosters diversity and allows barriers of gender, age and disability to be overcome.

**Ethical behaviour**, respect for diversity and equality are principles that are integrated into the corporate culture of Red Eléctrica and in the internal policies of the Company. In order to materialise the commitment to these principles, Red Eléctrica carries out various actions aimed at guaranteeing a free environment of discrimination

that fosters diversity and allows barriers of gender, age and disability to be overcome.

Among the actions carried out in 2016, noteworthy was the implementation of action plans associated with the management model for workforce ageing [evolution of the comprehensive

management for ageing of the workforce] and to the model for managing disability in the workplace, both approved in 2015.

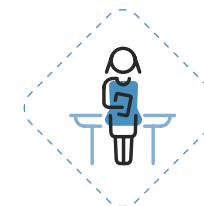
## Principles for action on diversity and equality

- **Equal Opportunities** in employment.
- **Promotion** of women into positions of responsibility.
- **Protection** against gender-based violence.
- **Protection** against moral, sexual and gender-based harassment.
- **Coexistence** between generations and adapting to change.
- **Inclusion** of professionals with disabilities.
- **Integration** of people at risk of social exclusion.

## Adherence to initiatives and agreements with the Spanish Ministry of Health, Social Services and Equality

- Agreement to promote the balanced participation of **women and men on boards of directors**.
- Collaboration Agreement to promote a more balanced participation of **women and men in positions of high responsibility**.
- Collaboration Agreement '**Business Network for a Society Free of Gender-based Violence**'.
- Participation in the Promociona Project that promotes **training and professional development as a strategy for access of women to managerial positions**.

CONTRACTS 2016



NEW INCORPORATIONS

55 % WOMEN

## EQUALITY SEAL

Red Eléctrica de España maintains the Equality seal awarded by the Spanish Ministry of Health, Social Services and Equality.

## Gender equality and equal opportunities / G4-DMA

In order to promote equality, Red Eléctrica has had, since 2009, a specific plan drawn up in conjunction with employees' representatives, which includes a set of actions aimed at promoting equality in all areas (selection, recruitment, promotion, training, remuneration, communication and awareness), as well as the monitoring of the indicators to measure the progress of the defined objectives.

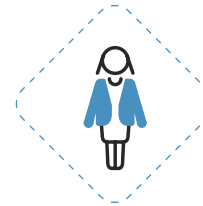
During 2016, new progress has been made in the equality indicators. Thus, the number of women in the workforce ended

the year with a percentage of 23.7%, which is 1.5% more than in 2015, standing above the target of 23.5%. This was contributed by the fact that 55% of the new incorporations in 2016 were women.

Similarly, the number of women in managerial positions increased for yet another year, reaching at year end a value of 21.8%, [8.3% more than in 2015, also exceeding the target of 21% set for 2016].

Red Eléctrica offers realistic professional development opportunities for both men and women. In this regard,

### MANAGERIAL POSITIONS 2016



21.8

% WOMEN

+ 8%

Compared to 2015

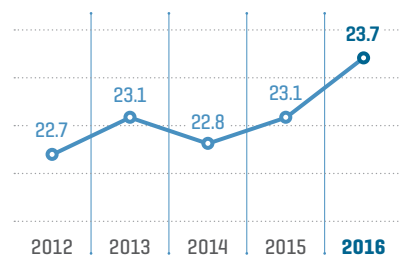
# 50% of the women who were promoted to managerial positions during 2016 came from the Company's Bank of Potential.

the actions carried out in favour of the professional development of women enabled 50% of the women who were promoted to managerial positions during 2016 to come from the Company's Bank of Potential.

As for the indicator that measures the equality of opportunities in promotion (men/women), in this year it stood at 1.04 surpassing the target of 1.20 set for 2016.

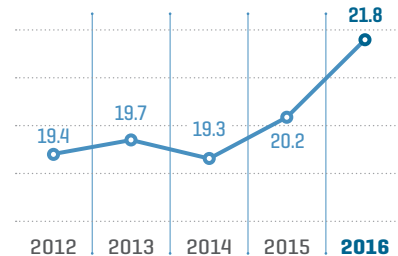
### EVOLUTION OF WOMEN IN THE WORKFORCE

TARGET 2016: 23.5%



### EVOLUTION OF WOMEN IN MANAGERIAL POSITIONS

TARGET 2016: 21%



### GENDER EQUALITY INDICATOR

Measures equal opportunities in the promotion of men compared to women. 1.04 was the value in 2016; 1 being the equilibrium value.



During 2016, Red Eléctrica has continued to work on several initiatives for the promotion of equality, among which the following are noteworthy:

- Internal campaigns to raise awareness and the drafting of a training course on equality, that will be accessible to all employees via the corporate intranet.
- Participation in the *Promociona* Project whose objective is to improve the access of women to senior managerial positions. The 4<sup>th</sup> Edition of this Project has included the incorporation of a female director of the Company, which adds to the three female company directors who participated in the previous edition.
- Collaboration in various forums and working groups on subjects such as the 'Gender Tension Gap Study' promoted by IE Business School, or the study of initiatives and good practices in gender equality, work-life balance and disability issues carried out jointly with ENAGAS and CLH. The experiences and results of these studies will also be incorporated into the Women's Leadership

PEOPLE WITH SOME KIND OF DISABILITY



2.7

%

INCLUDES PEOPLE ON THE WORKFORCE AND LGD AGREEMENTS

+6.4%

Compared to 2015

Observatory, launched in 2015, and whose work will continue in 2017.

Inclusion of people with disabilities

During 2016, the action plan associated with the model for managing disability in the workplace, approved in 2015, has been initiated, focusing on actions that raise awareness and increase knowledge regarding disability among all employees, thus facilitating their inclusion in the organisation. Initiatives such as the 'Plan Familia' or 'Proyecto Unidos', support the integration of people with disabilities into the workplace.

In order to develop the various actions included in the plan, ensure compliance with legal obligations in this area and work in favour of disability, Red Eléctrica counts on the collaboration of the

Adecco Foundation, as well as with the full involvement of the Company's management team. In 2016, two working groups were set up, consisting of directors and department heads, whose functions are: to safeguard the implementation of the model, to promote the incorporation of people with disabilities –both in staff and service companies– and, above all, to promote commitment and awareness in the application of the model at a global level.

In 2016, 2.7% of the equivalent employment of people with disabilities was achieved, an increase of 6.4% over the previous year. Of this percentage, 0.8% belongs to direct employment and the rest to LGD agreements [General Law on the Rights of People with Disabilities].

Inclusion and awareness are the foundations of the action plan associated with the model for managing disability in the workplace.





## Activities carried out in 2016

### Generation of Employment

The procurement of goods and services offered by Special Employment Centres for an amount of 385,000 euros and donations totalling 115,000 euros, **equivalent to hiring 32 people with some form of disability**, and to provide support for the 'Empleo Para Todos' ('Jobs For All') programme of the Adecco Foundation, through which 6,367 jobs have been generated for people with some form of disability, or at risk of exclusion.

### Training

Development of a **training workshop for human resources experts** involved in selection processes to improve their skills in the selection and hiring of people with disabilities. In addition, an online course has been made available to all employees to improve their knowledge and awareness of disability.

### Plan Familia

Ten employees of Red Eléctrica are benefiting from this initiative through which **family members with disabilities receive care and professional assistance** to support their integration both socially and in the workplace.

### Plan Aflora

Support for **employees may qualify for the disability certificate** by providing information and assistance with the application process to obtain it.

### Proyecto Unidos

Collaboration on this Adecco Foundation project in which universities and companies bring together knowledge, resources and experience to **accompany, guide and prepare college students with disabilities** during their academic stage, and for their access to the labour market. In 2016, 36 companies and 15 universities participated in this project and 19 university students with disabilities benefited from it.

### Awareness Training Sessions

Geared towards **instilling the Company's commitment, as well as to inform and transfer the co-responsibility to all directors** encourage all employees of the Company to take part in the project. With the presence of Gema Hassen Bey, an example of enthusiasm, motivation and the capability to overcome barriers.

### Internal communication plan

Creation of a space on the Company's intranet: '*RedDiversa*', in collaboration with the Adecco Foundation, which is dedicated to diversity. **The videos and testimonials posted by employees of the Company seek to reach out to the Red Eléctrica workforce** on topics related to diversity. It also initiates a process of internal dialogue to debate values and attitudes in the field of disability.

# The 'Jobs For All' programme, in collaboration with the Adecco Foundation, has generated 6,367 jobs for people with disabilities or at risk of social exclusion during 2016.

