

## **Board of Directors**

28 April 2020

2019 Diversity Report



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## 1. GOOD GOVERNANCE AND LEGAL BACKGROUND

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Diversity on the boards of directors of companies is a concept whose importance has begun to emerge relatively recently. Companies are looking for effective management of diversity as a tool to attract talent and which enables them to become organisations that reflect the interests of all stakeholders. Gender balance, as an integral part of the concept of diversity, has become a political issue in many countries and their governments have established recommendations or mandatory quotas on the minimum level of presence of women on the governance bodies of companies with the aim of incorporating women into the same. Good corporate governance allows a company to ensure its survival and create value in a sustainable way for its shareholders, adequately considering the interests of all stakeholders, and diversity will undoubtedly contribute to this end.

As for equality, articles 9 and 14 of the Spanish Constitution establish the right to equality and vest the obligation by the public authorities to promote conditions which ensure the effective implementation and adoption of this right, thus guaranteeing equal opportunities to all individuals and within the groups in which they are included. These articles were the foundations of Organic Law 3/2007, of 22 March, for the effective equality between men and women, known as Equality Law, which has focused 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 such governance bodies.

In 2012, the draft Directive of the European Union on the share of women on company boards was approved. Said project set a share of 40% women (external directors) on boards of directors of Europe's listed companies provided they were not small or medium-sized (less than 250 employees or turnover of less than 50 million euros). The text clarified 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 by 2020. The draft directive proposed by the European Commission has, since 20 November 2013, had the support of the significant majority of the European Parliament which approved the project after its first reading. This confirmed the strong consensus that exists in major European institutions to incorporate qualified women on the boards of directors and the general support for the approach of the European Commission

In 2016, the European Commissioner for Justice, Consumers and Gender Equality presented the Strategic Commitment for Gender Equality 2016-2019. This plan is made up of more than thirty actions aimed at promoting equality between men and women in the European Union. Among the most noteworthy actions is the support for the adoption of the 2012 Directive proposal on improving gender balance among non-executive board directors of companies listed on the stock exchanges, the close supervision of its transposition and application, and the support for other specific initiatives to improve the balance between men and women in decision making.

Law 31/2014, of 3 December, amending the Spanish Capital Companies Act (*Ley de Sociedades de Capital* - 'LSC' as per the Spanish acronym) in order to enhance corporate governance, which came into force on 24 December 2014, laid down as a mandatory right something which until then had only been a mere recommendation. In this regard, said Law introduced the obligation that the Board of Directors shall endeavour to ensure that the procedures for selecting its members foster diversity of gender, experience and knowledge, and are free from any implicit bias entailing any form of discrimination and, in particular, that such procedures shall favour the selection of female board members.



In addition, the LSC laid down that one of the functions of the Appointments and Remuneration Committee was that of establishing a target regarding the representation of the underrepresented gender on the Board of Directors and develop guidelines on how to achieve said target.

Therefore, it is now established as a legal obligation of the board of directors of listed companies to ensure that the selection procedures of their members favour gender, experience and knowledge diversity, explicitly stating that such procedures should facilitate the selection of female board members. In the same vein, it established the legal duty of the Appointments and Remuneration Committees of listed companies to set a representation target for the underrepresented gender on the Board and to develop guidelines on how to achieve such target.

The update of the regulatory framework of corporate governance applicable to commercial companies in Spain was completed with the Spanish Code of Good Governance of Listed Companies (*Código de Buen Gobierno de las Sociedades Cotizadas*, hereinafter 'CBGSC') approved by Resolution of the Board of the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*, hereinafter 'CNMV') on 18 February 2015. The CBGSC reflected the concern of society for improving talent management in the boards of directors of listed companies, and in the business world in general.

Recommendation No. 14 of the CBGSC sets out:

'The Board of Directors should approve a selection policy of board members that:

- a) is specific and verifiable;
- b) ensures that appointment or re-election proposals are based on a prior analysis of the needs of the board of directors, and
- c) favours the diversity of knowledge, experiences and gender.

The result of the prior analysis of the needs of the board of directors should be set out in the appointments committee explanatory report, to be published when convening the general shareholders' meeting that will ratify the appointment or re-election of each director.

The board member selection policy should pursue the target of having at least 30% of total seats on the Board occupied by female directors by 2020.

The appointments committee should annually verify compliance with the director selection policy and report its findings in the annual corporate governance report.'

Said Recommendation reduced by ten percentage points the threshold established in the Equality Act and extended the deadline for compliance to five years.

In January 2020, Spain's National Securities Market Commission submitted to public consultation the modification of certain recommendations of the CBGSC. Among others, Recommendations 14 and 15 have been revised as the current diversity target has a time deadline that ends in 2020. The new proposal directly recommends that the number of directors of the least represented gender represent, at least, 40% of the total members of the board of directors. Moreover, after verifying that the number of executive female board directors is especially low, which is related to the lack of women in senior management positions, the CBGSC proposes that the recruitment and selection policy of listed companies encourages the appointment of a sufficient number of women in senior management positions. The approval of the aforementioned amendment to the Code is expected to take place in the near future.



Regarding diversity aspects, noteworthy in 2017 were, on the one hand, the Spanish National Securities Market Commission's Technical Guide 3/2017, of 27 June 2017, on Audit Committees at Public-interest Entities which seeks to promote the diversity of knowledge and professional experience of the board directors that make up the Audit Committee. In addition, Royal Decree-Law 18/2017, of 24 November, which amended, among others, the Spanish Capital Companies Act ('LSC' as per the Spanish acronym) regarding the disclosure of non-financial and diversity information. Said Royal Decree-Law amended, among other things, sub-section 6 of Article 540.4 c) of the 'LSC' that required listed public limited companies to include, within the Annual Corporate Governance Report, a description of the diversity policy applied regarding the Board of Directors, considering diversity in a broad sense. The content of sub-article 6 of article 540.4 c) of the 'LSC' was amended by Law 11/2018, of 28 November, which amends the Commercial Code, the combined text of the Spanish Capital Companies Act approved by Royal Decree-Law 1/2010, of 2 July, and Audit Law 22/2015, of 20 July, as regards non-financial information and diversity. This latest amendment establishes that annual corporate governance reports shall include a description of the diversity policy applied in relation to the Board of Directors, the Management Team and to the specialised committees that are set up within it, with regard to issues such as age, gender, disability or the training and professional experience of its members; including their objectives, the measures adopted, the way in which they have been applied and, in particular, the procedures implemented to seek to include on the board of directors a number of women that allows a balanced presence of women and men to be achieved and the results in the period of presentation of the reports, as well as the measures that, if appropriate, the Appointments and Remuneration Committee had agreed on regarding these matters. Moreover, it must be reported whether information was provided to shareholders on the criteria and diversity goals sought in the election and renewal of the members of the board, of the management team and of the special committees set up within them. If a policy of this type is not applied, a clear and motivated explanation should be offered. Small and medium-sized entities, in accordance with the definition contained in the legislation regarding the auditing of accounts, shall only be obliged to provide information on the measures that, when appropriate, would have been adopted in terms of gender.

In 2019, noteworthy was the approval of the CNMV's Technical Guide 1/2019, of 20 February 2019, on Appointments and Remuneration Committees that incorporates aspects related to diversity in the composition of such Committees. In particular, it is established that the composition of the Appointments and Remuneration Committee must be diverse, taking into account the principle of proportionality, with regard to gender, professional experience, competences, personal capacities and sectorial knowledge and, in the case of entities with a relevant level of business abroad, in terms of international experience or geographical origin.

Considering the foregoing, it is expected that, with the adoption of such legal measures and recommendations, the business world will continue becoming more aware that increasing diversity on the Boards of Directors, in a comprehensive manner, will strengthen talent management in the organisation and the functioning of such bodies. This will undoubtedly lead to more pluralistic decision making based on a diverse and broad vision founded on the strategies and objectives pursued by each business group in benefit of the company, its shareholders and society at large.

Within the internal regulatory framework, the Board of Directors of Red Eléctrica Corporación, S.A., several years ago voluntarily undertook the commitment to comply with the recommendations laid down regarding diversity, pursuant to the provisions of former article 18.4 k) of the Regulations of the Board of Directors (currently, article 18.4 l) following the recent amendment of said Regulations). Said article established the obligation of the Appointments and Remuneration Committee to prepare an



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annual report on diversity that shall be submitted to the Board for approval. The first Diversity Report was drafted in 2008 and each year it is voluntarily published in both Spanish and English on the corporate website.

Article 22 of the Regulations of the Board of Directors establishes that the Boardroom, within the scope of its powers, shall ensure that the election of candidates falls on persons of recognised solvency, competence and experience, who guarantee gender diversity and different experiences and knowledge within the Board.

