

RED ELÉCTRICA
CORPORACIÓN

Board of Directors

29 October 2013

Gender Diversity Report and
Equality Policy



I. Justification

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

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

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

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

On the other hand, the continuous evolution of the Corporate Governance framework of business corporations, which has its exponent in the Unified Code of Good Governance of Listed Companies of 19 May 2006 (also known as the Conthe Code), included the concerns of the company regarding the adequate incorporation of women in the professional environment and, in particular, to the governance bodies of listed companies.

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

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

And in recommendation 55.d) of the Conthe Code the following is established:

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

(...)



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

Noteworthy in 2012 was the approval of the draft Directive of the European Union on the share of women on company boards. This project sets a share of 40% women on boards of directors of Europe’s listed companies provided they are not small and medium-sized (less than 250 employees or turnover of less than 50 million euros). The text clarifies that women will not be promoted without further ado, but when faced with male and female candidates of equal merit then the woman shall be appointed to the position. This objective should be achieved in 2020. Although this is a project and that compliance is long term, Red Eléctrica Corporación, SA (Also called Red Eléctrica) already meets this quota with regards to external directors, since 40% of them are women.

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

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

Along this line, the Board of Directors, after a detailed analysis of the recommendations of the CUBG, undertook the commitment to fulfil the recommendations established regarding gender equality by incorporating its content in article 16.1-I of the Board Regulations (which has not been modified in the reform of the Regulation approved in 2013) and, as a consequence, it established the obligation of the Corporate Responsibility and Governance Committee to draw up an annual report on the issues regarding gender diversity, to be presented to the Board for their approval. The first Gender Diversity Report was drawn up in the 2008 fiscal year.

This year, as an innovation, a single report is presented that combines information on gender diversity in the Board of Directors with information regarding the equality policy of the Red Eléctrica Group. Therefore a single report is now made available that integrates all the information regarding this field.

Finally, to indicate that on 14 October, 2013 the ‘*Study on Proposed Amendments to Regulations*’ was published, prepared by a Committee of Experts in the field of Corporate Governance, established through agreement of the Council of Ministers on 10 May, 2013, published by Order ECC/895/2013 of 21 May, that in terms of gender diversity, proposes the introduction of a new article in the Companies Act (529.bis LSC), which, in its section 2, states:



"2. The Board of Directors shall ensure that the procedures for selecting its members promote gender diversity, experience and knowledge and that do not suffer from implicit bias that may entail any discrimination whatsoever and in particular, that they do not hinder the selection of female Board members".

The said Committee of Experts has proposed escalating to the Council of Ministers certain amendments to be made in the Companies Act, therefore it is expected that shortly the indicated provision on gender diversity shall become a ruling, with such modifications as the legislature decides to introduce in the precept.

Similarly, amongst the remaining tasks to be addressed by said Committee of Experts, which will take place in the next 4 months, is to carry out a review of the current Unified Code of Good Governance (CUBG) that will predictably also affect the content of the aforementioned existing corporate governance recommendations on gender diversity (No. 15 and No. 55.d).

II. Evolution of the presence of women on the Boards of Directors of IBEX 35 companies. Information relative to the 2012 fiscal year.¹

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

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

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

In order to see the qualitative and quantitative leap that has occurred since 2008, in the next section we will analyse some of the data available in 2012 comparing it with that of 2011:

¹ Source: *Annual Corporate Governance Reports of IBEX 35 companies prepared by the CNMV* and the annual study regarding *'Present and Future of women on the Boards of Directors of the IBEX 35'* prepared by the Add Talentia Observatory - as at 30 April 2011.



- In the 2012 fiscal year, the Boards of Directors of 31 companies - 88.6% of the IBEX 35 counted on the presence of a woman, which means a decrease of 2.8 percentage points compared to the previous year.
- The total number of female board members of the IBEX 35 has increased by 8.2% with respect to the previous year (66 female board members in 2012 compared to 61 in 2011). The relative weight of women on Boards of Directors stands, on average, at 13.5% of the total membership, compared to 12.1% last year. In 15 companies the presence of women on the board exceeded 15%.
- According to category, the relative weight of female executive and independent board members has increased, and in contrast, the percentage of female nominee board members and those qualified as other external board members has decreased.