## Key objectives 2017

### Disability Culture

Continue training and **awareness activities aimed at instilling the principles of diversity and inclusion**, normalising disability and strengthening the Company's identity and values. Develop '*RedDiversa*'; the new space on the corporate website, which will communicate the different projects that are being carried out in this area.

### Support for employees

**Plan Familia.** Continue promoting care programme for employees or family members with disabilities.

### Promote corporate volunteering

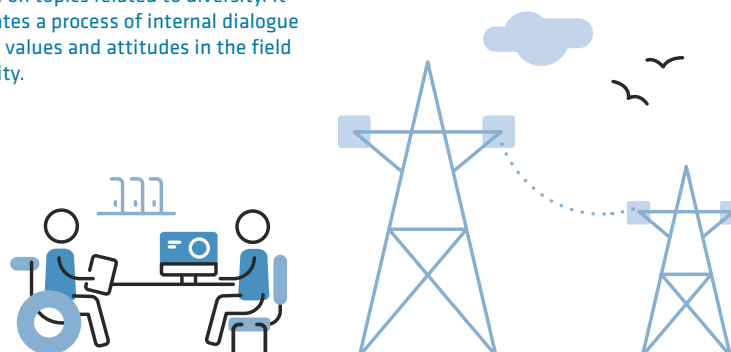
by promoting **actions geared towards integration.**

### Include disability within a new Model for the Management of Diversity

Whose aim is to avoid **any type of labelling that may imply barriers** that impede talent and the development of people.

### Development of the Age Management Model

Evolution of the **Comprehensive Model for the Management of an Ageing Workforce** approved in 2015 with the objective of achieving a more profitable and sustainable company, committed to diversity, that promotes intergenerational solidarity by harnessing the talent and knowledge obtained through the experience of employees.



# TALENT MANAGEMENT / G4-DMA / G4-LA10

**Red Eléctrica** has backed the development of a Global Talent Management Model aligned with the Company's strategy. This model, with a systemic approach where all processes are interdependent, includes the employment process (recruitment, selection and internal mobility), training (technical capacity and skills), development (programmes for professional growth) and the performance appraisal process, in addition to knowledge management and the leadership model.

## Knowledge management and the leadership model

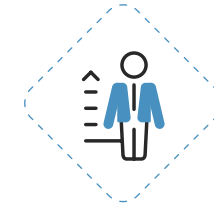
**The transmission** of key company knowledge and the involvement of senior managers are levers that promote learning and facilitate the necessary commitment that ensures the employability of people. Under the leadership model, during 2016, the Bank of Potential and LideraT programmes have continued to pursue the development of competencies that define a flexible, agile and oriented style of leadership in the creation of collaborative and participatory environments.

Within the LideraT programme, actions aimed at the integration and transition of people who have come to occupy new or different management positions in Red Eléctrica have been implemented, which has facilitated changes in the organisational structure.

In addition, as part of the deployment of the Leadership Model in 2016, a development programme has been designed for the team of experts, which coordinates the work of functional teams.

## The LideraT programme has facilitated changes in the organisational structure through integration and transition actions of people who have changed their management positions.

### BANK OF POTENTIAL



77 %

OF NEW HEADS OF DEPARTMENT

Employees included in the Bank of Potential programmes

### INTERNAL PROMOTION

In 2016, 87.5 % of appointments to managerial positions were covered via internal promotion.

It should be noted that in 2016, 87.5% of Red Eléctrica's appointments to managerial positions were covered through internal promotion. It is also worth noting that 77% of the new department heads came from the Company's Bank of Potential programmes.

With regard to knowledge management, in 2016 the deployment of the model approved the previous year has begun. The first step has been the constitution of a governing body that will facilitate the execution of the model. The first project has also been approved, within the Transmission Management

unit, which will serve as a pilot programme. The results obtained will introduce improvements in knowledge management.

### Training and development

A key element within the talent management model is the learning strategy that acts as a reference in the construction of training and development programmes. This strategy is based on principles, a methodology, a standard itinerary and an evolved system of training evaluation that culminates with the calculation of ROI.

### RETURN ON INVESTMENT



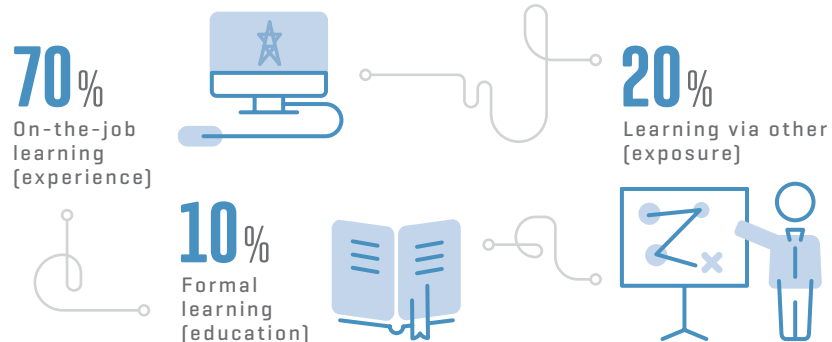
10 %

IN THE LAST FIVE YEARS

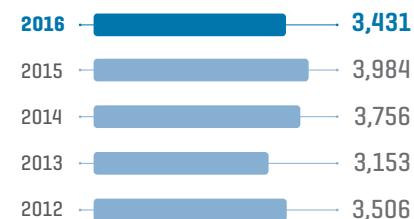
After applying the ROI in the training assessment

The different training and development programmes are grouped into four areas: technical training, skills development, corporate training and training for specific groups. The methodology used in the training actions is based on the 70-20-10 model and incorporates important technological advances, with a virtual classroom, Aul@REE, for online training.

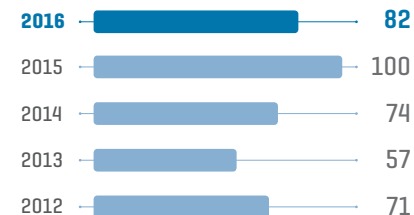
### 70 - 20 - 10 MODEL



### INVESTMENT IN TRAINING PER EMPLOYEE



### AVERAGE TRAINING HOURS PER EMPLOYEE



# The training and development programme consists of four axes ranging from technical training to corporate training, including skills development and training targeted at specific groups.

In 2016, Red Eléctrica provided 138,507 hours of training to employees of all professional levels, representing 82 hours of training and an investment of 3,431 euros per employee. 58% of the total training hours distributed across 273 courses have been aimed at promoting the employability of employees in technical areas, languages, skills and abilities, not directly related to the functions of the job being performed.

Internal training is a lever for the development and transfer of essential knowledge in Red Eléctrica. 6.7% of employees, experts with relevant knowledge in their respective areas, participate as internal trainers. Emphasis is given to the training of maintenance personnel to carry out local manoeuvre operation in substations, which has been carried out exclusively with internal trainers. 2,932 hours has been invested and this training is expected to be maintained over the next two years.

Also, worthy of note is the simulation for the restoration of the electricity system on 15 November, 2016, which has among its objectives to contribute to the ongoing training of operators, from Red Eléctrica, REN-Portugal and RTE-France, as well as of the rest

of the 17 participating companies, when faced with a widespread incident. To achieve this, the use of state-of-the-art technology, Operation Training Simulator (OTS), essential in the ongoing training of system operators, has been key.

## Training assessment system

In 2016, the system for the assessment and measurement of training has been implemented up to a level where it can calculate the return on investment (ROI). The system includes different levels: training satisfaction, acquired and applicable knowledge and training impact, culminating in the calculation of overall ROI and per programme. The calculation

### EMPLOYEE TRAINING



# 82 HOURS

Per employee

### EMPLOYABILITY

58% of the training hours, distributed across 273 courses, were aimed at promoting the employability of employees.

estimated in 2016 has shown a progressive positive trend of 10% in the return on investment in training in the last five years.

### Campus Red Eléctrica

In 2016, we have worked on the project for the Company's new corporate university that will be called Campus Red Eléctrica, and which is due to be launched in early 2017. The objective of this ambitious project is that Campus Red Eléctrica be the platform for the deployment of strategy, values and culture of the Red Eléctrica Group. A place where people can come together that fosters collaboration and innovation hence facilitating the fulfilment of business objectives through learning and knowledge management.

### Campus Red Eléctrica: principles

- Passion for **excellence and specialisation**.
- Agile and **adaptable to new business trends and requirements**.
- **Customer-centric**.
- **Universal, open and transversal**.
- **Influential and in constant dialogue with stakeholders**.
- **Promotes the desire to learn**.

### CAMPUS RED ELÉCTRICA



## A MODEL BASED ON THREE PILLARS

**Innovation and culture, transformation, and strategy and leadership**

The new Campus represents an important advance with regard to the internal training centres established in the Company since 2004, when moving from a mainly technical approach to a comprehensive approach.