In this context, it is important to highlight the important role of the Appointments and Remuneration Committee in promoting diversity on the Board of Directors, since, as laid down in article 24 of the By-laws and in article 18 of the Regulations of the Board of Directors, this Committee is responsible for establishing a representation objective for the underrepresented gender on the Board of Directors. It is also responsible for evaluating the competence, knowledge and experience necessary on the Board, submitting to the Board the proposals for the appointment of independent directors and reporting on proposed appointments of the other board members, among other duties. On the other hand, Article 15 of the Regulations of the Board establishes that the process for the appointment of the members of the Audit Committee shall take into account their knowledge and experience in accounting, auditing or risk management.

The present report reflects the Company's concern for diversity, for that reason, for years, measures have been analysed and adopted to achieve a balance of competences both within the Board of Directors and throughout the organisation.

Therefore, the Board of Directors has also taken on the commitment to guarantee the principles of equal opportunities and non-discrimination, established in Organic Law 3/2007, of 22 March, for effective equality of women and men, within the companies of the Red Eléctrica and within the Board of Directors of Red Eléctrica Corporación, S.A.

In addition, noteworthy is the fact that the Corporate Governance Policy, approved by the Board of Directors of the Company on 25 November 2014, took into account the objective of improving aspects regarding gender diversity, setting out and undertaking the following principle: 'Consolidate its commitment to diversity of knowledge, experience and gender in the composition of the Board of Directors and its Committees.'



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Similarly, within the practices incorporated in said Corporate Governance policy the following is found: 'Diversity on the Board of Directors. The Company applies the principle of promoting diversity of knowledge, experience and gender in the composition of the Board of Directors and its Committees as an essential factor to enable it to achieve its objectives with a plural and balanced vision.'

The commitment of both the Appointments and Remuneration Committee and the Board of Directors regarding diversity in the composition of the Board of Directors is made evident, in a truly transparent manner, in the proposals and reports for the appointment of board members that the Company publishes on its website, both in Spanish and English, and that are to be submitted to the General Shareholders' Meeting. Such proposals and reports provide the Appointments and Remuneration Committee and the Board of Directors with the criteria that define the profile and requirements that are considered appropriate to carry out the duties and responsibilities of the position of board director, defining the qualities, competences and experience that the suitable director should meet to hold a board seat based on the Skills and Competency Matrix approved by the Board of Directors and which is updated annually.

But, obviously, the commitment to diversity cannot be limited only to the composition of the Council and its Committees. As will be explained later in this report, the Company has undertaken a continuous improvement commitment in this area that is applicable to the entire organisation of the Red Eléctrica Group.

In 2019, noteworthy in this field is the signing of the General Protocol on the Balanced Participation of Women on Boards and the General Protocol on the Balanced Participation of Women in Pre-Managerial & Directorship positions and Steering Committees, both within the framework of the 'More women, Better companies' initiative, both signed with the Ministry for the Presidency, Parliamentary Relations and Equality. This shows the concern and commitment of the Company's Board of Directors and of the organization, in matters of diversity, through the establishment of ambitious goals to continue advancing in this field.

For all the aforementioned reasons, the present report details, in a unified way, the measures adopted by the Company in 2019 and early 2020 to try to reach a balanced representation of women and men and a greater level of diversity regarding expertise and know-how both on the Board and within the Red Eléctrica Group as whole. Of note is that details regarding these aspects have been included in this year's report for a greater number of the companies of the Group.

## **2. EVOLUTION OF DIVERSITY ON THE BOARDS OF DIRECTORS OF IBEX 35 COMPANIES**

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Information on diversity is included below, including information on gender, age and length of service of board members of IBEX 35 companies.



## 2.1 Latest information published by the CNMV<sup>1</sup>

As per the latest information published by the CNMV regarding **gender** diversity, as at 31 December 2018, the number of women on the Board of Directors of IBEX 35 companies stood at 110, which represents a slight increase with respect to the previous year, which closed at 103. Analysing the evolution in the number of women present on the Boards of Directors of IBEX 35 companies in the last 5 years, a considerable growth can be seen as the number has increased by 32, going from 78 to 110.

As was the case in 2017, in 2018 all IBEX 35 companies included women on their Boards of Directors.

The percentage of women on the Boards of IBEX 35 companies has increased in the last 5 years, going from 16.7% in 2014 to 23.9% in 2018, although it is still short of the 30% target set by the Spanish Code of Good Governance of Listed Companies (CBGSC) for 2020, and far from the 40% of the target proposed in the amendment of the CBGSC and included in the Directive of the European Union on gender quotas on company boards.

The table below shows the evolution of the number of women holding seats on the Boards of Directors of IBEX 35 companies during the period 2014-2018, as well as the number of IBEX 35 companies that have a woman on their Boards:

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

Year	Nº of female board members	% of total	Nº of companies with women on the Board	% of total
2018	110	23.9	35	100
2017	103	22.8	35	100
2016	90	19.7	34	97.1
2015	90	19.6	34	97.1
2014	78	16.7	32	91.4

The following table shows the number of female board members, according to category, on Boards of Directors of IBEX 35 companies in 2018:

*Number of female board members on IBEX 35 companies by category in 2018*

Category	Number	Percentage
Executive directors	4	5.4%
Independent directors	77	34.1%

<sup>1</sup>Source: Latest publication of the 'Presence of women on the Boards of Directors and in senior management positions of listed companies' report prepared by the CNMV and latest 'Annual Corporate Governance Report of the issuers of securities admitted to trading on official secondary markets' published by the CNMV.



Nominee directors	25	20.8%
'Other external' directors	4	10%
TOTAL	110	23.9%

In relation to the previous table, it should be noted that for yet another year, in 2018 the majority of the women on IBEX 35 Boards are independent members. The data highlights that, in the renewal process of corporate boards, women are starting to be taken into consideration more often when incorporating members that have the necessary skills and professional profile required. The independent director category is the most dynamic and where focus is being placed when assessing elements such as diversity, strategic vision, or knowledge about the Company's sector.

In 2018, the presence of women within the category of executive directors continues to be of little relevance, which confirms that women continue to have little weight in the execution of duties and responsibilities associated with senior management positions.

In relation to the **length of service (tenure)** of the members of the Boards of Directors of IBEX 35 companies in 2018 has been, on average, 7 years, which is a slight increase compared to the previous year which was 6.7 years. Executive board members have continued to accumulate the highest average tenure (9.7 years), followed by nominee directors (7.3 years). On the other hand, independent directors have been those whose tenure, on average, has been lower (4.6 years).



Below is a table showing the average tenure by director category on Boards of Directors of IBEX 35 companies:

*Tenure, in years, of members of the Boards in IBEX 35 companies*

Year	Average	Executive	Nominee	Independent
2018	7.0	9.7	7.3	4.6
2017	6.7	9.8	7.2	4.5
2016	6.9	10.1	6.9	4.9
2015	7.0	9.3	7.4	5.3

It is worth noting that the average tenure is the same as it was four years ago, despite the fact that in the case of independent board directors there has been a decrease from 5.3 years in 2015 to 4.6 years in 2018. Slightly more than half of this decrease is offset by an increase in the average tenure of executive directors which has gone from 9.3 years in 2015 to 9.7 years in 2018.

Lastly, regarding the **average age** of the board members of companies listed on the IBEX 35, of note is that the CNMV has not published data prior to 2018, therefore the average age stands at **61.8** as at 31 December 2018.

## 2.3 Information as at 31 January 2020<sup>2</sup>

In terms of **gender** diversity, the percentage of women on the Boards of IBEX 35 companies has increased by more than 3 percentage points, from 23.9% as at 31 December 2018 to 27.25% according to the data as at 31 January 2020, very close to the target of 30% for female directors in 2020 as recommended by the CNMV (13 women short of the target). Half of the IBEX 35 companies comply with the percentage proposed by the current Spanish code (30%). In addition, three IBEX 35 companies (Iberdrola, Banco Santander and Red Eléctrica Corporación) stand out for having already reached the new target of 40% proposed by the CNMV even though the new recommendation has yet to be approved.

If we convert the previous percentages to whole numbers, between 31 December 2018 and 31 January 2020, the number of female directors has increased by 14, reaching a total of 124 compared to 110 at the end of 2018. And, as was the case at the end of 2018, in January 2020 all IBEX 35 companies have at least one woman on their Board of Directors

<sup>2</sup>Source: 8<sup>th</sup> Edition of the Report 'Women on the Boards of listed companies' jointly drafted by ATREVIA and IESE, published in January 2020



### 3. DIVERSITY ON THE BOARD OF DIRECTORS OF RED ELÉCTRICA CORPORACIÓN, S.A.

#### 3.1 Information as at the close of 2019

Regarding gender diversity, as at 31 December 2019, the Board of Directors of Red Eléctrica Corporación, S.A., was comprised of 12 members (1 non-executive chairperson, 1 executive director, 3 nominee and 7 independent directors), 5 of which are women, representing 41.7% of the Board's total and 45.4% of the external directors. As at 31 December 2019, the Company continued to meet the 30% target of women on the Board set for 2020 as per Recommendation No. 14 of the CBGSC as well as the 40% target proposed in the amendment of said Recommendation of the CBGSC and in the Directive of the European Union on gender quotas. Taking into account the information available at the date of this report, the Board of Directors of Red Eléctrica Corporación, S.A., remains at the forefront of the most gender-balanced boards of the IBEX 35, as per the information detailed later in section 3.2 of this report.