The following table below shows the evolution of the presence of women on Boards of Directors of IBEX 35 companies, during the period 2008-2012, and the percentage they represent and the category in which they are encompassed:

Presence of women on the Boards of Directors of IBEX 35 companies

Fiscal year	Female board members	%	Companies	%	Executive	Nominee	Independent	Other
2012	66	13.5	31	88.6	4.5%	25.8%	66.7%	3.0%
2011	61	12.1	32	91.4	3.3%	27.9%	65.6%	3.2%
2010	53	10.6	29	82.9	3.8%	26.4%	67.9%	1.9%
2009	50	10.2	27	79.4	4.0%	32%	64%	0.0%
2008	44	8.7	26	74.3	4.5%	29.6%	63.6%	2.3%

Positions held by women in the governing bodies of IBEX 35 companies

Fiscal year	Executive Committee		Audit Committee		Appointments and Remuneration Committee	
	Members	Chairwomen	Members	Chairwomen	Members	Chairwomen
2012	15	0	18	3	22	3
2011	13	0	20	4	19	3

Progress has been seen in terms of the presence of female members in all committees, except in the Audit Committee, which saw a decrease of two female members with respect to the previous fiscal year. Additionally, there was a slight reduction in the number of chairwomen in the Audit Committees (from 4 to 3), remaining constant in the other two committees of the Board.



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

III.I The composition of the Board of Directors and Committees during the 2012 fiscal year

In 2009 and 2010, Red Eléctrica Corporación, SA was ranked first in the IBEX 35, with the highest percentage of women on their Board of Directors (27.3%), and in 2011, with the same percentage, it ranked third.

In the 2012 fiscal year, the Board was composed of 11 board members (1 executive director, 3 nominee directors and 7 independent directors), composition that currently remains valid.

At year-end 2012, the Board of Directors of Red Eléctrica Corporación SA had 4 female board directors and 7 male board directors, whereby women now represent a percentage of 36.4% of the Board, which places the Company in first place amongst the IBEX 35 companies in percentage of female members on the Board of Directors. Moreover, as stated above, 40% of external directors of the Company are women, a percentage that matches that set out in the draft Directive approved by the European Community for boards of listed companies. This places the Company at the forefront of the IBEX 35.

At the start of 2012, women accounted for 25% of the Corporate Responsibility and Governance Committee; one of the 4 members was a female independent director. At the Annual General Shareholders' Meeting held in 2012, six new appointments within the Board of Directors were agreed and the Meeting proceeded to update the two committees of the Board, consequently the Corporate Responsibility and Governance Committee went from four to three members, one of them being a female independent director, which meant that during 2012 the percentage of women in said Committee increased from 25% to 33.3%.

With regard to women on the Audit Committee, in 2012 the number has remained the same as in 2011, in other words, two of the three members are women, which represents a percentage of 66.6%. Furthermore, as in 2011, in 2012 the Audit Committee was chaired by a female independent director.

In regard to the type of directors comprising the Audit Committee, it should be noted that in 2011 there was one female external nominee director and one female independent director, which in 2012 are both independent directors.

III.II Relevant events after the close of the 2012 fiscal year

At meeting held on 13 March 2013, the Board of Directors agreed to create the post of Lead Independent Director (LID), which was later approved by the General Shareholders' Meeting on 18 March 2013, in order to strengthen the balance of powers within the Board of Directors, in which the post of CEO and Chairman of the Board is held by the same person. The main responsibility of this figure, as demanded by the most recent international Corporate Governance practices, is to organize common postures of the independent directors and act as a spokesperson on these common postures vis-à-vis the Chairman of the Board of Directors, the



Board itself and its Committees. To fulfil these functions, the Board of Directors, in the month of April, 2013, appointed a female Lead Independent Director.

IV. Equality in RED ELÉCTRICA

IV.I Equality in the internal organisation of RED ELÉCTRICA

Specific numerical, percentage and graphical data is analysed below regarding the presence of women in the workforce of Red Eléctrica de España, SAU (hereinafter known as Red Eléctrica in this section, except for when the Red Eléctrica Group is expressly mentioned), as when carrying out their core strategic activities, the Group is the company that has the largest number of employees.