Similarly, it will provide new spaces that will improve the resources currently available and will rely on innovative methods, modern infrastructure and advanced technology.

For the design of the Campus, an analysis of the current situation has been made using the Corporate Learning Improvement Process (CLIP) of the EFMD (European Foundation for Management Development). The initial analysis has facilitated the development of a desired framework and the elaboration of an action plan to be

implemented post-2017. The model is based on three fundamental pillars: innovation and culture, transformation, and strategy and leadership.

### Evaluation and management of professional development / G4-LA11

The evaluation model of Red Eléctrica is oriented to facilitate the development and professional career of employees, as well as to manage their performance in an efficient way. Since 2012, the opinion of the evaluators and those evaluated for the analysis and revision of the model has been collated.

# Campus Red Eléctrica seeks to become the platform for the deployment of Company's strategy, values and culture.





All employees of Red Eléctrica, management team and non-directors, are continuously evaluated on competences, commitment and contribution. Through the performance appraisal, the corresponding assessment is transmitted and improvements are agreed between collaborators and line managers.

In Red Eléctrica, there are different levels of professional progression. According to the maturity, knowledge and work experience of each person, the system offers realistic options for development within a technical career and professional evolution.

The functional mobility model facilitates development by boosting the versatility and employability of people. In 2016, 35 transversal mobility projects and 5 international mobility projects have been developed to exchange knowledge and experience with European companies in the sector. The first international mobility projects have also been carried out with companies of the Group in Peru and Chile.

On the other hand, throughout 2016 the new induction and integration programme for newly incorporated employees has been deployed, with a first edition where the figure of the coach has been elevated, a key element for development in this process.

### Collaboration with the educational sector / G4-LA10

The practical training programme for young graduates is a firm commitment that Red Eléctrica maintains with society. The objective of this programme is to facilitate access to the labour market for qualified professionals.

Throughout 2016, 124 people participated, of which 16 have been part of a special theoretical-practical programme on the position of Electricity Control Centre Operator. This programme, which has been carried out in collaboration with university centres and internal experts of the Company, constitutes a valuable source of recruitment that will guarantee that new incorporations have the specific technical knowledge of Red Eléctrica's business.

#### COLLABORATION EDUCATIONAL SECTOR



124 COLLEGE STUDENTS HAVE PARTICIPATED

Recent graduates

## In 2016, 35 cross-cutting mobility projects and 5 international mobility projects were carried out to exchange knowledge and experience.

Also during this year, three university students have carried out their external academic work experience in Red Eléctrica.

In order to promote work experience for undergraduate vocational students, contact has been made with official organisations of the autonomous communities with the aim of designing and implementing a vocational training programme within the dual vocational training system, adapted to the needs of Red Eléctrica.

## Key actions and indicators for 2016 regarding talent management

### Leadership model

- **Deployment of the leadership model** with the participation of 100% of managers to develop competencies, values and leadership styles, with 3,045 hours of training across 167 sessions.
- In the last quarter of 2016, the **third Bank of Potential for Experts** was launched which will be developed in 2017 and 2018.
- Development of the second edition of the **Bank of Potential programme for department heads**, as the main source of coverage of managerial positions in Red Eléctrica.
- **A specific ALUMNI programme** has been developed in order to facilitate a common environment for all people included in the Banks of Potential (for both experts and managerial staff), **which helps to take advantage of the talent**, experience and knowledge of all the participants.

### Training and development

- **138,507 training hours were given** in 2016, resulting in an average of 82 hours per employee and an average investment per employee of 3,431 euros. 22.5% of the training hours have been carried out with in-house personnel.
- Launch of **eight training paths for skills** that serve to improve the results of the evaluation of employees. 292 people have been trained, with a mixed work methodology (face to face and virtual) encompassed within the Talent Management Model.

- Development of the **second edition of the Bank of Experts programme**, with 645 hours of training, to apply and disseminate knowledge in the working environment and to train other employees as internal trainers.

- **273 courses and more than 83,000 hours of training** aimed at promoting the employability of workers in technical areas, languages, skills and abilities not directly related to job functions.

- **377 hours of training in corporate responsibility and corporate values**, including aspects regarding human rights, involving 66 people (experts, management team and new incorporations into the Company).

- Digitalisation of language training with more than 700 people in the **new training programme in English and French**, using 2.0 technology.

- Commencement of **advanced training in project management** in accordance with ISO21500.

- Implementation, for the first time in a continuous way, of **practical training in an electricity substation** with real out-of-service facilities.

- Undertaking of **authentic practical, in-house**, between control centre operators and future operators responsible for local manoeuvre operations.

- Design of the **Corporate University model: CAMPUS Red Eléctrica** as a platform for the deployment of the strategy, values and culture of the Red Eléctrica Group.

- **14 people have completed training in SF6**. Between 2013 and 2016, 426 people have completed this training,

of which 396 have received the official accreditation that enables them to recover SF<sub>6</sub> gas throughout the European Union. Certified according to RD 795/2010.

### Evaluation and management of professional development

- Drafting of a communication plan aimed at **strengthening the key elements of the evaluator's role**, as well as to favour the development of the interviews of those evaluated.

- **Implementation of the evaluation in REA (Peru)** following the criteria defined in the relational framework established with the subsidiaries in Latin America. Similarly, its implementation has been planned for 2017 in TEN (Chile).

- Ongoing **evaluation of digital skills** to support digital transformation.

- **Consolidation of the multisource evaluation model** for the management team.

- **Revision of the internal mobility model** with the aim of boosting the development of people, increasing their versatility to respond to business needs in the short and medium term.

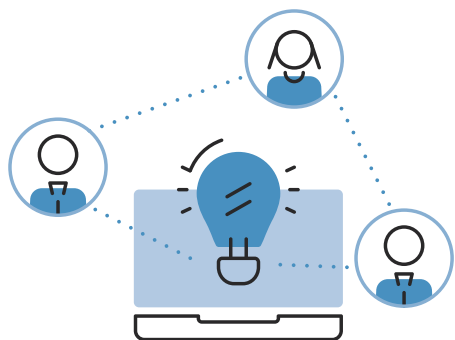
## TALENT MANAGEMENT



€3,431

INVESTMENT  
IN TRAINING

Per employee

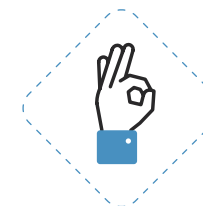


In 2017 a technological tool will be implemented that will allow the motivations and professional interests of the employees to be known and facilitate their employability and mobility.

### Key Talent Management Objectives 2017

- Within the leadership model, **promote individualised development programmes** that facilitate strategic vision and facilitate international networking.
- Consolidate the deployment of the **knowledge management model**.
- **Promote technological innovation for the benefit of learning and professional development:** design of simulators, new virtual courses, recording of sequences of technical operations for consultation.
- **Certify maintenance personnel** in regional offices as Operators of Local Manoeuvre Operations in Substations.
- Implementation of the technological tool that **allows the motivations and professional interests** of Red Eléctrica to be known in order to facilitate their employability and to promote mobility.
- **Deploy the internal functional mobility model** as a lever for development and carry out monitoring for continuous improvement through the performance indicators.
- Implement the relational framework established for the companies of the Group **in the field of talent management with subsidiaries in Latin America**.
- **Analyse the current performance appraisal system** for its improvement and to allow an optimisation of communication between evaluators and those evaluated.
- Implement the **new CAMPUS Red Eléctrica model**.
- **Continue to promote collaboration with the educational sector**, vocational training centres, universities and business schools.
- Promote **corporate training in Equality, Work-life balance and Criminal Risks** to publicise the practices and measures implemented in each of these areas.
- **Consolidate the implementation of the Bank of Experts** by deploying new actions and improvements detected by the participants themselves in synergy with the Knowledge Management Model.
- Continue with the Enlace Programme to **facilitate communication and cohesion between technical staff from the control centres and maintenance areas**.

### PERFORMANCE APPRAISAL



## OF ALL RED ELÉCTRICA EMPLOYEES

Through ongoing performance appraisals, by competency, commitment and contribution





# DIALOGUE AND TRANSPARENCY

## Internal communication is a strategic element that contributes to sharing the Company's mission and objectives through the involvement of employees.

Red Eléctrica focuses and develops internal communication as a strategic element to share the mission and objectives, to involve the employees in the different projects and to improve the working climate thus increasing their pride of belonging.

During 2016, work has been carried out on the design of the internal communication model that supports the value that the internal communication must contribute

to the development of the Red Eléctrica Group, and develop the framework of criteria for internal communication actions in the different companies of the Group.