*Evolution in the presence of women on the Board of Directors of Red Eléctrica Corporación, S.A.*

Year	No. of female board members	Total No. of board members	% of total
2014	5	10 <sup>3</sup>	50.00%
2015	5	12	41.67%
2016	4	11 <sup>4</sup>	36.36%
2017	4	12	33.33%
2018	5	12	41.66%
2019	5	12	41.66%

On the other hand, after the last restructuring of the Committees of the Board of Directors approved on 27 November 2018, the Sustainability Commission has been chaired by a woman and of its 3 members 2 women, including the chairperson (meaning that 66.7% of its members are currently women). In the Audit Committee, 2 of its 4 members are women (50% of its members) and in the Appointments and Remuneration Committee, 1 of its 3 members is a woman (33.33% of the total). In 2019, a woman was appointed Chairwoman of the Appointments and Remuneration Committee to replace the former Chairman. In addition, since 2013, the position of Lead Independent Director (LID) of the Company has been held by a woman.

With regard to the **average age** of Board members in Red Eléctrica Corporación, S.A., as at 31 December 2019, it has increased slightly to **58.9 years of age** compared to 58.8 at the end of 2018 (lower than the average age of IBEX 35 companies at the end of 2018, which was 61.8 years of age), the youngest being 46 years old and the oldest being 70 years old.

It is also necessary to take into account the **diversity of professional knowledge and experience** of the members of the Board of Directors of the Company detailed in their extensive curriculums published on the corporate website. Thus, the Board has professionals with highly diverse education and

<sup>3</sup>In 2014 the Board of Directors was comprised of a total of 11 members. However, it should be noted that as at 31 December 2014 there was a vacancy on the Board.

<sup>4</sup>In 2016 the Board of Directors was comprised of a total of 12 members. However, it should be noted that as at 31 December 2016 there was a vacancy on the Board.



backgrounds: Law, Economics and Business Sciences, Civil Engineering, Mining Engineering, Industrial Engineering, Mathematical Sciences... etc. The notable professional experience of some board directors in the public and private sector, both nationally and internationally, should also be highlighted.

In this regard, noteworthy is the work carried out in 2018 and 2019 by the Appointments and Remuneration Committee and the Board of Directors for the approval and subsequent updating of a Skills and Competency Matrix, individualised per board member, that serves as a valuable tool to ensure that the most appropriate level of quality and skills is maintained on the Board of Directors, both globally and individually.

On the other hand, it should be noted that Red Eléctrica Corporación, S.A., prior to the approval of the CNMV's Technical Guide 3/2017 on Audit Committees at Public-interest Entities of 27 June 2017, already complied with the recommendations established therein regarding diversity in the composition of the Audit Committee. This is a result of the fact that its members not only have knowledge and experience in accounting, auditing or both, but also in management, economic, financial and business areas. In addition, as of 2017, and following the appointment of a board member with expertise in corporate security (understood as physical security and cybersecurity), this Committee has greater experience and knowledge in this field and therefore meets the recommendation established in said Technical Guide, as at least one of its members has experience in information technology as a result of the growing importance of the digital transformation of businesses and processes.

In relation to compliance with the recommendations of the CNMV Technical Guide 1/2019 on Appointments and Remuneration Committees of 20 February 2020, the Company's ongoing commitment to applying the best international corporate governance practices has enabled it to comply with the recommendations of Technical Guide 1/2019 before they are applicable to the Company, in particular with regard to the diversity of the composition of this Committee. Red Eléctrica Corporación, S.A., is committed to ensuring diversity in the composition of the Committee in terms of gender, professional experience, competence, and sectorial knowledge. The members of the Appointments and Remuneration Committee have proven ability to perform the functions entrusted to that Committee, due to their broad experience, skills and knowledge, including those related to the areas of corporate governance, strategic analysis and evaluation, assessment of any suitability requirements that may be demanded under the rules applicable to the Company, in the performance of senior management functions and in the design of policies and remuneration plans for directors and the management team, among others.

Lastly, in terms of **tenure**, the average term of office of board directors of Red Eléctrica Corporación, S.A., as at 31 December 2019 stood at 3.25 years compared to 2.9 years as at 31 December 2018.

### 3.2 Relevant events prior to the closing of 2019

The Board of Directors, at its meeting held on 28 January 2020, accepted the irrevocable resignation submitted by Mr. Jordi Sevilla Segura as a board director, within the category of 'other external' directors and, consequently, as non-executive Chairman of the Board of Directors and of the Company.

In order to cover the vacancy resulting from said resignation, the Board of Directors, at its meeting held on 25 February 2020 resolved to appoint Ms. Beatriz Corredor Sierra, at the proposal of the Appointments and Remuneration Committee, as board member of Red Eléctrica Corporación, S.A., within the category of 'other external' directors, until the first Ordinary General Shareholders' Meeting



is held. Following her appointment as board member, and during the same meeting, the Board resolved to appoint Ms. Beatriz Corredor Sierra as Chairwoman of the Board of Directors and non-executive Chairwoman of the Company.

The above position which has now been filled by a woman has resulted in changes in the data provided regarding the diversity of the Board of Directors, as explained below.

With regard to **gender** diversity, as of the date of approval of this report, the Board of Directors of Red Eléctrica Corporación, S.A., is made up of 12 members (1 non-executive chairperson, 1 executive director, 3 nominee and 7 independent directors), 6 of whom are women, representing 50% of the total on the Board and 54.5% of the external directors. Therefore, by increasing this percentage, the Company continues to meet the 30% target for women on the Board set for 2020 in Recommendation 14 of the CBGSC, as well as the 40% target in the proposal to amend this Recommendation by the CNMV and in the Directive of the European Union on gender quotas on company boards.

As a consequence, taking into account the above data referring to 2020, the table indicated on page 11 shall be as follows:

Year	No. of female board members	Total No. of board members	% of total
2020	6	12	50.00%

There are no variations in the composition of the Board of Directors' Committees, as the Chairperson of the Board of Directors and of the Company does not form part of the Board's Committees.

With regard to the **average age** of the Board members in Red Eléctrica Corporación, S.A., as at 31 March 2020, this has been reduced slightly to **58.1 years**, compared to 58.8 years at the end of 2019, with the youngest being 47 years old and the oldest 70 years old.

Finally, with regard to **tenure**, the average term of office of the Board members of Red Eléctrica Corporación, S.A. as at 31 March 2020 was **3.36 years**, compared to 3.25 years as at 31 December 2019.

## 4. DIVERSITY IN RED ELÉCTRICA<sup>5</sup>

The commitment of the Red Eléctrica Group to diversity and inclusion, concepts integrated into the Group's Code of Ethics and internal policies, is an intrinsic part of its corporate culture and is based on equality, sustainability, adaptation to change, innovation and talent management.

In order to advance in the achievement of the objectives of the '2030 Agenda' which imply the commitment of 'Being a benchmark company in matters of diversity: parity in the management team and inclusion of groups at risk of social and labour exclusion' and in line with the Company's Strategic Plan, in March 2019 the Executive Committee approved the **2018-2022 Comprehensive Diversity Plan**

<sup>5</sup>The data shown in the report refers to the companies of the Red Eléctrica Group with activity in Spain: Red Eléctrica Corporación, S.A. ('REC'), Red Eléctrica de España, S.A.U. ('REE'), Red Eléctrica Internacional, S.A.U. ('REI'), Red Eléctrica Infraestructuras de Telecomunicación, S.A.U. ('REINTEL'), Red Eléctrica Infraestructuras en Canarias, S.A.U. ('REINCAN'), and Hispasat, S.A. ('HISPASAT'), unless otherwise indicated.



(hereinafter, CDP), whose mission is to inspire and be a reference through commitment to the diversity of talent, social and labour inclusion and non-discrimination, both within the Company and in the social sphere.

The CDP means giving a boost to diversity policies in all the companies of the Red Eléctrica Group. The following information presents the CDP structure, which is divided into vectors, each with courses of action and these in turn are divided into specific actions.

### **Structure of the Comprehensive Diversity Plan**



Supported by two cross-cutting vectors such as diversity and the work-life balance that facilitate and support full inclusion and the commitment to talent, it develops other important vectors such as equality, harassment, gender-based violence and hate crimes, disability, age and other aspects present in society, which differentiate and in turn enrich the organisations, such as LGTBI, Diverse Culture, Rural and other vulnerable groups.

The CDP governance model consists of the following levels (each detailing the associated responsibilities):

- i. **institutional level:** the Group's Chairperson will promote a culture of diversity and inclusion that will help make the organisation a benchmark in terms of diversity.
- ii. **strategic level:** the Group's Executive Committee will approve the multi-year plans that will define the diversity strategy deployed through specific commitments and objectives.
- iii. **tactical level:** the Human Resources Director will approve the annual programmes that include the actions to be carried out each year, promote the engagement of the entire Group in matters of diversity, and monitor their compliance.