The commitments to improve its equality policies and the work-life balance, promoting the contracting and internal promotion of women, as well as their access to management positions, continues being an objective within Red Eléctrica, and thus it has been set out in its Equality Policy as well as in all that related to its Corporate Responsibility Policy. Additionally, these commitments have also been included in the diverse collective bargaining agreements that regulate the labour relations with its employees.

In this regard, noteworthy is the growth of 28% in the number of women in the workforce in recent years (291 in 2007 and 373 in 2012), which is evidence of Red Eléctrica's commitment towards incorporating women into the organization.

In 2012, the total number of women in the workforce grew to 373, representing 22.7%. This signifies that Red Eléctrica maintains a percentage of women in the workforce of around 22%-23%.

Within the framework of the personnel selection process, candidacies received are evaluated in agreement with non-discrimination and gender equality criteria. In 2012, the indicator regarding candidacies presented was '1.35' and the indicator regarding the men and women selected (including external and internal coverage) stood at '1.13'. Considering that the value '1' represents equality, a balance is evident in the assessment and hiring criteria of candidates.

In 2012, Red Eléctrica similarly maintained its interest and effort to promote the incorporation of women to jobs with work profiles traditionally occupied by men.

Regarding the senior management of Red Eléctrica, in 2011, it is structured on three general management departments. One of these departments is headed by a woman who has held the position of General Manager of Finance and Administration since 2004, representing one third of the members of the highest level of management, excluding the Chairman.

Furthermore, progress has continued with the incorporation of women into management positions within the Company, with the progression as follows: 15% in 2009, 16.2% in 2010 and 17.6% in 2011 and 19.44% in 2012; in all cases regarding the entire Red Eléctrica management team. In 2012, the management team was comprised of 108 people, of which 21 were women, increasing the number of women by 3 with respect to the previous year.



The table below details the number of women by professional group and the percentage they represent in the workforce, and shows their evolution in Red Eléctrica over the last five years:

PROFESSIONAL GROUP

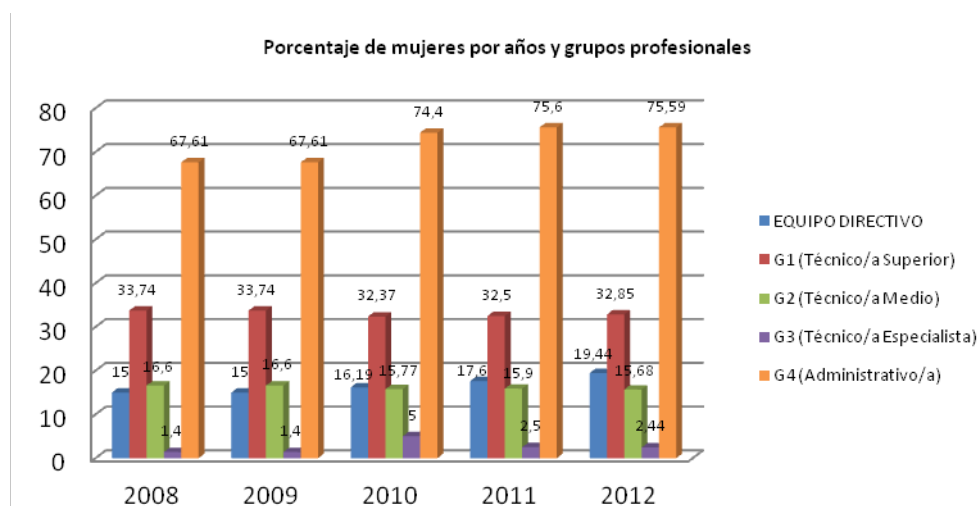
Grupo Profesional	2008			2009			2010			2011			2012		
	H	M	%M	H	M	%M	H	M	%M	H	M	%M	H	M	%M
EQUIPO DIRECTIVO	85	15	15	86	16	15	88	17	16.19	89	19	17.6	87	21	19.44
G1 (Técnico/a Superior)	271	138	33.74	287	146	33.74	328	157	32.37	328	158	32.5	327	160	32.85
G2 (Técnico/a Medio)	422	84	16.6	452	92	16.6	470	88	15.77	466	88	15.9	468	87	15.68
G3 (Técnico/a Especialista)	282	4	1.4	296	5	1.4	336	9	5	349	9	2.5	360	9	2.44
G4 (Administrativo/a)	46	96	67.61	46	97	67.61	32	93	74.4	31	96	75.6	31	96	75.59
TOTAL	1106	337	23.4	1167	356	23.4	1254	364	22.5	1263	370	22.7	1273	373	22.66