### Dialogue tools and channels

In the quest for ongoing dialogue in the organisation, one of the innovations of this year has been the breakfasts with the CEO, informal sessions that have allowed the chief executive to encourage greater contact with employees, to know first-hand the issues of Interest, as well as exchange information about the Company's activity. During 2016, 15 breakfasts were held in which 168 employees

of the Company (both managers and non-managers) participated.

In addition, during this year the action plans derived from the 2015 climate survey have been monitored in order to work on improvement aspects and to consolidate identified strengths. In addition, an internal communication evaluation survey (involving 51.9% of Red Eléctrica employees) has been launched to learn about the opinions of employees regarding management,

### COMMUNICATION CHANNEL



## miRED NEW INTRANET

Consolidates its implementation in 2016

### BREAKFAST WITH THE CEO

Informal sessions that encourage the CEO's contact with employees. In 2016, 15 breakfasts were held with the participation of 168 employees.

initiatives and channels of communication so as to detect areas for improvement that allow the communication needs of the whole staff to be addressed.

Red Eléctrica continues to design communication plans to help the units disseminate their objectives and projects. Of particular note are the actions developed for: talent management, innovation, healthy workplace, corporate values, diversity, actions linked to the operation of the electricity system and maintenance of transmission facilities.

## Key actions carried out in 2016

- **Implementation of the internal communication model** that facilitates the effective planning and execution of communication actions within the Company.
- **Breakfast with the CEO.**
- **Consolidation of the new intranet** as the main communication channel and as a collaborative space.
- **Launch of the survey regarding internal communication.**
- **Monitoring of action plans** arising from the 2015 climate survey.

### INTERNAL COMMUNICATION SURVEY



PARTICIPATION OF  
**51.9**  
%

To improve communication to the workforce as a whole

## The new functionalities of the intranet have been able to speed up information, enhance multidirectional communication and encourage the use of collaborative spaces.

Within the various internal communication channels, the new functionalities of the intranet made it possible to accelerate the dissemination of information, stimulate multidirectional

communication and encourage the use of collaborative spaces, facilitating access to documentation and knowledge management.

## Key objectives 2017

- **Human Resources Road Show** so that the **employees can gain a greater understanding of the functions of this area**. It additionally allows HR to gain first-hand knowledge regarding the doubts that the different areas may have, so as to provide a response that is both warm and with a human touch, and which responds adequately to the doubts raised.
- **Evolve the internal communication model** and enhance it as a tool of influence and as a strategic element for the management of people and working teams.
- **Conducting of the new climate survey**, with the objective in order to continue to be fully aware of the strengths and areas of improvement of the organisation.
- **Launching the collaborative tools of the miRED intranet**, which allow multidirectional communication and encourage participation.
- **Development of cross-cutting and personalised communication plans** that promote knowledge regarding all areas of the company and broaden the business vision.
- **Broadening of activities of the social and cultural plan** aimed at employee participation and integration, and awareness of issues of sectoral, social and environmental interest.

# SOCIAL DIALOGUE / G4-DMA / G4-LA4 / EU15

Red Eléctrica de España guarantees its employees the right to union affiliation, association and collective bargaining within the framework of existing labour laws and the Collective Bargaining Agreement.

In 2016, work has continued on the implementation of the 10<sup>th</sup> Collective Bargaining Agreement, which entered into force on 1 May 2014 and will remain in force until 31 December 2017, seeking the complete fulfilment of the principles that inspired it:

- Efficiency and productivity.
- Flexibility and sustainability.

## Committees contemplated within the 10<sup>th</sup> Collective Bargaining Agreement

- Occupational Health and Safety Committee. / G4-LA8
- Committee for facilities personnel (transmission grid facilities).
- Training committee.
- Equality committee.
- Professional classification committee.
- Inter-work centre committee.
- Joint committee on monitoring and interpretation of the Collective Bargaining Agreement.
- Committee on social affairs.
- Geographical mobility committee.

The Company maintains a fluid, accessible and flexible communication with the employees' representatives, which allows the dialogue between both parties to be carried out in an ongoing manner. During 2016, the various committees contemplated within the 10<sup>th</sup> Collective Bargaining Agreement, held a total of 18 meetings.

The Collective Bargaining Agreement covers the majority of the workforce, excluded from its scope are: the management team [6.98%] and employees who voluntarily and reversibly accept the proposal of

### WORK FLEXIBILITY



1,690 ANNUAL WORKING HOURS

According to the 10<sup>th</sup> Collective Bargaining Agreement, in force since 1 May 2014

## Red Eléctrica maintains a fluid and flexible communication with the Employees' Representatives as evidenced through the 18 meetings held in 2016.



# Continuing with the positive trend of previous years, in 2016 there were no cases of discrimination in the Company and no corrective actions were required.

the management of the Company for exclusion from the Collective Bargaining Agreement (1.22%). However, social agreements are universally applicable. / G4-I1

In 2016, 15 grievances (lawsuits filed against REE SAU) on labour practices received through formal mechanisms were managed. All of these grievances were addressed in the year, 10 are pending resolution, due to the corresponding appeals, and 5 have been resolved. / G4-LA16

Continuing with the positive trend of previous years, there have been no cases of discrimination in the Company during 2016.

As a consequence, it has not been necessary to apply corrective measures within 2016.

Notification of organisational changes is carried out pursuant to current legislation. The organisational changes that entail the geographical mobility of employees are notified with thirty days' notice, to both the worker and the employees' representatives. In all cases, a consultation process is carried out.

As for substantial modifications to the employment contract, in the case of changes to an employee's contract, these will be notified fifteen days in advance to both the affected worker and social representatives. If it concerns company-wide changes, a consultation period will be opened

## COLLECTIVE AGREEMENT



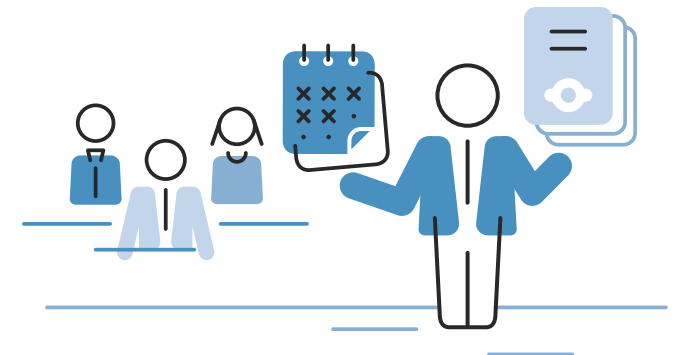
# 98.8

%

### OF THE WORKFORCE IS COVERED UN THE AGREEMENT

with legal representatives which may be replaced by a mediation or arbitration procedure.

Furthermore, the 10<sup>th</sup> Red Eléctrica Collective Bargaining Agreement includes specific work regimes, such as the special shift regime, or the special flexibility regime. In reference to the latter, legislation establishes different notification periods for the carrying out of work on non-working days or at night. In this regard, it is important to note that the agreement foresees penalties for the Company in the event of the cancellation of work scheduled for non-working days.



# OCCUPATIONAL HEALTH AND SAFETY

## RED ELÉCTRICA-HEALTHY WORKPLACE / G4-DMA

**Red Eléctrica's** commitment to occupational health and safety and well-being, including the work-life balance, is a priority and one of the essential pillars of our value propositions for our employees. Red Eléctrica's healthy workplace model revolves around four main principles:

physical work environment, health resources, psychosocial work environment and community involvement.

In 2016, the Red Eléctrica Healthy Workplace Manual was published, offering specific information on all aspects of the model through

practical electronic format files accessible from anywhere.

The third psychosocial risk assessment was carried out. The study consisted of an anonymous questionnaire in which 76% of people from Red Eléctrica participated, (whose results

HEALTHY WORKPLACE



76

%

PARTICIPATION

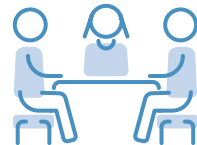
In the third psychosocial risk assessment

### RED ELÉCTRICA HEALTHY WORKPLACE MODEL PRINCIPLES



#### Physical work environment

Provide the necessary means to perform the tasks associated to the job under the best health and safety conditions.



#### Health resources

Provide the workforce with tools to improve their state of physical and mental health, contributing to their well-being and quality of life.



#### Psychosocial work environment

Implement work management organisation tools and resources that promote the physical and psychosocial well-being of employees.



#### Community involvement

Actions carried out by the Company that can impact on the improvement of the health and well-being of their employees' families and the communities in which their facilities are located.

improve by 19% compared to the 2011 evaluation), and a qualitative analysis through 12 stress management workshops in 11 work centres in which 158 people participated. This work has allowed the design of a psychosocial risk prevention plan that will be deployed over the next three years.