- iv. **operational level:** the coordination and monitoring of the actions envisaged in each Annual Programme will be carried out through the 'cross-cutting group in diversity matters' with representatives from the following areas: Human Resources, Institutional Relations, Sustainability and Supply (Procurement), in addition to other representatives.

The Red Eléctrica Groups fosters and promotes a corporate culture that is diversity-friendly and which seeks to eliminate stereotypes and unconscious biases, both within our staff and in the rest of our stakeholders. In addition to integrating diversity into all of the Company's processes, especially those in Human Resources, we also aim to engage our collaborators and suppliers by raising their awareness in the field and promoting our mission and approach to diversity. Additionally, we collaborate with official organisations, academic institutions and other social agents in the campaigns, observatories and projects that will enable us to be a reference as a social agent in order to contribute to the construction of a more diverse and fair society.

## 4.1 Equality

Red Eléctrica de España, S.A.U. (hereinafter, REE), was the first company in the electricity sector to obtain the 'Equality in the Workplace' seal awarded by the Ministry of Equality in 2010. Since 2010, REE has formed part of the network of companies with this seal of excellence (Red DIE)<sup>6</sup>. There are currently 149 companies included in this network.

This seal of excellence is a result of the fact that gender equality has been analysed and monitored for more than 10 years. In order to be part of this network, it is necessary to continue advancing towards equality by measuring human resources performance indicators, which are key to this aspect, assessing their evolution, and implementing corrective measures in the event of deviations in the results obtained.

Red Eléctrica has had an Equality Plan with social representation since 2009. This is a generic plan which contemplates the monitoring of areas such as selection, recruitment, promotion, training and the pay gap. Subsequently, a Comprehensive Equality Plan was drawn up, approved in 2013, which addressed different matters, extending the scope of action of the aforementioned plan. This Comprehensive Equality Plan became part of the new Comprehensive Diversity Plan approved in 2019.

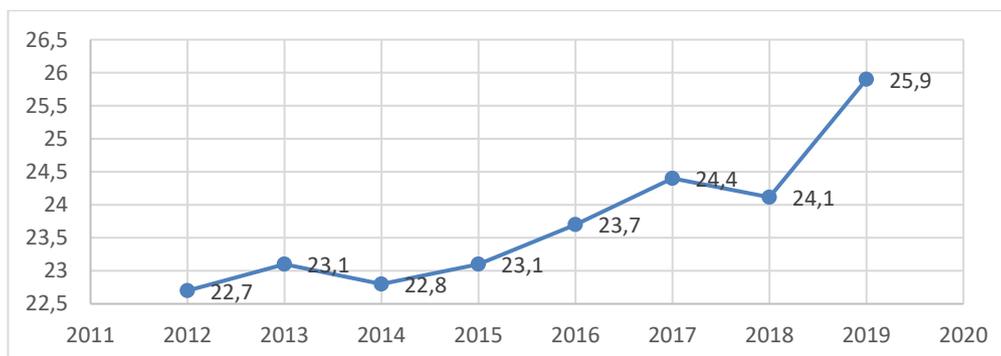
Important data that should be highlighted is that the percentage of women in the workforce increased to 25.9% in 2019.

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<sup>6</sup>The 'Equality in the Workplace' seal of excellence is granted by the Ministry of Health, Social Services and Equality and recognises companies and other entities that stand out in the development of policies on Equal Opportunities between men and women in the workplace, through the implementation of equality measures or plans. It is granted by the Ministry annually and goes to those companies that fulfil the required criteria and is valid for three years, although each of the years it is valid, the Institute for Women and Equal Opportunities asks the entities involved for an annual report on activities related to Equal Opportunities between women and men.



### Evolution in the percentage of women on the workforce 2012-2019



Note. Scope of the data: REE+REC until 2016; REE+REC+REINCAN+REI+REINTEL from 2017 to 2018; and the Red Eléctrica Group in 2019 (includes HISPASAT).

### Women in the workforce according to age and professional group

The following is a description of the composition of the workforce that make up the companies of the Red Eléctrica Group over the last three years based on age and professional group:

#### Breakdown of the Group's workforce by gender, age and professional group(%)

	2017						2018						2019					
	Menor de 30 años		De 30 a 50 años		Mayor de 50 años		Menor de 30 años		De 30 a 50 años		Mayor de 50 años		Menor de 30 años		De 30 a 50 años		Mayor de 50 años	
	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres
Equipo directivo	0,0	0,0	62,9	37,1	87,0	13,0	0,0	0,0	60,0	40,0	81,5	18,5	0,0	0,0	64,4	<b>35,6</b>	78,3	<b>21,7</b>
Técnicos (G1, G2, G3)	60,0	40,0	77,3	22,7	90,4	9,6	63,6	36,4	78,0	22,0	87,5	12,5	56,3	<b>43,7</b>	77,6	<b>22,4</b>	87,7	<b>12,3</b>
Personal de apoyo (G4)	0,0	0,0	15,9	84,1	29,7	70,3	0,0	0,0	7,1	92,9	30,0	70,0	0,0	0,0	10,9	<b>89,1</b>	27,9	<b>72,1</b>
<b>Total</b>	<b>60,0</b>	<b>40,0</b>	<b>74,1</b>	<b>25,9</b>	<b>81,3</b>	<b>18,8</b>	<b>63,6</b>	<b>36,4</b>	<b>75,1</b>	<b>24,9</b>	<b>78,4</b>	<b>21,6</b>	<b>56,3</b>	<b>43,7</b>	<b>73,8</b>	<b>26,2</b>	<b>78,3</b>	<b>21,7</b>

Note Scope of the data: REE+REC+REINCAN+REI+REINTEL in 2017 and 2018; and the Red Eléctrica Group in 2019.

G1: Master's degrees / G2: Bachelor's degrees /G3: Specialists/Technical Experts

G4: Administrative/Support Staff

It is interesting to see how young women are occupying technical positions (43.7% for the under thirties). In older age groups, the percentage of women in these positions is very low (12.3% for the over 50 age group) and, on the contrary, they occupied the majority of the administrative/support positions, in the age groups from 30 to 50 years old (89.1%) and over 50 years old (72.1%), and there were no administrative/support personnel under 30 years old.

### A. Employment

The principles of equality and non-discrimination are included in the employment model.

The annual target of the indicator regarding equal opportunities in the selection process has been focused on establishing a positive 20% bias in favour of women in the selection/recruitment process,



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with the target set at 1.2. In 2019, the value was 1.17 (see selection chart below), which is a decrease compared to the last two years. This fall is due to the fact that within the index both external and internal selection processes as a consequence of internal movements are taken into account. In 2019, the vast majority of internal movements were covered by men, which thereby explains the value of 1.17.

For selection processes, the applications received from candidates are evaluated according to non-discrimination and gender equality criteria, nevertheless it should be noted that the existing gender gap in technical degrees (STEM<sup>7</sup>) represents a challenge in achieving gender parity in our selection processes. Nonetheless, in order to alleviate this shortcoming, work is being carried out with the Royal Academy of Engineering to promote STEM degrees among women through the collaboration agreement signed in 2017 and renewed in 2019.

Among other activities, as part of the 'Women and engineering' project, the Company is actively participating in a mentoring programme for female university students currently studying technical degrees and the TECHMI contest was held in secondary education schools of the Community of Madrid to attract female students into taking on technological degrees.

On the other hand, the Dual FP Project (FP – Advanced Vocational Training) is being carried out, a collaboration agreement with the Regional Government of Castilla y León to implement a professional vocational training programme, which combines the teaching and learning processes provided in a FP training centre with our in-company internship programme. This project may help the incorporation of women in the professional group of technical experts, as, although in the first Class there were no women in the end, in the second one that began in March 2020 the incorporation of 3 women is foreseen.

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<sup>7</sup> STEM (English acronym for Science, Technology, Engineering and Mathematics).