OJO --- H = M -- y-- M = W y %W

- Management Team
- G1 Superior technicians
- G2 Intermediate technicians
- G3 Specialist technicians
- G4 Administration personnel

The following bar chart shows the trend of the evolution of the percentage of women in the workforce of Red Eléctrica over the last five years, also broken down by professional group:

Percentage of women by year and by professional group



- Management Team
- G1 Superior technicians
- G2 Intermediate technicians
- G3 Specialist technicians
- G4 Administration personnel

OJO – cambiar comas por puntos



Some of the above figures can be compared with data published by electric utilities **discussed further** in the document, although the data is not too current (the most recent refer to 2010).

IV.II Actions in equality matters in the organization during 2012

In compliance with that established in the internal regulation ('Equality Policy' of the Company, which includes the principles and guidelines on equality as well as the commitment and strategic approach of Red Eléctrica) different actions have been carried out in different areas as set out in said policy and in the 'General Procedure for Equality Management', due to the fact that it is a process of continuous improvement.

In this way, continuity has been given to Red Eléctrica's Equality Plan, which was approved in 2009 by the Company and the social representation, in compliance with that set out in the Law on Equality. It consists of an annually renewable plan and includes a series of actions to promote real and effective equality between men and women of the Company in specific areas such as employment (selection, promotion and recruitment), training, remuneration and internal communications. These actions are monitored both by the management of the Company and the social representation through the Parity Committee on Equality established under the Collective Bargaining Agreement.

Below are some of the actions carried out:

- Gender-based Violence

Noteworthy is the Collective Bargaining Agreement that Red Eléctrica signed with the Ministry of Health, Social Services and Equality on 19 June, 2012. It is an agreement that is aimed at achieving a society free of gender-based violence and that seeks to raise awareness amongst society through involvement of companies. Through this agreement, Red Eléctrica has undertaken to carry out different actions in order to raise awareness of society (both at an internal and external level) regarding equality between men and women and the respect for fundamental rights, in short, to advance in the construction of a society free of gender-based violence. It was the Chairman of the Company himself who went to sign the aforementioned Agreement with the Minister of Health, Social Services and Equality.

Indeed, Red Eléctrica has been carrying out awareness-raising actions amongst its staff to comply with the principles and commitments undertaken. Noteworthy of these, is the campaign called 'Don't ignore the signs, choose to live' that was launched through the Company's intranet 'MiRED' in coordination with the aforementioned Ministry.

- People with different capabilities

As in previous years, Red Eléctrica has participated with its own "stand" in various job fairs for people with different capabilities, both in Madrid and Barcelona. This action seeks to recruit candidates according to the profiles needed by the Company and so that Red Eléctrica can be known by this group.



Furthermore, and regarding the workforce, we have continued to grant financial assistance to employees who have under their direct responsibility a family member who has a recognised disability of more than 66%. The aforementioned assistance is awarded through the Social Affairs Committee established under the Company's Collective Bargaining Agreement.

- Work-life balance

Regarding the work-life balance, noteworthy as a result of their innovative nature are the following actions that took place in 2012:

- Management team training on work-life balance matters

Training workshops have been carried out in order to promote a committed and visible leadership on work-life balance matters and to provide greater coherence in the actions and practices that exist in the Company. To do this, aspects such as communication and skills for the efficient management of people were addressed.

- Work-life balance interlocutors: communication campaign.

In order to reinforce the figure of the work-life balance interlocutor, in 2012 a communication campaign was carried out to re-launch this figure. Since it was launched, the number of consultations received from the staff has increased. These interlocutors have the mission of increasing the adaptability of the measures of the Company regarding the work-life balance, in order to resolve specific situations within the workforce.

- Evaluation of the work-life balance model: Survey

In 2012, and in order to achieve further progress in the field, an evaluation was performed regarding the work-life balance model, and for which the opinion of the employees was considered necessary. In this respect, a survey was launched to evaluate the knowledge, use and satisfaction of the work-life balance measures implemented. The results were positive; participation of the staff was high (58%) and with an overall average rating of the management of the work-life balance being greater than 6 out of 10 points.