The occupational health and safety survey was also carried out in which 62.2% of employees participated. The level of satisfaction is 7.7 out of 10. The conclusions will also be translated into a specific action plan.

In addition, during this year we have worked on the alignment of the policies of the companies of the Red Eléctrica Group in matters of occupational health and safety. Nationally, all the activities carried out have an equal impact on all companies in the Group. Internationally, an analysis and a diagnosis of the situation of Peruvian companies of the Group has been carried out, and an action plan has been designed to implement the healthy workplace model. Similarly, following the same methodology as in the holding company, the psychosocial risk assessment was carried out and monitored with the physical presence of specialised

### OCCUPATIONAL HEALTH & SAFETY SURVEY



# 7.7

SCORE GIVEN BY EMPLOYEES

Participation of 62% of employees

employees from the head offices of the Company. The level of participation was 78%.

### The promotion of health

Red Eléctrica annually carries out several campaigns regarding the promotion of health and the prevention of health risks. In 2016, actions aimed at promoting physical activity and sport as a healthy life habit, and as an important driver of healthy values have enabled Red Eléctrica to position itself as a benchmark company in this field. The Company obtained the 'Runner-up position' at the NAOS Awards ['Strategy for Nutrition, Physical Activity and Prevention of Obesity'], an initiative of the Spanish Ministry of Health and Consumer Affairs. Said award recognises the efforts

made by the Company in this field, and particularly for the project conducted in collaboration with the University of Castilla-La Mancha, which has allowed the impact of physical exercise on certain health factors and especially on cardiovascular risk to be analysed.

Similarly, in 2016, other actions have been developed to promote sports practice such as financial aid for sport, sports days, sporting events with European TSOs, as well as other solidarity actions (Heart race, 'Action against hunger' charity run, football tournament for breast cancer research). All these initiatives will mark the steps that Red Eléctrica will follow in the coming years.

## The Company obtained the 'Runner-up position' at the NAOS Awards of the Spanish Ministry of Health and Consumer Affairs regarding Strategy for Nutrition, Physical Activity and Prevention of Obesity.



In parallel, the Healthy Nutrition Campaign was launched in collaboration with SEDCA (Spanish Society of Dietetics and Food Sciences), with collective actions such as workshops and talks, as well as individual actions, such as consultations regarding nutrition.

In addition and on an ongoing basis, Red Eléctrica carries out preventive monitoring of the health of its workers through an in-house medical service, responsible for monitoring employee health through periodic medical examinations. Due to the preventive measures applied, no incidence or risk of certain occupational or work-related diseases has been identified. / G4-LA7

### Age management

**Encompassed** within the healthy workplace model, in 2015 the comprehensive model for the management of an ageing workforce was approved, which will not only try to guarantee that workers age within the Company in the best possible

## The Action Plan for age management addresses the adaptation of advanced age workers to work positions that are best suited for them depending on age and health.

health, but will also enable them to extend their working life within the Company, by allowing them to work in roles that are best suited to their physical capabilities. To this end, in 2016, the action plan for age management (evolution of the approved model) has been launched, which addresses several cross-cutting objectives in which all areas of human resources are involved.

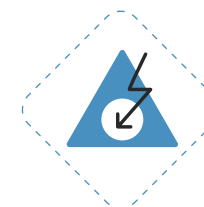
The first step has been to carry out a study of the Work Ability Index according to the methodology of the Finnish Health Institute, in which 85% of the workers asked participated voluntarily. This study will support the proposed changes in work organisation, in a way that is aligned with the needs of the business, in work positions in which age has an impact.

### Physical work environment

A **priority** for Red Eléctrica is the reduction of work-related accidents and the application of the process for the continual and progressive improvement of the occupational health and safety levels of its employees and of those employees of suppliers who collaborate or work on Company premises and in facilities.

In that regard, Red Eléctrica has a strategy and a plan of action for the prevention of occupational health and safety risks that promotes best practices in the field during the execution of works and

OCCUPATIONAL RISK PREVENTION



FREQUENCY RATE

-42%

Compared to 2015

SEVERITY RATE

-25%

Compared to 2015

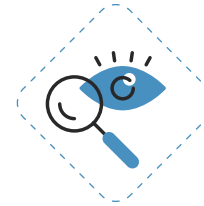
# The accident indicators, for both Company staff and contractors registered significant improvements compared to previous years.

activities in its facilities. Among the actions included in the action plan are follow-up meetings and analysis of results to reinforce the behaviours followed during the execution of works.

Another milestone in the action plan is geared towards conducting internal audits by occupational risk prevention experts in conjunction with construction or maintenance experts of activities underway.

In terms of risk prevention, the continual monitoring of work and activities of greater risk through safety inspection programmes is key to achieving the high levels of safety required by Red Eléctrica.

## OCCUPATIONAL HEALTH AND SAFETY INSPECTIONS



**13,038**  
INSPECTIONS  
HAVE BEEN  
CONDUCTED

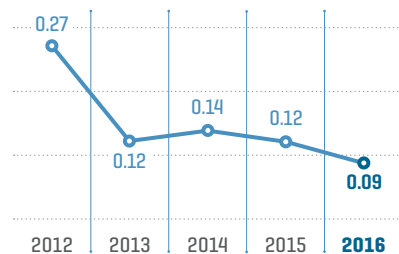
Which have resulted in  
**1,785** corrective actions

In this regard, in 2016, 13,038 occupational health and safety inspections were carried out in works in facilities, which involved 1,785 corrective actions, of which 96% were resolved.

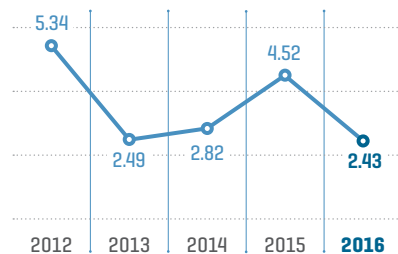
The measures taken in the Occupational Health and Safety Improvement Action Plan, the increase in the control of work through internal inspections and audits, as well as the tightening of controls regarding compliance with Occupational Health and Safety measures carried out on all stakeholders, has allowed a significant improvement in accident rates for both our own staff and that of our suppliers.

In 2016, there was an improvement in the main accident indicators for both Company employees and contractors. Regarding 2015, the frequency and severity indexes were reduced by 46.2% and 25% respectively in Red Eléctrica. Similarly, in the contracted companies the frequency index was reduced by 20% and the severity index by 90%.

**EMPLOYEE ACCIDENT SEVERITY RATE / G4-LA6**  
TARGET 2016: 0.57



**EMPLOYEE ACCIDENT FREQUENCY RATE / G4-LA6**  
TARGET 2016: 3.82



## INTERNAL AUDITS

Included as part of the occupational health and safety action plan and are conducted by occupational risk prevention experts in conjunction with construction or maintenance experts.



During 2016 other actions have been carried out, among which the following should be highlighted:

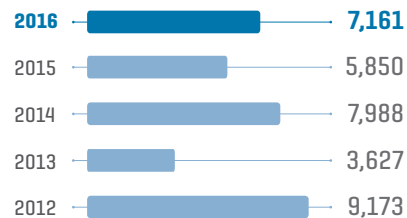
- Completion of identification of and signage for confined spaces. All information is collected in the PRER application available to users.
- Improvement of the control of access to substations by means of the *Kérberos* system, in order to allow automated access only to personnel who have previously been authorised in PRER by technical personnel from Red Eléctrica who are responsible for the facilities.
- As a consequence of the entry into force of R.D. 299/2016 of 22 July on the protection of the occupational health and safety of workers regarding risks related to exposure to electromagnetic fields, a specific programme has been established to respond to this requirement, which

complements the actions in this matter usually carried out by the Company. Within the framework of this programme, in 2016, measurements have been taken in 40 facilities.

### Training and awareness / G4-LA9

**Red Eléctrica considers** training and awareness in the field of occupational health and safety risk prevention essential to reduce accidents and to preserve the health and safety of all its personnel. During 2016, there were 7,161 hours of occupational health and safety training with 1,238 attendees. Of these hours, 1,361 were earmarked for specific training in electrical risk.

### TRAINING HOURS IN OCCUPATIONAL HEALTH AND SAFETY



### OCCUPATIONAL HEALTH AND SAFETY RISK PREVENTION



**7,161 HOURS OF HEALTH & SAFETY TRAINING**

With the participation of 1,238 attendees participated

### OCCUPATIONAL HEALTH AND SAFETY COMMITTEE

Committee composed of equal representation from management and employees for the regular and periodic consultation on actions regarding occupational risk prevention matters.