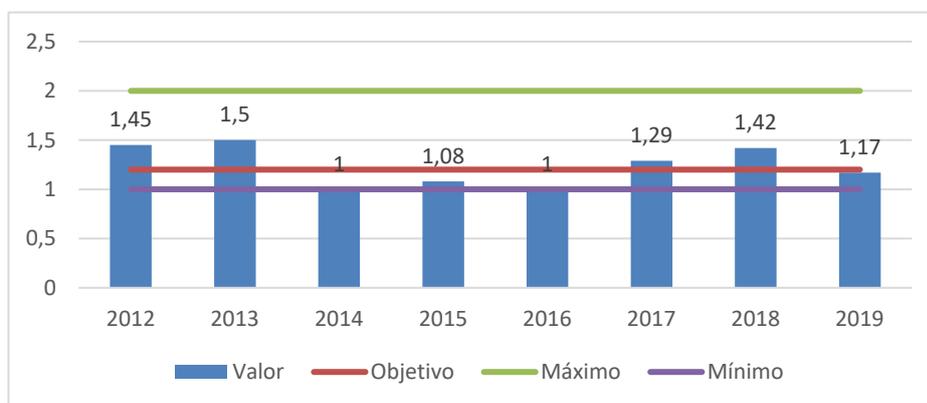


The historical evolution of the equal opportunities indicator in selection is presented below (value 1 represents parity, value 1.20 means a positive bias of 20% in favour of women):

*Reference values*

Target	Maximum	Minimum
1,20	2,00	1,00

*Evolution of equal opportunities in the selection process 2012-2019 - The Red Eléctrica Group in Spain (excludes HISPASAT)*



**Calculation of the indicator:**

Variables:

a. Total coverage of women (internal + external)/women interviewed

b. Total coverages/total interviewed

Formula: (a / b)

**B. Salary equality between men and women**

In the Red Eléctrica Group, there is a permanent monitoring scheme regarding salary discrimination by gender, as it is one of the key variables concerning equality between men and women. To this end, the principles that govern the Group's remuneration policy pursues internal equality and external competitiveness regardless of gender.

The table below shows the evolution of the ratio of the base salaries of men and women by professional group over the last 3 years:

**Ratio of base salaries of men compared to women (men/women)<sup>(1)</sup>**

	2017	2018	2019
Corporate Management Team	1.05	1.06	1.1



Technical Specialists/Experts (G1, G2, G3)			
G1 Master's degrees			
G2 Bachelor's degrees	0.98	0.95	1.06
G3 Specialists/Technical Experts			
Administrative/Support Personnel (G4)	1.06	1.00	1.04
Total	1.02	0.99	1.06

Note: Scope of data: REE+REC in 2017 and 2018; and the Red Eléctrica Group in 2019.

(1) Average fixed salary + personal supplementary salary. The Chairperson and CEO are excluded.

**Calculation of the indicator:**

Variables:

a. average salary for men

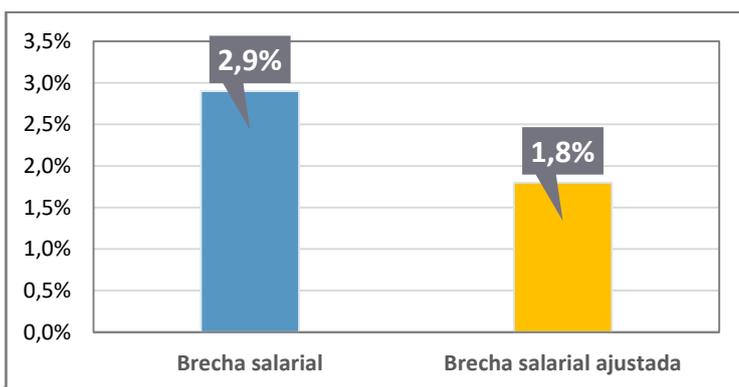
b. average salary for women

Formula: (a/b)

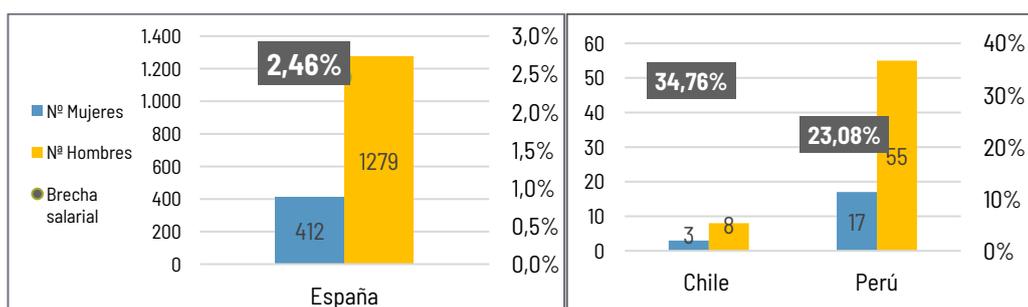
As can be seen in the previous table, the 2019 figures were affected as all the companies of the Red Eléctrica Group were included, both HISPASAT and the Latin American companies.

It is important to note that in 2019 the 'pay gap' self-diagnosis methodology was revised in accordance with current regulations. In this regard, a study was carried out with all the companies in the Group, both the Latin American and Spanish companies. However, the study did not include HISPASAT, as the analysis was carried out before the acquisition of this company.

The data from this study shows that in general the gap, at least in the companies analysed at that time, was practically non-existent, as the result was a 2.9% pay gap. This percentage was corrected or adjusted considering certain factors such as job positions, length of service and some other determining factors. Once this exercise was completed, the pay gap was reduced to 1.8%.



PAIS



Analysing this data and observing the pay gap in Spain, noteworthy is that the pay gap in the Red Eléctrica Group is far below the general data regarding the that of Spanish companies and those of the sector.

The main conclusions of this pay gap study within the Group were:

- The more technical positions in the Company, with the highest pay, are mainly occupied by men.
- Women in comparable positions to men are, in general, more recent arrivals to the Company.
- There is a pay gap due to the application of the supplementary pay applied to the position (due to special regimes), as men are the main recipients.
- There is a pay gap in the group of Directors in Spain, as the female Directors were recently promoted to the post and their actual variable remuneration does not reflect the promotion.
- In Peru, the pay gap is due to the lack of women in managerial positions.

Finally, it should be noted that the application of this methodology allows us to focus on the companies or areas of the Company where there could be a deviation in pay parity, in short, this methodology allows us to be vigilant and gives us room to manoeuvre in order to adopt possible measures to correct deviations.

### C. Training

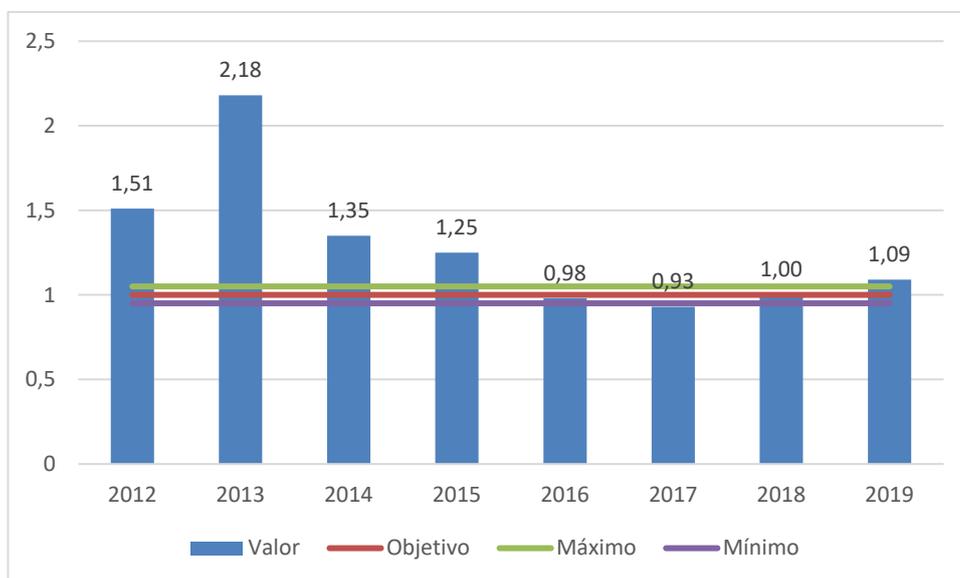
The opportunities for equality in training are also analysed through their corresponding indicators. In 2019, the target value of the indicator was 1.0, as the training required by the staff is mainly aimed at the technical requirements of the jobs and therefore must be taken into account. It should be noted that this training mainly affects technical experts from the regional office and operators of the control centres, groups in which the presence of women is very low.

#### Reference values

Target	Maximum	Minimum
1.00	1.05	0.95



Evolution of equal opportunities in training 2012-2019 - The Red Eléctrica Group in Spain (excludes HIS-PASAT)



**Calculation of the indicator:**

Variables:

a. No. of women who have received training/total women

b. No. of employees who have received training/total number of employees

Formula: (a / b)

#### D. Internal promotion

As in the case of the employment and training processes, the impact of gender diversity is quantified regarding the internal promotion processes to higher professional job groups and levels, establishing a target of 1.20, which implies a positive bias of 20% in favour of women.