As a follow-up to certain initiatives carried out in the previous year, and owing to the good results of the same, in 2012 actions aimed mainly at children and parents of the employees were also carried out, amongst which are the following:

- Days without school and summer camps

The objective of this measure is to help employees to balance their professional lives with their family and personal life, looking for a solution for employees who have sons or daughters and that encounter a situation that is difficult to manage during non-school days or the summer vacation months.

- School for Parents



This measure aims to promote the safe use of new technologies by the sons or daughters of the employees, particularly the minors. The Company has given training to employees in order to provide them guidance so they can teach their children how to use new technologies safely.

- Takeaway Food service

The aim of this measure is to help employees balance their professional lives with their personal and family life by providing a service that can help out at given moments when people have little time to perform their household chores.

- Open-Door Day for the employees' Parents

This measure seeks to strengthen the bond between parents and their children through the work performed by the latter in Red Eléctrica. This open day activity explains Red Eléctrica's activity, emphasising the importance of the work that all of the employees carry out, and the importance of Red Eléctrica's activity in regards to society.

Similarly, Red Eléctrica's presence has been requested to participate as a speaker at conferences on Equality and the Work-life Balance, noteworthy in this respect was the session 'The Work-life Balance as a key element in achieving the commitment of employees' organised by the law firm Garrigues.

Red Eléctrica has also been present in the media; certain employees who are responsible for Equality and the Work-life Balance were interviewed for the 'Work-life Balance Portal' (*Portal Concilia*), specialised in this field.

Additionally, Red Eléctrica participated in promoting the documentary called 'Las Constituyentes'; a tribute to the 27 women who participated in the drafting process of the Spanish Constitution. The opening ceremony was attended by the Minister of the Ministry of Health, Social Services and Equality.

V. Equality in companies of the Spanish electricity sector

Regarding the data available on the workforces of the main companies of the Spanish electricity sector, it shows an increase in the average figures regarding the presence of women between 2008 and 2010 (growing from 16.93% to 20.12%) whilst in 2010 the figure decreased slightly compared to 2009 (20.7%).

VI. External recognition

- Following the granting of the Equality Seal awarded in 2010 by the Ministry of Health, Social Services and Equality, Red Eléctrica has continued to carry out actions derived from the commitments undertaken as a result of having obtained this seal, as has been discussed and reflected in the present report. In fact, the Ministry notified the Company of its renewal of the seal for 2012 (although the duration of the seal is 3 years, it needs



to be renewed annually by submitting the corresponding compliance report and request to the Ministry).

- In addition to the Equality Seal, Red Eléctrica renewed in 2012 the 'EFR Certificate' (Empresa Familiarmente Responsable), after having successfully passed the first audit for renewing said certification. The results have allowed the Company to position itself as a proactive company in this field.

- In addition to the above, in 2012 Red Eléctrica also received the following awards:

- First prize in the 'Alares' National Award for the Work-Life Balance and for Social Responsibility in the category 'Large enterprise'.
- 'Randstad Awards': Second prize for Work-Life Balance matters.
- 25th Edition of the 'Federación de Mujeres Progresistas': Special mention for the promotion of equality in the company.

For both Red Eléctrica as for the rest of Spanish companies, these seals of excellence and external recognitions serve as a stimulus and are of social recognition. These benchmarks allows the Company to be a reference within the labour market and to forms a part of the select group of companies that, without losing sight of their business objectives, work to achieve a real and effective equality amongst their employees.

VII.-Conclusions

Red Eléctrica Corporación, S.A. and the main companies of the Group continue promoting the presence of women not only in the Board of Directors but also in the management and the rest of the organisation of the main companies of the Group. It is an objective integrated in the scope of Good Corporate Governance and Responsibility policies.

In spite of the external recognition obtained for the work carried out until now and which has been analysed above, the promotion of gender diversity and equality continues to be one of the main concerns of Red Eléctrica that will not cease in its efforts and dedication to the furtherance of consolidating a responsible corporate management model based, amongst other criteria, on an active management of the principles of equality and non-discrimination.

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

All this, under the correct supervision of the Corporate Governance and Responsibility Committee and the Board of Directors, who have undertaken to conduct an annual evaluation and monitoring of the implementation of the Gender and Equality Policy approved by the Company.