The health and safety of people is integrated into the culture of the Company, and represents a managerial objective for Red Eléctrica's management. In 2016, 2.5% of the occupational health and safety training hours were for the management team, which represents an increase of 500% in relation to the previous year.

### Consultation and participation / G4-LA5 / G4-LA8

**Red Eléctrica de España** has an Occupational Health and Safety Committee whose composition and functions are set out in Chapter 7 of the 10<sup>th</sup> Collective Bargaining Agreement.

This Committee is composed of equal representation from management and employees set up for regular and periodic consultation regarding the Company's actions on the prevention of occupational risks. The Committee consists of six representatives nominated by the Company and six prevention delegates chosen from representatives of the workers, representing 100% of the employees. In addition, the Company's Risk Prevention Service experts take part in the meetings of this Committee.

# Consultations and suggestions regarding occupational health and safety can be made and any doubts resolved on the corporate intranet.

Meetings are held on a quarterly basis [in accordance with Law 31/95 on the prevention of occupational risks], but also may be held as and when requested by any of the parties concerned. In 2016, four meetings were held fulfilling the foreseen objectives.

During these meetings, monitoring is carried out on the following: all occupational health and safety activities, the new applicable legislation, the review of processes and internal regulations, and the analysis and monitoring of the

occupational health and safety programmes and their results in addition to monitoring security equipment and materials. The minutes of these meetings are available to all employees in a specific section of the corporate intranet, 'miRED'. Also, this Committee is made aware of the results of internal and external audits conducted and the improvement actions implemented.

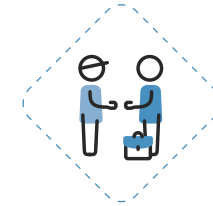
On the other hand, to encourage employee participation, a specific community in this field has been created on the corporate intranet through which consultations and suggestions regarding occupational health and safety can be made and any doubts resolved.

## Occupational health and safety in the supply chain / EU18

All suppliers who work in the facilities and work centres of Red Eléctrica are approved and qualified in occupational health and safety and, in the case of carrying out activities with risk, these activities are managed by the supplier's works supervisors who have been previously qualified by the Red Eléctrica prevention service. Red Eléctrica has certified more than 2,000 works supervisors and more than 400 worksite managers.

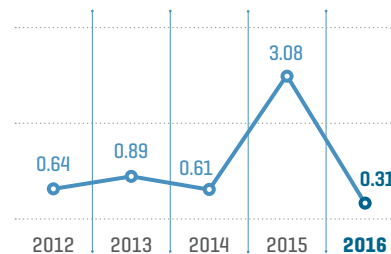
In addition, Red Eléctrica randomly requests, from its suppliers, proof of the health and safety training of its employees. It also requests proof of

### OCCUPATIONAL HEALTH AND SAFETY IN THE SUPPLY CHAIN

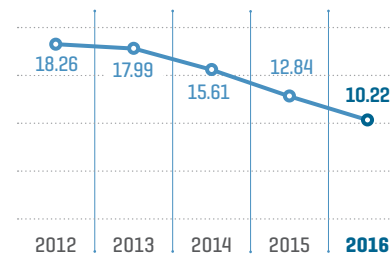


CERTIFIED  
**2,000**  
WORKS SUPERVISORS  
AND  
**400**  
WORKSITE MANAGERS

### ACCIDENT SEVERITY RATE-RED ELÉCTRICA'S CONTRACTORS / G4-LA6 / EU-17



### ACCIDENT FREQUENCY RATE-RED ELÉCTRICA'S CONTRACTORS / G4-LA6 / EU-17



training in occupational health and safety for any new incorporations into the supplier database in the corporate occupational health and safety application [PRER]. In addition, it certifies the personnel

of suppliers that carry out critical functions, such as works supervisors and worksite managers. In the processes of certifying both, proof of their training and experience is requested.

## Milestones in occupational health and safety 2016

### Health promotion

- Dissemination of the **Healthy Workplace Manual**.
- Launch of the **third psychosocial risk assessment**.
- Evaluation of the labour **training index in professional** groups with risks associated with ageing.
- **Medical and nursing consultations** (1,258), medical examinations (1,092). Annual influenza vaccination campaign (210).
- **Health campaigns** aimed at promoting healthy eating habits and physical exercise.
- Research study of **personalised physical exercise programmes** and evaluation of their impact on cardiovascular health.
- **Promotion of physical activity as a healthy habit**. 42.4% of the workforce benefits from financial aid in 42 sports groups. Sports days and inter-company sporting events.
- **More than 350 personalised nutritional consultations**, reinforced with healthy eating workshops and a cooking workshop.
- Personalised treatment and monitoring to **help quit smoking**, in collaboration with the Carlos III Hospital.

- **Colon cancer prevention campaign** for the over 50s, and detection of prostate cancer markers for men over 50 years of age.
- **Reduction of 6.6% in the absenteeism rates** linked to common illnesses.

### Occupational health and safety

- **7,161 hours of health and safety training**, 22.4% more than in 2015.
- **Identification of and signage for more than 1,500 confined spaces** by the end of 2016.
- **Measurement of electromagnetic fields** in 40 substations.
- Creation of a specific community in **occupational health and safety on the corporate intranet**.
- Execution of **22 Internal Prevention audits** of different activities in Red Eléctrica's facilities.
- **Reduction of accident frequency and severity rates**, in REE employees and contractors.

### HEALTH PROMOTION



MORE THAN  
**350**  
ENQUIRIES  
ON  
NUTRITION

Reinforced through  
healthy eating  
workshops



In the 'Employees' sub-section of the 'Sustainability' section of the corporate website.

## Challenges 2017

- Implementation of the measures contained in the action plan to **improve occupational health and safety**, aimed at implementing best practices in the field. The plan consists of three courses of action: preventive culture, training and skills of the personnel performing the work, and operational control of the activity performed.
- **Improve training and skill** requirements for the agents involved in the execution of works and activities in facilities.
- Establish actions aimed at **improving the control and monitoring of the activity as a key element of safety regulations**. Among others: meetings with contractors based on their results in prevention, internal audits by prevention experts and construction and maintenance of different activities.
- Develop **communication plans linked to raising awareness** regarding occupational health and safety for all stakeholders.
- Develop a system for the control of access to facilities (Kerberos) to **increase the information available in the Company**, regarding personnel who work on overhead lines.
- Continuation of **personalised physical activity and health plans**.
- Continuation of the **Healthy Nutrition Campaign** in different work centres.
- **Campaigns for the prevention** of sleep disorders.
- Implementation of **programmes to support workers preparing for retirement**.



## The work-life balance / G4-LA2

The work-life balance management model, based on the EFR standards, has changed and matured over the six years it has been implemented, and represents one of the main areas of action of the healthy workplace model within its psychosocial environment. This environment includes the organisation of work, institutional culture and attitudes, values, beliefs and practices that are exhibited daily in the organisation and affect the psychological and physical well-being of people.

The action plan, called the Comprehensive Work-life Balance Plan, which identifies the objectives and needs to be covered, for the 2014-2017 horizon, is focused on the development of actions that allow us to come closer to excellence in the management of the work-life balance.

### COMPREHENSIVE PLAN FOR THE WORK-LIFE BALANCE



MORE THAN  
**60**  
MEASURES  
ADOPTED

The more than 60 work-life balance measures, actions and initiatives implemented by Red Eléctrica, which apply equally to all staff, regardless of the type of contract, are one of the fundamental axes that make up the management model. The 10<sup>th</sup> Collective Bargaining Agreement also represents a clear advance in this field as it complements or broadens the scope of existing measures. With all of these measures, Red Eléctrica aims to provide tools that will improve the well-being and quality of life of its employees, increase people's commitment and their pride of belonging.

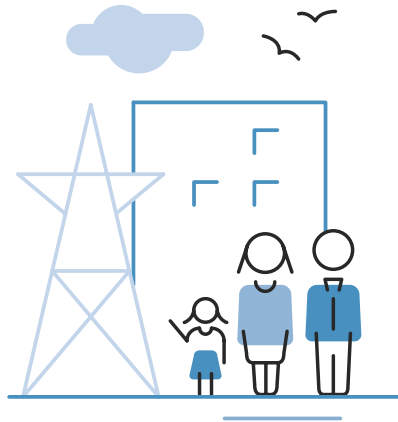
All measures are detailed in the guide 'The work-life balance a benefit for all', published on the Company intranet, accessible to all employees. The guide is structured in seven generic sections:

- Flexitime.
- Authorised leave.
- Parenthood.
- Disability/family dependents.
- Social Benefits/benefits in kind.
- Services.
- Events and activities.