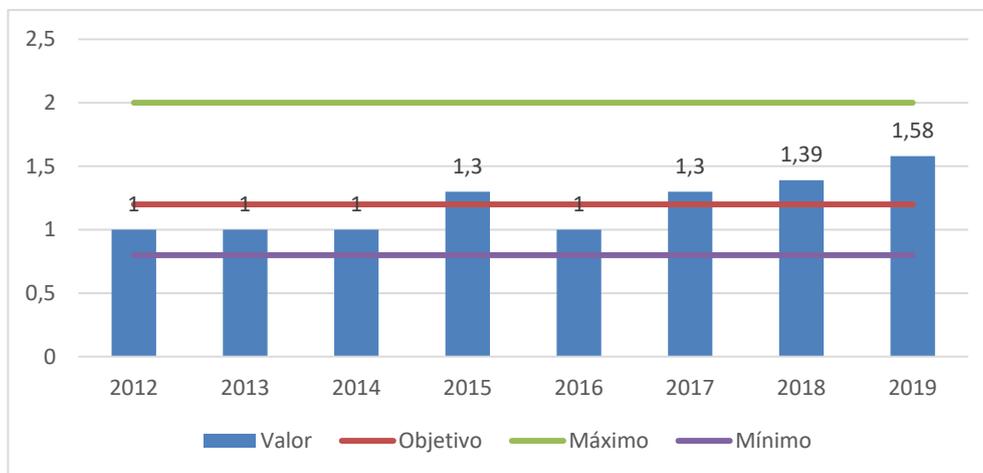
The historical evolution in recent years has been as follows:

*Reference values*

Target	Maximum	Minimum
1.20	2.00	0.80



*Evolution of equal opportunities in internal promotion 2012-2019 - The Red Eléctrica Group in Spain (excludes HISPASAT)*



**Calculation of the indicator:**

Variables:

a. Women promoted / total women

b. Total employees promoted / total workforce

Formula: (a / b)

The promotions envisaged in the Company are of various types:

- due to change of professional job group (non-management personnel).
- due to change of level of professional progression (non-management personnel).
- due to being promoted to a managerial position or by progression as a manager.

The promotion of women to higher professional levels and in particular to managerial positions has been increasing in recent years, reaching 1.58 in 2019.

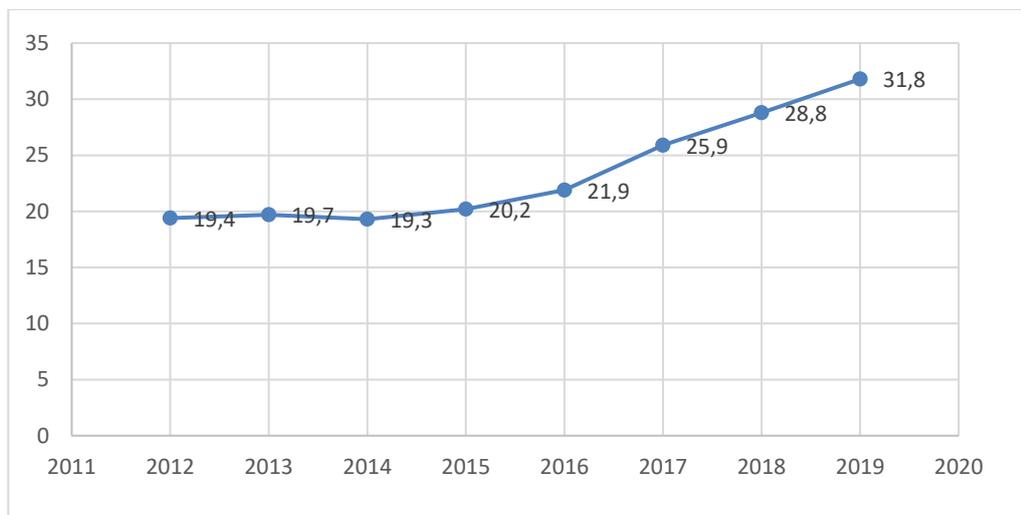
The commitment of the '2030 Agenda' to reach a level of 50% women in the management team leads us to take into account the presence of women in the promotion processes for the appointment of managers, and based on equal merit, a female candidate may be chosen.

The internal promotion to the Management Team in 2019 in terms of gender stood at 50%, out of 22 promotions 11 were men and 11 women.

The proportion of women in the management team has been growing in recent years, closing the year with a female representation in the management team of the Red Eléctrica Group of 31.8% and 35% in the largest company in the Group, REE. As for the Executive Committee, noteworthy is the fact that the percentage of women is 55.56%



Evolution of women in managerial positions 2012-2019



Note. Scope of the data: REE+REC until 2016; REE+REC+REINCAN+REI+REINTEL from 2017 to 2018; and the Red Eléctrica Group in 2019 (includes HISPASAT).

## E. Professional development

The Red Eléctrica Group provides support resources to help the self-development of the key skills of non-managerial personnel, encompassed within the *Impúlsate* framework. This programme of the Human Resources area places the focus on the employee and entails the execution of a set of measures aimed at the professionals who are considered as mature and autonomous people, to actively grow as a professional using their own initiative, based on their interests, thus generating value for the Company. This training has been based on what has been called a 'self-development ecosystem'.

Those employees who voluntarily decide to develop a key skill have complete and integrated access to all the support resources necessary for the autonomous development of each skill, providing support in the drafting and execution of Individual Development Programmes (IDPs) to apply what they have learned to their specific job position and consolidate their skills development.

Participation in this type of self-development scheme shows the interest of people in their personal professional development. The total number of people engaged in an IDP is 96, of which 37 are women, equating to 38.5%.

Within the resources of the aforementioned self-development ecosystem we offer Coaching given by employees who are accredited in this discipline (6 people, 4 of them women) and mentoring also carried out by employees (15 people, 6 of them women).

## F. Performance evaluation

The employee evaluation model was modified in 2018 and was renamed as the 'Contribution Model'. This report only includes the results of the 2018 evaluation regarding this scope as the results for the 2019 evaluation had not yet been finalised at the time this document was published.



The indicators for assessing the evaluation of the contribution model in 2018 (on a scale is 1-5) broken down by men and women, are as follows:

	Questions on contribution		Total
		Supplementary questions	
Male	3.74	3.77	<b>3.76</b>
Female	3.82	3.90	<b>3.86</b>

From the above, it can be concluded that the overall assessment of women is **2.81%** above that of men, that is, they obtain a better assessment of their contribution.

The model is undergoing a process of change, being applied during 2018 to all employees of Red Eléctrica Group and 2018 being a transition year between the old evaluation model and the new management model for contribution and the differentiation of talent.

### Other actions regarding equality in the organisation

With the implementation of the Comprehensive Diversity Plan (CDP), the 'Cross-Cutting Group in Diversity Matters' was formed with a multidisciplinary character, with several corporate areas involved (Supply (Procurement), Human Resources, Institutional Relations and Sustainability), with the aim of achieving the necessary advances in the inclusion of diversity in the Company.

As an important action to raise awareness on Equality, the first 'WOMEN IN REE' Week was held from 4 to 8 March 2019, with a conference on equality and diversity given by Eva Levi, an expert in diversity, a roundtable with Company management, a workshop on unconscious bias, led by the IE Business School, and a voluntary activity at the Adecco Foundation's employment school for women at risk of exclusion.

In 2020, the 2<sup>nd</sup> 'WOMEN IN REE' Week was also held, from 2 to 6 March, choosing a theme for each day that included the following: the promotion of STEM studies in adolescent girls in a situation of social vulnerability, diversity in organisations, women in the rural world, health aspects such as strokes and lastly equal-sharing of family responsibilities.

After having participated in previous years with the IE Business School in the programme called 'Gender Tension Gap' whose objective was to prepare a tool that would allow the unconscious biases in gender equality to surface, in the 1<sup>st</sup> 'WOMEN IN REE' Week a workshop was held in the offices of Red Eléctrica in which this tool was used.

The Group continues to participate in the *Promociona* programme<sup>8</sup> to empower all our female managers.

As part of corporate volunteering actions, the Company has participated in the female employment campaign '#Empleo para todas' (*#Employment for all Women*), promoted by the Adecco Foundation, aimed at a group of women at risk of social exclusion (victims of trafficking, violence, women over 45

<sup>8</sup> Since 2013, the Spanish Confederation of Business Organisations (CEOE) has been promoting, together with the Ministry of Health, Social Services and Equality, and the Women's Institute for Equal Opportunities. The CEOE manages the 'PROMOCIONA PROJECT' whose aim is to raising awareness, foster training, professional development, leadership, and the promotion of women managers in order to improve and facilitate their access to decision-making positions in their companies. The *Promociona* projects of 2016 and 2017 both were attended by a female director from in Red Eléctrica.



years of age and women with disabilities) and that consisted of an awareness session at Adecco's Employment School that seeks to help women at risk of social exclusion obtain employment.

As for other actions carried out against gender violence, in line with the agreement signed with the Ministry of Health, Social Services and Equality on 19 June 2012, which is still currently in force, the Company participated in a workshop against gender violence launched by the Women's Institute and has collaborated in the 7th edition of the Report entitled 'Employment to fight gender-based violence' prepared by the Adecco Foundation, in addition to participating as a collaborating company in the 'There is a way out' solidarity race against gender-based violence.

Noteworthy is the work being carried out by Red Eléctrica as a social agent for diversity and equality, through the presentation of its Comprehensive Diversity Plan in various forums and institutions, as well as events on diversity organised by the Italian embassy, AICA (Alcobendas Business Association), the Royal Academy of Engineering, the Association of women diplomats, El Cano Royal Institute etc.