The perception of how the actions integrated into the work-life balance model reach the different groups and their impact has been evidenced through the working groups that, during 2016, have held sessions in various work centres. These sessions complement the psychosocial risks evaluation mentioned at the beginning of this chapter.

## All measures adopted regarding the work-life balance are detailed in the guide 'The work-life balance a benefit for all', published on the Company intranet.





# As part of the work-life balance actions carried out in 2016, new impetus was given to local work-life balance partners to study the needs of other work centres and groups.

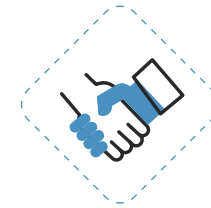
## Milestones for the work-life balance in 2016

- **Banks of Potential development programme:** training and awareness-raising for the management of people through work-life balance.
- **Knowledge analysis and qualitative evaluation** of the model in different work centres.
- Continuity of **work-life balance measures related to health and well-being.**
- **Dissemination of the model for managing disability** in the workplace and measures aimed at employees with disabilities and their families: Red Diversa.
- **Family support activities and services:** takeaway service (dishes included in the corporate dining menu), non-school days (activities with children of employees on working days), urban summer camps.
- **New impetus from local work-life balance partners** to study the needs of other workplaces and groups.
- Increased **consultation through the role of the work-life balance interlocutor** supporting the interpretation of measures and facilitating individual solutions to personal circumstances. In 2016, 50 % of the consultations have been resolved with solutions adapted to the needs, beyond what is established in the Collective Bargaining Agreement.
- **Elaboration of a training video** aimed at the entire workforce.
- 'School for Parents': **theoretical-practical kitchen workshop** working on aspects of healthy eating for children.

## Challenges 2017

- **Incorporation of the Work-life Balance Management training video** into the AulaRed virtual classroom.
- Development of the **3<sup>rd</sup> Comprehensive Work-life Balance Plan.**
- Launching of a **new survey on the knowledge,** use and satisfaction of existing work-life balance measures.
- **Continuation of activities:** group sporting activities subsidised by the Company, non-school days and urban summer camps for children of employees, children's parties, children's painting contest, leisure and environmental activities for the family.

### WORK-LIFE BALANCE INTERLOCUTOR



# 50

% OF CONSULTATIONS RESOLVED WITH SOLUTIONS ADAPTED TO NEEDS

**Beyond what is established in the Collective Agreement**

# INDICATORS

## WORKFORCE DISTRIBUTION BY TYPE OF EMPLOYMENT, CONTRACT, REGION AND GENDER Spain [1]

/ G4-10

Nº

	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Workforce [Nº of people]	1,298	384	1,682	1,305	392	1,697	1,284	398	1,682
Employees with permanent contract [Nº]	1,289	383	1,672	1,304	392	1,696	1,282	397	1,679
Employees with temporary contract [Nº]	9	1	10	1	0	1	2	1	3
Permanent contracts [%]	99.3	99.7	99.4	99.9	100.0	99.9	99.8	99.7	99.8
Part-time contracts [Nº]	0	0	0	0	0	0	0	0	0
Workers from temporary employment agencies [Nº] [2]	6	4	10	13	15	28	6	9	15
Interns [Nº] [2]	20	35	55	31	26	57	35	32	67

[1] [1]Data for Red Eléctrica de España SAU + REC. Total workforce of the Red Eléctrica Group is 1,773 people.

[2] [2]These workers are not included in the workforce count as they are not employees of Red Eléctrica.

**Note:** Red Eléctrica has no self-employed workers that are legally recognised.

## EMPLOYEES COVERED BY THE COLLECTIVE BARGAINING AGREEMENT Spain [1]

/ G4-11

%

	2014	2015	2016
	Men	Women	Total
Employees included in the Collective Bargaining Agreement [%]	98.99	98.79	98.78
Employees excluded from the Collective Bargaining Agreement [%] [2]	1.01	1.21	1.22

[1] Data for Red Eléctrica de España SAU.

[2] Employees who voluntarily and reversibly accept the proposal of the management of the Company to be excluded from the agreement. The management team was not taken into account in the overall calculation and represents 6.98% of the total workforce.

## NEW RECRUITMENT BY AGE AND GENDER Spain [1]

/ G4-LA1

	2014						2015						2016					
	N° of new recruitment			Recruitment rate [%]			N° of new recruitment			Recruitment rate [%]			N° of new recruitment			Recruitment rate [%]		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Less than 30	10	1	11	23.3	6.7	19.0	10	6	16	32.3	54.5	38.1	4	3	7	16.0	27.3	43.3
30 to 50	12	7	19	1.4	2.3	1.6	23	11	34	2.7	3.7	2.9	11	15	26	1.3	5.1	6.4
Over 50	0	0	0	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
<b>Total recruitment</b>	<b>22</b>	<b>8</b>	<b>30</b>	<b>1.7</b>	<b>2.1</b>	<b>1.8</b>	<b>33</b>	<b>17</b>	<b>50</b>	<b>2.5</b>	<b>4.3</b>	<b>2.9</b>	<b>15</b>	<b>18</b>	<b>33</b>	<b>1.2</b>	<b>4.5</b>	<b>5.7</b>

[1] Data for Red Eléctrica de España SAU + REC.

M: Men / W: Women.

## EMPLOYEE TURNOVER BY AGE AND GENDER Spain [1]

/ G4-LA1

	2014				2015				2016			
	Number of people leaving		Turnover rate [%]		Number of people leaving		Turnover rate [%]		Number of people leaving		Turnover rate [%]	
	M	W	M	W	M	W	M	W	M	W	M	W
Less than 30	0	0	0.0	0.0	0	0	0.0	0.0	0	1	0.0	9.1
30 to 50	3	8	0.3	2.7	11	8	1.2	2.6	7	8	0.8	2.7
Over 50	7	2	1.9	3.1	15	1	4.0	1.5	29	3	7.0	3.7
<b>Total turnover</b>	<b>10</b>	<b>10</b>	<b>0.8</b>	<b>2.6</b>	<b>26</b>	<b>9</b>	<b>2.0</b>	<b>2.3</b>	<b>36</b>	<b>12</b>	<b>2.8</b>	<b>3.1</b>

[1] Data for Red Eléctrica de España SAU + REC.

Note: Average length of service of those leaving: 21.11 years.

M: Men / W: Women.

## MATERNITY/PATERNITY LEAVE RATES (M/P) Spain [1]

/ G4-LA3

Nº

	2014		2015		2016	
	Men	Women	Men	Women [4]	Men	Women [4]
Employees with the right to M/P leave [Nº]	76	38	80	40	69	26
Employees who have taken M/P leave [Nº]	76	38	80	40	69	26
Reincorporations at the end of M/P leave [Nº] [2]	76	33	80	36	69	23
Employees with M/P leave who remain on the workforce [%] [3]	100	95	100	90	100	89

[1] Data for Red Eléctrica de España SAU + REC. Total workforce of Red Eléctrica Group 1,773 people.

[2] The difference between the number of reincorporations of women in relation to those who have enjoyed leave is due to 3 authorised leaves due to child care.

[3] Employees who return to work after M/P leave and continued at work in the twelve months after their reincorporation. Data as at year end.

[4] In the columns with the heading 'Women', also includes men who have exercised their right to take this leave.

## OCCUPATIONAL HEALTH AND SAFETY INDICATORS Spain [1]

/ G4-LA6

1

	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Average workforce [Nº]	1,291	385	1,676	1,313	391	1,704	1,306	398	1,704
Hours worked [thousands]	2,182	651	2,832	2,214	659	2,873	2,207	673	2,880
Accidents with sick leave [serious/minor] [Nº]	0/7	0/1	0/8	0/8	0/5	0/13	0/7	0/0	0/7
Fatal accidents [Nº]	0	0	0	0	0	0	0	0	0
Days lost due to accidents [Nº] [2]	348	35	393	202	146	348	255	0	255
Accident frequency rate	3.21	1.54	2.82	3.61	7.58	4.52	3.17	0.00	2.43
Accident severity rate	0.16	0.05	0.14	0.09	0.22	0.12	0.12	0.00	0.09
Incidence rate	5.42	2.60	4.77	6.09	12.79	7.63	5.36	0.00	4.11
Absenteeism rate due to common illness [3] [a]	1.61	2.64	1.84	1.80	3.19	2.10	1.87	2.34	1.98
Absenteeism rate due to occupational illness [b]	-	-	-	1.89	3.30	2.20	1.95	2.35	2.05

[1] Data for Red Eléctrica de España + REC + REI + REINTEL + REINCAN.