The commitment to extend the Company's diversity policies to our stakeholders was made clear at the Sustainability Conference with Red Eléctrica Suppliers organised in September, where a monographic space was dedicated to diversity.

New commitments regarding EQUALITY and DIVERSITY have been established:

- Signing of the commitment #CEOPORLADIVERSITY: To promote the DE&I (Diversity, Equity and Inclusion) strategy, with the CEOE (Spanish Confederation of Business Organisations) and Adecco Foundation.
- Signing of the 'More women, better companies' protocol: To guarantee the presence of women in managerial positions, on Management Committees and Boards of Directors, with the Ministry of the Presidency, Parliamentary Relations and Equality.
- Renewed signing of the Spanish Diversity Charter, with the Diversity Foundation.
- Signing of the agreement to become a member of AEMENER: Spanish Association of Women for Energy.

### External recognitions

Red Eléctrica has continued to carry out actions arising from the commitments undertaken as a result of attaining the 'Equality in the Workplace' seal of excellence (2010), and in September 2017 the extension of the seal<sup>9</sup> was favourably resolved.

On the other hand, Red Eléctrica has been awarded the 'Corporate Governance and Gender Diversity' Award by the Woman Forward Foundation in the 'Companies' category, due to its leadership in combating the pay gap in a clearly male-dominated sector and the continued high presence of women on its Board of Directors.

In 2019, Red Eléctrica became part of the 'Top 100' in the gender equality ranking carried out by *Equileap* (an organisation promoting equality in the workplace). In the 2019 edition, the Company has

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<sup>9</sup> Signed by the Deputy General Manager for Entrepreneurship and Professional Promotion of Women, extending the validity of the seal for a further three-year period.



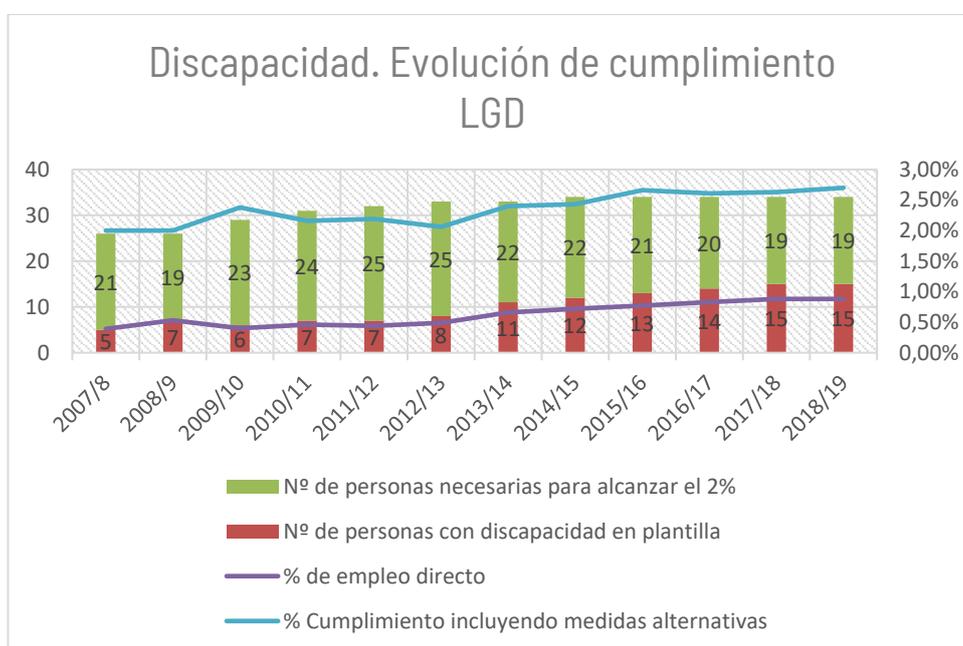
been ranked in 49<sup>th</sup> position and is in 2<sup>nd</sup> place among the Spanish companies (in 2018 Red Eléctrica occupied 128<sup>th</sup> position among the companies and was ranked 5<sup>th</sup> among Spanish companies).

Red Eléctrica was also included in the TOP30 Companies with best practices in Diversity and Inclusion, (presentation at the FactorW19 Congress in Madrid, November 2019).

## 4.2 Disability

In recent years, as an intrinsic part of the Comprehensive Diversity Plan, the way disability is managed within the Red Eléctrica Group has evolved greatly, demonstrating the Company's increased commitment towards inclusion.

*Evolution of legal compliance - RED ELECTRICA DE ESPAÑA, S.A.U. 2009-2019*



Disability: Evolution of compliance with the General Law on Rights of Persons with Disabilities (LGD)  
 Nº of people necessary to reach the 2% target  
 Nº of people with a disability on the workforce  
 % Direct employment  
 % Compliance including alternative measures

As shown in the graph above, legal compliance, including alternative measures, in 2019 reached a level of 2.70% equivalent employment of persons with disabilities. Although the quota of 2%, as dictated by law, has not been reached through direct employment, a degree of compliance above and beyond the Law was achieved through the application of alternative measures<sup>10</sup>, of which 0.886% corresponds to direct employment and the remaining to the application of alternative measures: acquisition of goods and services offered by Special Employment Centres for an amount of 368,713.54 euros

<sup>10</sup> Legally, in order to comply with current legislation (Royal Decree 1/2013 General Law, of 29 November, approving the Revised General Law Consolidated Text on the Rights of Persons with Disabilities and their social inclusion) it is necessary to hire 2% of persons with a disability certificate equal to or greater than 33%. In the event that it is not possible to comply with this target, the Law allows the application of exceptional alternative measures, including, but not limited to, donations to entities dedicated to the integration and contracting of goods and services with special employment centres.



and donations in the amount of 115,000 euros, which is equivalent to hiring 30.91 people with a disability. This data corresponds to Red Eléctrica de España, S.A.U.

With respect to the other companies of the Group to which the General Law on the Rights of Persons with Disabilities (LGD) applies, noteworthy is REINTEL, whose percentage of disabled persons on the workforce is 3.44% (above the legal requirement of 2%).

The Company has a firm commitment to the integration of people with disabilities into the working world. The proactive search for people with disabilities to join our staff is an ongoing commitment, as one of the objectives of the Comprehensive Diversity Plan is to reach a minimum of 70% compliance with the LGD through direct employment. Nonetheless, due to the technical nature of the professional profiles required, we find it challenging to have access to these professionals.

Noteworthy, is the increase in the number of beneficiaries of the '*Plan Familia*' (Family Plan) with the Adecco Foundation, currently standing at 22 people; a project whose objective is to support the disabled relatives of Red Eléctrica Group employees. This Plan entails the implementation of support actions, which are adapted to the circumstances of each family, to improve the social and labour inclusion of the disabled relatives of employees.

On the other hand, the Red Eléctrica Group's Corporate Volunteering Model, approved in 2017, extends the Company's social action, promoting and strengthening collaboration in solidarity activities that respond to the needs, problems and social interests that are defined in the Model's main courses of action.

The Corporate Volunteering Model has a strategic and transformational approach, whereby the actions carried out seek, on the one hand, to channel internal talent towards corporate volunteering, and on the other hand, to provide innovative solutions to social and environmental issues. In this regard, the actions carried out in 2019 have responded to the interest of the participating ambassadors and volunteers, and have mainly contributed to improving the quality of life of groups at risk of social exclusion, promoting employability and meeting the specific and real demands of society. These actions have been the following:

- Adecco's Employment School for people with intellectual disabilities
- One to One mentoring 'Mentoring on a par'. Mentoring of people with disabilities
- Accompanying people with disabilities in a solidarity cooking workshop

Also, noteworthy was the session held one morning for a group of students with limited intellectual disabilities who were about to start their internships in companies aimed at showing them the reality of the working world. This initiative was extremely well received.

We would also like to highlight the Company's participation in the opening session of the 3<sup>rd</sup> Forum for Women and Students with Disabilities 'United for Diversity', in collaboration with the CERMI Women's Foundation.

It is interesting to highlight the work carried out regarding accessibility to the corporate website to break down barriers so that people with disabilities can more easily access the site. These measures have been developed with accessibility criteria, in accordance with the 'Double-A' level, according to the Web 2.0 content accessibility guidelines of the Web Accessibility Initiative (WAI) of the World Wide Web Consortium.



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### 4.3 Age management

The Red Eléctrica Group has continued working on the Age Management Plan that responds to the challenge of the ageing population. This plan represents an important advance in the commitment of the Company to generational diversity, as one more vector of the Comprehensive Diversity Plan.

In 2019, the Company continued to carry out multidisciplinary actions (occupational health and safety, talent and organisation) integrated into the employee life cycle, such as the generational change-over programme, temporary mobility of specific job positions and the analysis and planning of staff requirements according to age. Similarly, it is worth highlighting the implementation of 'The value of your experience' programme, to promote the transfer of knowledge from expert people, who are close to retirement age, to younger employees.