[2] The calculation is based on 6,000 working days per fatal accident and 4,500 for total permanent incapacity.

[3] The calculation formula was amended as of 2014. Therefore, the data for 2015 and 2016 is not comparable with previous years.

**Serious accident:** Those classified as serious by each doctor that issued the sick leave certificate. **Frequency rate:** The number of work-related accidents with leave of absence per million hours worked. **Accident severity rate:** The number of work days lost due to work-related accidents + incapacity scale, per thousand hours worked. **Incidence rate:** The number of accidents with sick leave x 1,000 / average workforce. **Absenteeism rate:** [a] From 2014 the calculation formula is: days absent due to common TI (temporary incapacity) > 3 days + days absent TI < 3 days / average headcount x 365 x 100 and [b] As of 2015 it also incorporates the total absence due to occupational illness: days absent due to common TI > 3 days + days absent TI < 3 days + days absent due to AT + EP / average headcount x 365 x 100.

**Note 1:** The data for accident and absenteeism rates is provisional. **Note 2:** Days off work AT (excluding commuting) men: 255 / women: 0 / Total 255.

**Note 3:** The register and reporting of accidents is done based on Spanish law and as set out in the Red Eléctrica management system, certified according to OHSAS 18001.



## AVERAGE HOURS OF TRAINING BY PROFESSIONAL GROUP AND GENDER Spain [1]

/ G4-LA9

Nº

	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Management team	64	77	66	112	163	122	110	120	112
Experts (G1+G2+G3)	60	85	64	95	130	101	83	90	84
Administrative personnel (G4)	13	23	20	30	54	48	23	36	32
<b>Total</b>	<b>76</b>	<b>73</b>	<b>74</b>	<b>86</b>	<b>114</b>	<b>100</b>	<b>83</b>	<b>79</b>	<b>82</b>

[1] Data for Red Eléctrica de España + REC + REI + REINTEL + REINCAN.

## PERCENTAGE OF EMPLOYEES WHOSE PERFORMANCE AND PROFESSIONAL DEVELOPMENT IS APPRAISED PERIODICALLY Spain [1]

/ G4-LA11

%

	2014		2015		2016	
	Men	Women	Men	Women	Men	Women
Employees with a performance appraisal [%]	100	100	100	100	100	100

[1] Data for Red Eléctrica de España SAU + REC.

## COMPOSITION OF THE CORPORATE GOVERNANCE BODIES BY AGE

/ G4-LA12

%

	2016		
	< Under 30	30-50	> Over 50
Board of Directors [1]	0	27.3	72.7
Audit Committee	0	0	100
Appointments and Remuneration Committee [1]	0	50	50

[1] The Board of Directors is composed of 12 members, although at the end of 2016 there was a vacancy following the resignation of the external independent member Agustin Conde Bajén on 29 November 2016. Therefore, the calculations used for this indicator have used the number of existing Board members [11] at the end of 2016 and on the existing members [4] of the Appointments and Remuneration Committee at the end of 2016.

## COMPOSITION OF THE CORPORATE GOVERNANCE BODIES

/ G4-LA12

Nº

	2014				2015			
	M	W	Total	% W	M	W	Total	% W
Board of Directors [1]	6	5	11	45.5	7	5	12	41.7
Audit Committee	2	2	4	50.0	4	1	5	20.0
Appointments and Remuneration Committee [2]	1	3	4	75.0	0	4	4	100.0

2016			
M	W	Total	% W
7	4	11	36.4
4	1	5	20.0
1	3	4	75.0

[1] The Board of Directors is composed of 12 members, although at the end of 2016 there was a vacancy following the resignation of the external independent member Agustín Conde Bajén on 29 November 2016. Therefore, the calculations used for this indicator have used the number of existing Board members [11] at the end of 2016.

[2] This committee is composed of 5 members, although at the end of 2016 there was a vacancy following the resignation of the external independent member Agustín Conde Bajén on 29 November 2016. Therefore, the calculations used for this indicator have used the number of existing Board members on this committee [4] at the end of 2016.

M: Men / W: Women.

## WORKFORCE DISTRIBUTION BY AGE, GENDER AND PROFESSIONAL GROUP Spain [1]

/ G4-LA12

%

	2014						2015					
	< Under 30		30-50		> Over 50		< Under 30		30-50		> Over 50	
	M	W	M	W	M	W	M	W	M	W	M	W
Management team	0.0	0.0	72.1	27.9	89.7	10.3	0.0	0.0	69.6	30.4	88.9	11.1
Experts [G1, G2, G3]	75.4	24.6	78.1	21.9	92.9	7.1	73.8	26.2	77.5	22.5	91.6	8.4
Administrative personnel [G4]	0.0	0.0	19.1	80.9	33.3	66.7	0.0	0.0	17.9	82.1	32.3	67.7
<b>Total</b>	<b>75.4</b>	<b>24.6</b>	<b>74.4</b>	<b>25.6</b>	<b>85.1</b>	<b>14.9</b>	<b>73.8</b>	<b>26.2</b>	<b>74.2</b>	<b>25.8</b>	<b>83.5</b>	<b>16.5</b>

2016					
< Under 30		30-50		> Over 50	
M	W	M	W	M	W
0.0	0.0	69.4	30.6	87.7	12.3
69.4	30.6	76.9	23.1	90.8	9.2
0.0	0.0	18.4	81.6	28.2	71.8
<b>69.4</b>	<b>30.6</b>	<b>74.0</b>	<b>26.0</b>	<b>82.0</b>	<b>18.0</b>

[1] Data for Red Eléctrica de España SAU + REC.

M: Men / W: Women.

## TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY AGE, GENDER AND REGION Spain [1]

/ G4-LA12

Nº

	2014			2015			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30	43	15	58	31	11	42	25	11	36
30-50	884	304	1,188	860	299	1,159	832	293	1,125
Over 50	371	65	436	414	82	496	427	94	521
<b>Total</b>	<b>1,298</b>	<b>384</b>	<b>1,682</b>	<b>1,305</b>	<b>392</b>	<b>1,697</b>	<b>1,284</b>	<b>398</b>	<b>1,682</b>

[1] Data for Red Eléctrica de España SAU + REC.

## RATIO OF BASE SALARIES OF MEN COMPARED TO WOMEN [MEN/WOMEN] Spain [1]

/ G4-LA13

/

	2014	2015	2016
Management team	1.02	1.01	1.03
Experts [G1, G2, G3]	0.94	0.94	0.94
Administrative personnel [G4]	0.98	1.01	1.01
<b>Total</b>	<b>1.02</b>	<b>1.02</b>	<b>1.01</b>

[1] Data for Red Eléctrica de España SAU + REC.

## EMPLOYEES WITH THE POSSIBILITY OF RETIREMENT IN THE NEXT 5 OR 10 YEARS Spain [1]

/ EU-15

%

	In the next 5 years 2017-2021	In the following 5 years 2022-2026
Management team	1.3	1.1
Experts [G1, G2, G3]	5.3	7.8
Administrative personnel [G4]	0.2	2.2
<b>Total</b>	<b>6.8</b>	<b>11.1</b>

[1] Data for Red Eléctrica de España SAU [workforce 1,675].

**Note 1.** Considering retirement age as a sole requirement and estimating this as 65 years of age.

**Note 2.** In the first period [2017-2021], employees considered are those whose age is equal to or greater than 65.

## OCCUPATIONAL HEALTH AND SAFETY INDICATORS REE contractors [1]

/ EU17 / G4-10 / G4-LA6

	2014	2015	2016
Average workforce [1]	3,336	2,950	2,666
Hours worked (thousands)	5,637	4,986	4,502
Accidents with sick leave (serious/minor)	4/88	11/51	0/46
Fatal accidents	0	2	0
Days lost due to accidents [2]	3,437	15,347	1,402
Accident frequency rate	15.61	12.84	10.22
Accident severity rate	0.61	3.08	0.31
Incidence rate	27.57	21.69	17.26

[1] Based on hours worked, considering 1,690 hours per worker.

[2] Calculation based on 6,000 working days per fatal accident and 4,500 for total permanent incapacity.

**Serious accident:** Those classified as serious by each doctor that issued the sick leave certificate. **Frequency rate:** The number of work-related accidents with leave of absence per million hours worked. **Accident severity rate:** The number of work days lost due to work-related accidents + incapacity scale, per thousand hours worked. **Incidence rate:** The number of accidents with sick leave x 1,000 / average workforce.

**Note 1:** Data regarding 2016 is provisional. **Note 2:** Regarding G4-10, no data is available broken down by type of work contract and regulatory regime.