In 2019, work has continued to improve the adaptation of people to job positions according to their age, by means of physical condition assessments and the provision of personalised recommendations, as well as providing informative sessions in various work centres to promote both healthy and active ageing.

Collaboration has continued with the Generation and Talent Observatory by taking part in the 'Intergenerational Health and Well-being' study, with the academic support of the Universidad Europea.



## Demographic data regarding the workforce.

Total number of employees broken down by age group and gender<sup>11</sup>

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30 years of age	40	26	66	35	20	55	67	52	119
Between 30 to 50	858	300	1,158	793	263	1,056	978	347	1,325
Over 50	419	98	517	478	132	610	479	133	612
<b>Total</b>	<b>1,317</b>	<b>424</b>	<b>1,741</b>	<b>1,306</b>	<b>415</b>	<b>1,721</b>	<b>1,524</b>	<b>532</b>	<b>2,056</b>

Evolution of the average age on the workforce 2017-2019 (REE+REC+REINCAN+REINTEL in 2017 and 2018; and the Red Eléctrica Group in 2019 (includes HISPASAT).

	2017	2018	2019
<b>Average age</b>	45	46	47.7

## 4.4 Managing the Work-life Balance

Work-life balance is integrated within the diversity model as a cross-cutting vector, acting as a facilitator for the rest of the vectors; moreover it is part of the Healthy Workplace Model, understanding health from a comprehensive perspective, in terms of physical, psychological and social well-being, taking into account that the balance between work and personal life is a key element for achieving the well-being of people. All this allows the Company to incorporate measures that facilitate inclusion and non-discrimination.

<sup>11</sup> Note. Scope of the data: REE+REC + REINCAN+REINTEL in 2017 and 2018; and the Red Eléctrica Group in 2019 (includes HISPASAT).



## **Actions carried out in the Work-life Balance Vector**

### External communication actions

Participation as a benchmark Company in the 'Observatory for the Work-life Balance and the equal-sharing of Family Responsibilities between Women and Men' of the *Universidad Pontificia de Comillas*, along with other companies, to share best practices in the Work-life Balance and to extend the Company's model to SMEs.

### Internal actions for employees. Flexible working culture

Participation in the 'external flexibility' project which consists of teleworking from home one day a week.

### Internal actions to support the family

Support service for the health care of dependent relatives (*Súper Cuidadores*, a Spanish company that has extended its services to include Peru).

'Days without school' and summer camps linked to technological and scientific themes.

## **4.5 + Diversity**

The new Comprehensive Diversity Plan includes a new vector that includes other aspects related to diversity that until now did not have a specific management process within the Group.

We have made small advances in some of these areas, such as in the inclusion of LGTBI groups, setting up internal communication actions to celebrate the international LGTBI day, and contacts have been established with LGTBI associations in order to set up collaboration agreements which are expected to be signed in 2020. The associations contacted are FELGTB (State Federation of Lesbians, Gays, Transsexuals and Bisexuals), REDI (Business Network for Diversity and Inclusion) and the Pedro Zerolo Foundation).

On the other hand, actions are being carried out in support of rural development, specifically to promote employment for rural women, through the Department of Social Innovation. In this regard, we highlight the agreements signed with FADEMUR (Federation of Rural Women's Associations) for the entrepreneurship of women in the rural world.



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## 5. CONCLUSIONS

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Red Eléctrica Corporación, S.A. continues to apply policies and procedures in order to ensure the reasonable balance and diversity within the Board of Directors and its Committees for the proper performance of their mission.

Red Eléctrica Corporación, S.A., and the main companies of the Group, following the recommendations of the CBGSC on diversity, seek to consolidate their commitment to the diversity of knowledge, experiences and gender, both in the composition of the Board of Directors and its Committees, as well as in management and throughout the Red Eléctrica Group. To that end, in each candidate selection process, it is ensured that appropriate procedures are used to guarantee that the criteria that define the profile and the requirements that are deemed necessary to perform the corresponding functions within the companies of the Red Eléctrica Group are safeguarded, and in particular to favour diversity and the incorporation of women into the workforce.

The commitment of the Red Eléctrica Group to diversity has its origins in the Code of Ethics and has been implemented through the internal policies of the organisation, such as the Corporate Responsibility Policy which enshrines equal opportunities and non-discrimination as one of the essential principles adopted by the Red Eléctrica Group. Further to this commitment, the Corporate Governance Policy, which in addition to including the principle of diversity, experiences and knowledge in the composition of the Board of Directors and its Committees, also acknowledges the practical application of the diversity commitment in the Company.

Regarding gender diversity, Red Eléctrica Corporación S.A., complies with the commitment to include qualified women in the composition of the Board of Directors and is ranked among the leading companies of the IBEX 35 with the greatest presence of female board members, with percentage that exceeds the targets established for 2020 as per Recommendation 14 of the Spanish CBGSC and the Directive of the European Union on gender quotas on company boards.

Red Eléctrica Corporación S.A., endeavours to broadly apply the diversity objective within its Board and organisation, trying to guarantee that diversity extends to gender, experiences, knowledge, ages, length of service... etc., as a way to achieve the desired balance on its Board of Directors, and throughout the organisation, and therefore the Company will continue working in the coming years to achieve this goal.

With regard to the personnel of the Red Eléctrica Group, there is no doubt that the implementation of the Comprehensive Diversity Plan has had a significant impact on the management of Diversity. Although progress has been made in many of the vectors, there are vectors in which we have not progressed to the level we had expected. This circumstance is mainly due to the special characteristics of our activity, as many of the job positions to be covered within the organisation require highly professional and specialised personnel, and this is an area in which it is currently not easy to find STEM-qualified women to fill the positions. Nonetheless, steps are being taken that will enable advances to be made towards fulfilling our objectives. However, it is important to emphasise the role of women in the Red Eléctrica Group in the areas of greater responsibility, as women represent the majority in the Executive Committee. Furthermore, noteworthy is the progress made regarding their incorporation into the Management Team, as the presence of women in the higher echelon of the Company constitutes an essential value for the Red Eléctrica Group.

This year, the role as a social agent regarding diversity matters, that the Red Eléctrica Group is committed to fulfilling, has been strengthened. The quest to engage our suppliers in this field through



actions such as the sustainability workshops and participation in forums in which our experience has been shared with other companies, showcases our pledge in this field.

Our ongoing commitment to equality between men and women, providing an inclusive environment in relation to disability in which each generation can contribute their best and the commencement of actions aimed at other groups such as LGTBI, cultural diversity and the rural world, will allow us to advance in the elimination of barriers and stereotypes to foster talent while embracing corporate values, will allow us to become a more diverse and innovative company.

Despite the progress made and the external recognition received in this field, the drive to continue promoting diversity is a key objective. To this end, the Company will continue to put in place the necessary resources and mechanisms to further promote the presence of qualified women in the organisation, promote them into positions of responsibility and management, incorporate people with disabilities into the workforce, promoting an inclusive environment, especially for the LGTBI community, and for the interrelation between the different generational age groups of our workforce; all with a view to promote the commitment to diversity among our stakeholders and society in general.

Specifically, in 2020, as part of our commitment as a social agent, work is planned with the Supply Area (procurement) to train our value chain (suppliers) in diversity matters and thus pass the Group's commitment on to our value chain. On the other hand, and with respect to internal measures, we would like to highlight the Group's willingness to sign agreements with the main LGTBI associations, at a national level, to carry out actions aimed at achieving an inclusive environment in the Company, an aspect that had been addressed up to now, but in a more contained manner. Collaboration with associations in the rural world is also planned, especially to empower women in these environments.

With regard to the commitment to the presence of women in governing bodies, in 2020 and subsequent years, actions will be undertaken in the area of training and support for the women on our staff, taking into account the vital stages of a women's life and how this aspect has an influence on them taking up a positions of responsibility within the Company.

With regard to disability, in 2020 we will continue to collaborate with specialised entities seeking to incorporate people with disabilities into the workforce with the aim of achieving our goal in this field. Furthermore, we will maintain the alternative measures contemplated under current regulations that involve the signing of agreements with special employment centres, or associations linked to the support and management of people with disabilities.

Lastly, we will continue working on the rest of the vectors of the Comprehensive Diversity Plan, that is, age, gender-based violence and sexual, moral and gender-based harassment, in regard to the latter, the text of the current protocol is scheduled to be updated. With regard to the cross-cutting vector of the Work-life balance, it should be noted that during this year, and with regard to the EFR certificate (family-responsible company), we are going to analyse the areas of improvement in order to obtain the A+ certificate (the maximum level of certification, the Company currently has a B+ level).

In order to supervise compliance with said objectives and commitments, the Appointments and Remuneration Committee and the Board of Directors have undertaken the pledge to annually monitor and assess the implementation of the diversity policies within the Board of Directors and throughout the entire Red Eléctrica Group.